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corporate governance



corporate governance report

Implementation of corporate governance principles inside the Bank will improve accountability and efficiency in business processes, enhance operational performance, and minimize fraud risks. Implementation of corporate governance becomes BTPN's solid foundation in running its business. From time to time, BTPN continues to improve the quality of corporate governance implementation by keeping the Bank up to date with the best practices through various corporate governance initiatives, including Anti-Bribery and Anti-Corruption policy formulation; self-assessment formulation for members of Board of Directors and Board of Commissioners; improvement of the Bank's Corporate Governance Policies as the reference of the Bank's other policies; dissemination of Code of Ethics, Compliance, and Anti-Fraud in all areas of Active Employee Business Unit; update of Guidelines and Charter of Board of Commissioners as well as Committee Charters at the Board of Directors and Board of Commissioners levels. Furthermore, BTPN continues to keep its financial and non-financial conditions transparent to gain more trust from Shareholders and Stakeholders.

In regard to internal control and risk management aspects, the Bank has continuously broadened the scope and enhanced the effectivity of operational risk management process and fraud risks to minimize operational risk/loss events, including fraud. The improvement in operational risk framework's effectiveness was carried out constantly throughout 2017.

To strengthen Internal Audit function in carrying out its role, Internal Audit unceasingly strengthens its data analytics function, by creating and developing Internal Audit Dashboard, consisting of information such as performance of each business line, data anomaly, macro risk assessment, and others, which is updated regularly. The aim is to help Internal Audit team in analyzing data and, in turn, improve the implementation of continuous auditing process.

As part of Integrated Corporate Governance implementation, BTPN actively reviews and gives feedback on Integrated Corporate Governance Guidelines and Integrated Corporate Governance Committee Guidelines as well as completes and delivers the Integrated Corporate Governance checklist to the Main Entity for the purpose of Integrated Corporate Governance Implementation Report.

Corporate Governance Implementation Commitment and Corporate Governance Policy

BTPN is fully committed to implementing Good Corporate Governance (GCG) across all levels the organization by using various GCG policies and requirements as guidelines, which is demonstrated by:

- a. Performing the duties and responsibilities of the Board of Commissioners and Board of Directors.
- b. Implementing the duties of the committees and working units responsible for the Bank's internal control function.

- c. Implementing compliance, internal auditor, and external auditor functions.
- d. Implementing risk management, including internal control system.
- e. Provision of funds to related parties and large exposures.
- f. Developing the Bank's strategic plan.
- g. Promoting transparency of the Bank's financial and non-financial conditions.

The principles of GCG are implemented in a comprehensive and structured manner on three governance aspects, namely governance structure, governance process, and governance outcome.

BTPN maintains a Corporate Governance Policy, which is regularly updated and refined by referring to the applicable laws and regulations, as well as best practices. The latest policy update has been approved by the Board of Commissioners and Board of Director. On August 2017 such policy gives a complete overview of the Bank's corporate governance structure, management system, and internal control system, as well as provides greater accountability or clearer function and responsibility for every level of the organization.

Implementation of Corporate Governance Guidelines for Public Companies

In compliance with Financial Services Authority Regulation (POJK) No. 21/POJK.04/2015 and Circular Letter of Financial Services Authority (SEOJK) No. 32/SEOJK.04/2015 on Corporate Governance Guidelines for Public Companies, the following are the implementations of aspects and principles of corporate governance based on “comply or explain” approach by BTPN:

Principle	Recommendation	Compliance Status	Implementation
Principle 1 Improving the Value of General Meeting of Shareholders (GMS) Convention.	1.1 Public company has technical procedures for opened or closed voting that promote independency and shareholders' interest.	Comply	Technical procedures for voting stated in GMS SOP.
	1.2 All members of the Board of Directors and Board of Commissioners are present at Annual GMS.	Explain	The Annual GMS, held on 24 March 2017, was attended by all members of the Bank's Board of Commissioners and Board of Directors, except Chow Yin Hoong (Commissioner), to whom the GMS-related matters have been relayed afterwards.
	1.3 Summary of GMS Minutes is available on public company's website by no less than 1 (one) year.	Comply	Summary of GMS Minutes is available on BTPN's website.
Principle 2 Improving Communication Quality of Public company with Shareholders or Investors.	2.1 Public Company has a communication policy with shareholders or investors.	Comply	BTPN has a communication policy with shareholders or investors (detail description is available in the Corporate Governance section). The policy include: 1. Strategy 2. Program 3. Implementation time
	2.2 Public Company discloses its communication policy with shareholders or investors in Website.	Comply	Communication policy with shareholders has been disclosed in Bank's Website. This communication policy is regulated in the Bank's Corporate Governance policy.
Principle 3 Strengthening the Membership and Composition of Board of Commissioners.	3.1 Determination of number of Board of Commissioners' member shall consider the condition of Public Company.	Comply	Determination of number of Board of Commissioners' members has considered the necessity and complexity of the Bank.
	3.2 Determination of composition of Board of Commissioners' member considers the variety of expertise, knowledge, and experiences required.	Comply	Composition of Board of Commissioners based on expertise, professional experience, background to support effectiveness of duties and responsibilities of Board of Commissioners.
Principle 4 Improving the Quality of Duties and Responsibilities Performance of Board of Commissioners.	4.1 Board of Commissioners has self-assessment policy to assess the performance of Board of Commissioners.	Comply	BTPN has a self assessment policy to assess the performance of Board of Commissioners which covers among others: 1. The purpose and objective of the activity and assessment 2. Implementation time 3. Assessment parameter or criteria The policy has been stated in Remuneration and Nomination Committee Charter.
	4.2 Self-assessment policy to assess the performance of Board of Commissioners is disclosed in Annual Report of Public Company.	Comply	Self-assessment policy to assess the performance of Board of Commissioners is regulated in the Remuneration and Nomination Committee Charter and has disclosed in Annual Report 2017, in Performance Assessment of Board of Commissioners section.
	4.3 The Board of Commissioners has a policy with respect to the resignation of the member of The Board of Commissioners if such member involved in financial crime.	Comply	Provision related to the resignation of the member of The Board of Commissioners if such member involved in financial crime has been stated in Board of Commissioners Charter.
	4.4 The Board of Commissioners or Committees that conduct nomination and remuneration function arrange succession policy in nomination process of Director member.	Comply	Succession policy in nomination process of Directors member has been stated in Remuneration and Nomination Charter.
Principle 5 Strengthening the Membership and Composition of the Board of Directors.	5.1 Determination of number of Board of Directors member subject to the condition of Public Company and the effectiveness of decision-making.	Comply	Determination of number of Board of Directors member has considered the necessity and complexity of the Bank.
	5.2 Determination of composition of Board of Directors member considers the variety of expertise, knowledge and experiences required.	Comply	Composition of Board of Directors has considered banking knowledge, expertise and professional experiences as well as background to support the effectiveness of Board of Directors' duties.

Principle	Recommendation	Compliance Status	Implementation
	5.3 Member of Board of Directors who is liable for accounting or finance has expertise of accounting and/or knowledge.	Comply	Finance Director of BTPN is capable in accounting field and prior to serving as Finance Director, he served as Chief Financial Officer for 2 years.
Principle 6 Improving the Quality of Job and Responsibility Performance of Board of Directors.	6.1 Board of Directors has self-assessment policy to assess performance of Directors.	Comply	BTPN Directors has had self-assessment policy to assess performance of Directors, which covers among others: 1. The purpose and objective of the activity and assessment 2. Implementation time 3. Assessment parameter or criteria The policy has been stated in Remuneration and Nomination Committee Charter.
	6.2 Self-assessment Policy to assess the performance of Board of Directors is disclosed in Annual Report of Public Company.	Comply	Self-assessment Policy to assess the performance of Board of Directors has been disclosed in Annual Report 2017, in performance Assessment of Board of Directors section.
	6.3 Directors have a policy related to resignation of Board of Directors' member if involved in financial crime.	Comply	Provision related to resignation of Board of Directors' member if involved in financial crime has been stated in Board of Directors Charter.
Principle 7 Improving Corporate Governance Aspect through Participation of Stakeholders.	7.1 Public Company has a policy to prevent insider trading.	Comply	Provision related to prevent insider trading stated in SOP Information Ownership, Confidentiality and Investment for Employee. The above-mentioned provision has been disclosed in Bank's website.
	7.2 Public Company has anti corruption and anti-fraud policy.	Comply	BTPN has Anti Bribery and Policies and such has been disclosed on the Bank's website.
	7.3 Public Company has policies concerning selection and capability improvement of suppliers or vendors.	Comply	The scope of the policies among others: a. Criteria of selecting vendors. b. Effort for capability improvement of vendors. c. Rights fulfillment of vendors. Provision related to selection and capability improvement of suppliers and vendors has been disclosed in Bank's website.
	7.4 Public Company has a policy concerning the fulfillment of creditor's rights.	Comply	The scope of the policy includes the consideration in making agreement as well as follow up in the fulfillment of the obligation to creditor. The above-mentioned provision has been disclosed in Bank's website.
	7.5 Public Company has a policy of whistleblowing system.	Comply	The scope of policy of whistleblowing: 1. Type of violation reported through whistleblowing system. 2. Complaint mechanism. 3. Protection and confidentiality assurance of informer. 4. Complaint handling. 5. Complaint handling party. 6. Complaint handling report and follow up. The above-mentioned provision has been disclosed in Bank's website.
	7.6 Public Company has long-term incentive policy for Directors and employee.	Comply	Long-term incentive policy for Directors and employee has been stated in SOP of Management and Employee Stock Option Program.
Principle 8 Improving the Implementation of Information Disclosure.	8.1 Public Company takes benefit from the application of a broader information technology other than website as information disclosure media.	Comply	BTPN has an official social-media account as follows: Facebook : @BankBTPNOfficial https://facebook.com/BankBTPNOfficial Twitter: @sahabatBTPN https://twitter.com/sahabatbtpn Instagram: @lifeatbtpn https://www.instagram.com/lifeatbtpn/ Youtube: Bank BTPN https://www.youtube.com/user/BTPNBank
	8.2 Annual Report of Public Company discloses beneficial owner in share ownership of Public Company at least 5% (five percent), other than disclosure of beneficial owner in share ownership of Public Company through majority and Controlling Shareholders.	Comply	Bank's Annual Report has disclosed beneficial owner in share ownership of Public Company at least 5% (five percent). The above-mentioned information has been disclosed in Bank's website.

Corporate Governance Structure General Meeting of Shareholders (GMS)

General Meeting of Shareholders (GMS) is the organ of the company which has all the authorities that are not delegated to the Board of Commissioners and Board of Directors. Through AGMS, shareholders are able use their rights in decision-making.

The Rights and Responsibilities of Shareholders

The rights of shareholders among others as follows:

- 1) Shareholders are entitled to attend GMS in either in their own or their representative based on power of Attorney letter, in giving response to the agenda of the GMS as well as participating in decision-making in accordance with the number of shares owned.
- 2) Shareholders are entitled to obtain information that is accurate, adequate and in timely manner with regard to the company all in relation with agenda of GMS and not conflicting to the interests of the company, the shareholders are able to take the right decisions in the AGMS.
- 3) Shareholders are entitled to obtain company's profit in the form of dividends and in other forms in accordance with the number of shares owned.

The responsibilities of shareholders among others as follows:

- 1) Every shareholder is subject and obedient towards to the Bank's Articles of Association and the prevailing laws and regulations.
- 2) Controlling shareholder is obligated to consider the interests of minority shareholders and other shareholders in accordance with the applicable laws and regulations.
- 3) Minority shareholders is responsible to exercise his rights in accordance with the applicable law and regulation and the Bank's Articles of Association.
- 4) Disclosure of List of related parties, whenever shareholder acts as a controlling shareholder in the Bank.

The Implementation of GMS

Within 2017 BTPN has conducted 1 (one) General Meeting of Shareholders, which is Annual General Meeting of Shareholders for book year ended 2016 dated on 24 March 2017, in Ballroom 3&5, 2nd Floor, The Ritz-Carlton Jakarta, Jl. Doktor Ide Anak Agung Gde Agung Kaveling E.1.1 No. 1, Kawasan Mega Kuningan, Jakarta 12950.

The material and agenda for the Annual GMS, the underlying explanations and considerations of each agenda, have been published on BTPN's website on 2 March 2017, together with the invitation date of the Annual GMS.

The Annual GMS (AGMS) was attended by Public Notary and Share Registrar as independent parties to conduct quorum calculation and voting.

Mechanisms of Voting and Decision-Making in GMS

Mechanism of voting and votes calculation are set in the AGMS' code of conduct, which is disclosed on the Bank's website and distributed to the shareholders.

Each Shareholder or Shareholder's representative has the right to ask and/or dispute to the chairman of the meeting before the voting was held for each of the agenda of the meeting. In the calculation of voting, 1 share entitles its holder to issue 1 vote, when one shareholder having more than 1 share, he/she can only give 1 vote to represent the whole number of shares owned.

Decision-making mechanism of voting is performed publicly, and should the shareholders and shareholders' representatives have voted disagreed or abstained to the proposed resolution of the agenda, the Chairman of the meeting requested them to come forward by raising hand. In order to simplify the calculation, shareholders and shareholders' representatives that voted disagreed or abstained to state their names and number of votes issued in the voting card supplied by Share Registrar. The notary officer will collect the filled out voting card and count them. The notary will report the results of the calculation to the Chairman of the meeting.

The Annual General Meeting of Shareholders (AGMS)

The AGMS was attended by shareholders and or their proxies representing 3,763,258,125 shares or 65.5% of the total number of 5,840,287,257 shares issued by the Bank. Notary Hadijah, S.H. as independent party who is appointed to calculate and validate the vote in AGMS.

In the AGMS, the shareholders/its proxies were given the opportunity to ask question in relation to agenda of the AGMS, however nobody proceeded to ask questions.

The AGMS was attended by incumbent members of the Board of Commissioners and the Board of Directors of the Company except Chow Ying Hoong (Commissioner).

AGMS was opened and chaired by Mari Elka Pangestu, President Commissioner.

Agenda	AGMS Resolutions
<p>AGENDA 1: Submission of the Annual Report (which includes the Financial Report and report on the supervision by the Board of Commissioners) for book year ended on 31 December 2016</p> <p>AGENDA 2: To approve the Annual Report and to ratify the Financial Statements of the Company for book year ended 31 December 2016 and the grant of release and discharge (acquit et de charge) to the members of the Board of Directors and Commissioners of the Company for the management and supervision performed in book year ended on 31 December 2016.</p> <p>Voting: 1. Agree : 3,763,258,125 (100%) 2. Disagree : - 3. Abstain : -</p> <p>Decision : Amicable Decision</p> <p>Realization/Follow up: Annual Report and Financial Statements of the Company was approved by shareholders and available in the Company website.</p>	<ol style="list-style-type: none"> 1. Approved the Annual Report, including the report on the supervision performed by the Board of Commissioners, for book year ended on 31 December 2016 as contained in the book Annual Report 2016. 2. Approved and ratified the Company's Financial Statements for book year ended on 31 December 2016, audited by Tanudiredja, Wibisana, Rintis and Partners, Registered Public Accountants in Jakarta, as set forth in the book Annual Report 2016. 3. Full release and discharge (<i>acquit et decharge</i>) is hereby granted to the members of the Board of Directors of the Company holding offices in book year ended on 31 December 2016, for all acts of management, and all the members of the Board of Commissioners of the Company holding offices in book year ended 31 December 2016, for all acts of supervision, performed by each of them during book year ended on 31 December 2016, to the extent that such acts are recorded in the Annual Report and the Financial Statements of the Company for book year ended on 31 December 2016, except in the event of fraud, embezzlement and other criminal acts.
<p>AGENDA 3: To resolve on the appropriation of the Company's profit acquired in book year ended 31 December 2016</p> <p>Voting: 1. Agree : 3,763,258,125 (100%) 2. Disagree : - 3. Abstain : -</p> <p>Decision : Amicable Decision</p> <p>Realization/Follow up: Dividend payment has been delivered on 21 April 2017.</p>	<ol style="list-style-type: none"> 1. Confirmed that in accordance with the Profit and Loss Statements of the Company in book year ended on 31 December 2016, the net profit acquired by the Company amounts to Rp1,752,097,000,000. 2. Approved the appropriation of the Company's net profit acquired in book year ended on 31 December 2016 amounted Rp1,752,097,000,000, as follows: <ol style="list-style-type: none"> a. For book year ended on 31 December 2016, the Company shall distribute dividend to the shareholders in the aggregate amount Rp574,509,000,000 or Rp100 per share, subject as follows: <ol style="list-style-type: none"> i. The Board of Directors shall deduct dividend tax on such dividend at the rate in accordance with the tax regulations applicable to the shareholders receiving the dividend, and ii. The Board of Directors is hereby granted power and attorney to resolve on matter with respect or related to realization of payment of the dividend for book year 2016. b. The remaining net profit in the amount of Rp1,177,588,000,000, shall remain as retained earnings.

Agenda	AGMS Resolutions
<p>AGENDA 4: To approve the modification in the composition of members of the Board of Commissioners of the Company.</p>	<ol style="list-style-type: none"> Approved and accepted the resignation of Hiroshi Higuma as a Commissioner of the Company, taking effect as of 24 March 2017, with thanks and high appreciation for services rendered during his respective tenures of office as a Commissioner of the Company. Approved the appointment of Shinichi Nakamura as a Commissioner of the Company, which shall take effect as of the closing of the AGMS. Confirmed that effective as of the closing of the AGMS, the members of the Board of Directors and the Board of Commissioners of the Company are as follows:
	<p>THE BOARD OF DIRECTORS</p> <p>President Director (Independent) : Jerry Ng Deputy President Director : Ongki Wanadjati Dana Deputy President Director : Djemi Suhenda Compliance Director (Independent) : Anika Faisal Director : Kharim Indra Gupta Siregar Director : Arief Harris Tandjung Director : Wolf Arno Kluge</p>
	<p>THE BOARD OF COMMISSIONERS</p> <p>President Commissioner (Independent) : Mari Elka Pangestu Commissioner (Independent) : Irwan Mahjudin Habsjah Commissioner (Independent) : Arief Tarunakarya Surowidjojo Commissioner : Chow Ying Hoong Commissioner : Shinichi Nakamura,</p> <p>subject however that the term of office said Board of Directors and Board of Commissioners shall expire at the conclusion of the Annual GMS that shall be convened in the year 2019, subject further to changes that may occur prior to the expiration of the terms of office as referred to above.</p>
<p>Voting:</p> <ol style="list-style-type: none"> Agree : 3,763,209,125 (99.99%) Disagree : 49,000 (0.01%) Abstain : - 	
Decision : Amicable Decision	
<p>Realization/Follow up: Notarial Deed (The changes of the Board of Commissioners composition) PT Bank Tabungan Pensiunan Nasional Tbk No.53 dated 24 March 2017, Notary by Hadijah,SH.</p>	
<p>AGENDA 5: To resolve on the amount and form of salary and remunerations to the Board of Directors and the amount and form of honorarium and remunerations to the Board of Commissioners for book year ending on 31 December 2017 and to resolve on the amount of bonus payable to the members of the Board of Directors and the Board of Commissioners for services rendered in book year ended on 31 December 2016, but shall be paid in book year 2017.</p>	<p>Full power and authorisation is hereby granted to the Board of Commissioners of the Company to determine, in a resolution of the Board of Commissioners, the aggregate amount of salary and other remunerations that shall be paid by the Company to the members of the Board of Directors for book year ending on 31 December 2017 and the aggregate amount of bonus payable to the members of the Board of Directors for services rendered during book year ended on 31 December 2016, however payable in the year 2017, and to determine the distribution among the members of the Board of Directors.</p> <p>Confirmed that the amount of honorarium and remunerations for the Board of Commissioners for book year ending on 31 December 2017 and the amount of bonus of the Board of Commissioners for services rendered during book year ended on 31 December 2016, however payable in 2017, shall not exceed the aggregate amount Rp27,300,000,000 gross before deduction of Income Tax, and to grant power and authorization to the Board of Commissioners to determine, in a resolution of the Board of Commissioners, the distribution of said amount of honorarium, remunerations and bonus among the members of the Board of Commissioners.</p>
<p>Voting:</p> <ol style="list-style-type: none"> Agree : 3,681,150,725 (97.81%) Disagree : 49,000 (0.01%) Abstain : 82,058,400 (2.18%) 	
Decision : Majority Vote	
<p>Realization/Follow up: Full power and authorisation is hereby granted to the Board of Commissioners of the Company to determine the total amount of salary and remuneration that shall be paid by the Company to the members of the Board of Directors and remunerations for the Board of Commissioners has been distributed by the Company according to decision related to distribution of the amount of total salary, remunerations and bonus among the member of the Board of Commissioners.</p>	
<p>AGENDA 6: To appoint the Public Accountant to audit the books of the Company for book year ending on 31 December 2017 and to determine the amount of fees and other conditions of appointment of such Public Accountant.</p>	<p>The Board of Commissioners is hereby granted full power and authorisation to appoint the Public Accountant that shall audit the books and records of the Company for book year ending 31 December 2017 and to determine the honorarium and others term and conditions of such appointment.</p>

Agenda	AGMS Resolutions
<p>Voting:</p> <p>1. Agree : 3,763,209,125 (99.99%)</p> <p>2. Disagree : 49,000 (0.01%)</p> <p>3. Abstain : -</p> <p>Decision : Amicable Decision</p> <p>Realization/Follow up: Circular resolution of the Board of Commissioners No. PS/BOC/004/VIII/2017 regarding The Appointment of Registered Public Accountant that shall audit the Financial Statements of the Company for period ending on 31 December 2017 and Circular Resolutions Approval of Audit Committee No. PS/AC/01/VIII/2017 regarding Audit Committee Approval in relation with the proposal of appointment of Registered Public Accountant that shall audit the Financial Statements of the Company for period ending on 31 December 2017.</p>	
<p>AGENDA 7: To render accountability on the utilization of funds acquired from the Public Offering of the Continuing Bond III BTPN With Fixed Coupon Rate Phase I Year of 2016 in the aggregate amount of Rp1,000,000,000,000.- (One Trillion Rupiah)</p> <p>There's no vote</p> <p>Realization/Follow up: The utilization of funds from the Public Offering of the Continuing Bond III BTPN With Fixed Coupon Rate Phase I Year of 2016 has been utilized by the Company as mentioned in the prospectus and has been reported to Financial Services and Authority.</p>	<p>There's no resolution seeing this agenda to render accountability on the utilization of funds from the Public Offering of the Continuing Bond III BTPN With Fixed Coupon Rate Phase I Year of 2016.</p>
<p>AGENDA 8: To reconfirm the resolution on the Management And Employee Stock Option Program (MESOP) of the Company resolved in the Extra-Ordinary General Meeting of Shareholders of the Company convened dated 26 March 2015, and in the Extra-Ordinary General Meeting Of Shareholders of the Company convened dated 29 April 2016, and to grant power and authorization to the Board of Commissioners to perform all acts or deeds of any kind for or in connection with the MESOP Program, inter alia (however not limited to) from time to time to increase the amount of the issued and paid up capital of the Company, in accordance with the resolution of aforesaid Extra-Ordinary General Meeting Of Shareholders</p> <p>Voting:</p> <p>1. Agree : 3,708,491,831 (98.54%)</p> <p>2. Disagree : 54,766,294 (1.46%)</p> <p>3. Abstain : -</p> <p>Decision : Amicable Decision</p> <p>Realization/Follow up: The transfer of authority and grant full powers to the Board of Commissioners of the Company to increase the issued and paid up capital of the Company.</p>	<p>1. To reconfirm the resolution on the establishment and implementation of the Management and Employee Stock Option Program (the MESOP Program 2015) adopted in the Extraordinary General Meeting of Shareholders of the Company convened in Jakarta on 26 March 2015 ("the EGMS 2015), in conjunction with the Extraordinary General Meeting of Shareholders convened in Jakarta dated 29 April 2016 ("the EGMS 2016").</p> <p>2. To transfer authority and grant full powers to the Board of Commissioners of the Company to do and perform each or all acts and deeds which are required by applicable laws and regulations or the articles of association of the Company, or considered necessary, to be done and performed, for and in connection with the implementation or realization of the MESOP Program 2015, among others (however not limited to) from time to time, to increase the issued and paid up capital of the Company by an additional amount in the aggregate not exceeding Rp4,672,229,820, by way of issuance of new shares in the total number not exceeding 233,611,491 shares, each having a nominal value of Rp20, in accordance with the resolution of the Extra-Ordinary GMOS 2015, as re-confirmed in the Extra-Ordinary GMOS 2016.</p>
<p>AGENDA 9: To re-confirm the resolution on the Employee Stock Option Program to the Employee of the Company (ESOP) resolved in the Extra-Ordinary General Meeting Of Shareholders of the Company convened on the 29-th day of April 2016 and to grant power and authorization to the Board of Commissioners to perform all acts or deeds of any kind for or in connection with the ESOP Program, inter alia (however not limited to) from time to time to increase the amount of the issued and paid up capital of the Company in accordance with the resolution of aforesaid Extra-Ordinary General Meeting of Shareholders.</p> <p>Voting:</p> <p>1. Agree : 3,708,491,831 (98.54%)</p> <p>2. Disagree : 54,766,294 (1.46%)</p> <p>3. Abstain : -</p> <p>Decision : Majority Vote</p> <p>Realization/Follow up: The transfer of authority and grant full powers to the Board of Commissioners of the Company to increase the issued and paid up capital of the Company.</p>	<p>1. To reconfirm the resolution on the establishment and implementation of the Employees Stock Option Program of the Company and the employees of the subsidiaries (the ESOP Program 2016) adopted in the EGMS 2016.</p> <p>2. To transfer authority and grant full powers to the Board of Commissioners of the Company to do and perform each and all acts and deeds which are required by applicable laws and regulations and or the articles of association of the Company, or considered necessary, to be done or performed, for and in connection with the implementation or realization of the ESOP Program 2016, among others (however not limited to) from time to time, to increase the issued and paid up capital of the Company by an additional amount in the aggregate not exceeding Rp2,336,114,920,-, by way of issuance of new shares in the number not exceeding 116,805,746 shares, each having a nominal value of Rp20,-, in accordance with the resolution of the Extra-Ordinary GMOS 2016.</p>

The stages of the Annual General Meeting of Shareholders implementation dated 24 March 2017 is as follows:

Submission Date of the implementation plan	Announcement Date	Recording Date	Invitation Date	Implementation	Date of Resolutions Announcement
6 February 2017 through the Company letter No. S.028/DIRCLC/CCS/II/2017	14 February 2017 through the Company letter No. S.036/DIRCLC/CCS/II/2017 and published in Bisnis Indonesia, BTPN and Indonesia Stock Exchange Website	1 March 2017	2 March 2017 through the Company letter No. S.048/DIRCLC/CCS/III/2017 and published in Bisnis Indonesia, BTPN and Indonesia Stock Exchange Website	24 March 2017 was held in Ballroom 3&5, 2nd Floor, The Ritz-carlton, Jl. DR. Ide Anak Agung Gde Agung Kav.E.1.1 No.1, Kawasan Mega Kuningan, Jakarta 12950.	29 March 2017 through the Company letter No. S.069/DIRCLC/CCS/III/2017 dan published in Bisnis Indonesia, BTPN and Indonesia Stock Exchange Website

Resolutions of the General Meeting of Shareholders for Prior Book Year Follow Up

BTPN has realized the Extraordinary General Meeting of Shareholders (EGMS) and Annual General Meeting of Shareholders (AGMS) resolutions for Book Year 2016, with the details as follows:

EGMS dated 29 April 2016

No.	Agenda	Resolutions	Status	Explanation
1	To reconfirm the resolution on the Management and Employee Stock Option Program (MESOP Program) resolved in the Extraordinary General Meeting of Shareholders convened on the 26th day of March 2015 and to confer authorization and to grant powers to the Board of Commissioners to perform all acts for or in connection with the implementation of the MESOP Program, among others (however not limited to) from time to time to increase the issued and paid up capital of the Company, in accordance with the resolution of aforesaid Extraordinary General Meeting of Shareholders	<ol style="list-style-type: none"> 1. To reconfirm the resolution on the establishment and implementation of the Management and Employees Stock Option Program (the MESOP Program 2015) adopted in the Extraordinary General Meeting of Shareholders of the Company convened in Jakarta, on 26th day of March 2015, and the minutes of which were made by Hadijah S.H. a notary in Jakarta, by deed dated the 26th day of March 2015 number 50 (the Extraordinary GMS 2015"). 2. To transfer authority and grant full powers to the Board of Commissioners of the Company to do and perform each and all acts and deeds which are required by applicable laws and regulations and or the articles of association of the Company, or considered necessary, to be done or performed, for and in connection with the implementation or realization of the MESOP Program 2015, among others (however not limited to): <ol style="list-style-type: none"> a. From time to time, to increase the issued and paid up capital of the Company by an additional amount in the aggregate not exceeding Rp4,672,229,820, resulting in that the issued and paid up capital of the Company shall become not exceeding the aggregate amount of Rp121,477,974,960, in accordance with the resolution of the Extraordinary GMS year 2015; b. To make, issue and enact regulations, provisions and policies of any kind regarding the realization of the MESOP Program 2015 (subject however to applicable regulations of the Capital Market), to determine the participants entitled to purchase the newly issued shares of the Company under the MESOP Program 2015 and to determine the amount of the Exercise price, including (however not limited to) to make modifications or adjustments to the terms and conditions of the MESOP Program 2015 in accordance with the regulations and conditions that may be issued by the competent authorities in the Capital Market, including the Financial Services Authority; c. To do and perform each and all acts and deeds which are required by applicable laws or the articles of association of the Company, or which pursuant to the Board of Commissioners are considered necessary to be done, among others (however not limited to) to grant power and authorization to the Board of Directors of the company to do and perform acts, deeds or things in respect of or in connection with the implementation of the MESOP Program 2015, where the Board of Directors do not have any conflict of interest. 	Completed	Notarial deed regarding Extraordinary GMS of the Bank No. 60 dated 29 April 2016 of Notary of Hadijah, SH.

No.	Agenda	Resolutions	Status	Explanation
2	To approve the establishment of the Employee Stock Option Program (ESOP Program) and the implementation of said ESOP Program by the increase of the issued and paid up capital of the Company by way of of issuance of new shares without granting Priority Rights To Subscribe Securities to the shareholders, however by granting option to the employees of the Company to purchase such newly issued shares.	<ol style="list-style-type: none"> 1. Approved and accepted the plan of the Company to established and implement the Employee Stock Option Program (ESOP) or the Program to Grant Option Rights To The Employees of The Company and the Employees of The Controlled Company (further shall be referred to as "ESOP Program 2016"), upon specifications and under terms and conditions set forth in the "Information Disclosure" dated 8th March 2016 and last updated on 27th April 2016 prepared by the Board of Directors of the Company and published in the website of the Company (www.btpn.com) and the website of the Indonesian Stock Exchange (www.idx.co.id) and the photo static copies of which shall attached to the minutes of this meeting, where essentially the Company shall increase its issued and paid up capital, by an amount not exceeding Rp2,336,114,920, by way from time to time to issue new shares each having a nominal value of Rp20, in the total amount not exceeding 116,805,746 shares, without granting the Preemptive Rights To Subscribe Securities (HMETD) to the shareholders, however by granting option rights to (j) the employees of certain level of the Company as shall be determined by the Board of Directors pursuant to recommendation from the Remuneration and Nomination Committee and authorization granted by the Board of Commissioners, and (ii) the employees of Controlled Company as shall also be determined by The Board of Directors of the Controlled Company pursuant to recommendation of the Remuneration and Nomination Committee and authorization granted by the Board of Commissioners of the Company, within a certain period of time as shall be determined by the Board of Commissioners, to purchase the aforesaid newly issued shares of the Company for the Exercise Price; 2. To transfer authority and grant full powers to the Board of Commissioners of the Company to do and perform each and all acts which are required by prevailing law and regulations, or the Articles of Association of the Company, or considered necessary by the Board of Commissioners, for or in connection with the implementation or realization of the ESOP Program 2016, among others (however not limited to): <ol style="list-style-type: none"> 1. From time to time, to increase the issued and paid up capital of the Company, by an additional aggregate amount not exceeding Rp2,336,114,920 in the manner and upon terms and other conditions as set forth in section 1 of this resolution. 2. To make, issue or enact regulations and policies regarding the implementation of the ESOP Program 2016 (subject to prevailing regulations of the Capital Market), to determined the participants entitled to purchase shares in the Company under the ESOP Program 2016 and to determine the price of shares that shall be purchased by the participants of the ESOP Program 2016 or the Exercise Price, including (however not limited to) to make changes or adjustments to the terms and conditions of the ESOP Program 2016 to or with the regulations and terms which in the future may be issued by the competent authorities in the Capital Market, including Financial Services Authority. 3. For the avoidance of any doubt, the increase of the issued and paid up capital set forth in this resolution shall not prejudice the resolution on the increase of the issued and paid up capital of the Company resolved in implementation of the MESOP Program 2015 which has been reconfirmed in the first item of the agenda of this meeting. 	Completed	Notarial deed regarding Extraordinary GMS of the Bank No. 60 dated 29 April 2016 of Notary of Hadjiah, SH.

AGMS dated 29 April 2016

No.	Agenda	Resolutions	Status	Explanation
1.	Submission of the Annual Report (which includes the report on the supervision by the Board of Commissioners) for book year ended on 31 December 2015	1. Approved the Annual Report, including the report on the supervision performed by the Board of Commissioners, for book year ended 31 December 2015 as contained in the book Annual Report 2015.	Completed	Approved by the AGMS dated 29 April 2016
2.	Approval of the Annual Report and ratification the Financial Statements of the Company for book year ended 31 December 2015 and the grant of release and discharge (<i>acquit et de charge</i>) to the members of the Board of Directors and the Board of Commissioners of the Company for the management and supervision performed in book year ended on 31 December 2015	2. Approved and ratified the Company's Financial Statements for book year ended 31 December 2015, audited by Tanudiredja, Wibisana, Rintis & Partners, Registered Public Accountants in Jakarta, as set forth in the book Annual Report 2015. 3. Full release and discharge (<i>acquit et de charge</i>) is hereby granted to the members of the Board of Directors of the Company holding offices in book year ended on 31 December 2015, for all acts of management, and to the incumbent members of the Board of Commissioners of the Company holding offices in book year ended on 31 December 2015, for all acts of supervision, performed by each of them during book year ended on 31 December 2015, to the extent that such acts are recorded in the Annual Report and the Financial Statements of the Company for book year ended on 31 December 2015, except in the event of fraud, embezzlement and other criminal acts.		
3.	To determine the appropriation of the Company's profit acquired in book year ended on 31 December 2015	1. Confirmed that in accordance with the Profit and Loss Statement of the Company in book year ended on 31 December 2015, the net income acquired by the Company amounts to Rp1,701,847,000,000. 2. Approved that the net income acquired by the Company during book year ended on 31 December 2015, in the amount of Rp1,701,847,000,000, be appropriated as follows: b. For book year ended on 31 December 2015, the Company shall not distribute dividend to the shareholders; b. All of the net income acquired by the Company in book year ended on 31 December 2015, in the amount of Rp1,701,847,000,000, shall be declared as retained earnings.	Completed	Retained earnings component in the capital structure was increased

No.	Agenda	Resolutions	Status	Explanation
4.	Confirmation of the expiration of the term of office of the current incumbent members of the Board of Directors and the members of the Board of Commissioners and appointment of new members of the Board of Directors and the Board of Commissioners of the Company	<p>1. Confirmed that the terms of office of all of the current incumbent members of the Board of Directors and the Board of Commissioners shall expire by the closing of the Annual General Meeting of Shareholders.</p> <p>2. Approved the appointment of new members of the Board of Directors and the Board of Commissioners as follows:</p> <p>THE BOARD OF DIRECTORS President Director (Independent) : Jerry Ng Deputy President Director : Ongki Wanadjadi Dana Deputy President Director : Djemi Suhenda Compliance Director (Independent) : Anika Faisal Director : Kharim Indra Gupta Siregar Director : Arief Harris Tandjung Director : Wolf Arno Kluge</p> <p>THE BOARD OF COMMISSIONERS President Commissioner (Independent) : Mari Elka Pangestu Commissioner (Independent) : Iwan Mahjudin Habsjah Commissioner (Independent) : Arief Tarunakarya Surowidjojo Commissioner : Chow Ying Hoong Commissioner : Shinichi Nakamura, subject however as follows:</p> <p>a. The appointment of such members of the Board of Directors and the Board of Commissioners shall take effect as of the closing of the Annual General Meeting of Shareholders, and</p> <p>b. The term of office of said Board of Directors and Board of Commissioners shall expire at the conclusion of the Annual General Meeting of Shareholders that shall be convened in the year 2019, subject further to changes that may occur prior to the expiration of the terms of office as referred to above.</p>	Completed	<p>1. Deed of resolution (changes of members of the Board of Directors and the Board of Commissioners) PT Bank Tabungan Pensiunan Nasional Tbk No. 62 dated 29 April 2016, which has been registered in The Minister of Law and Human Rights of the Republic of Indonesia set forth in letter No. AHU-AH.01.03-0048198 dated 13 Mei 2016</p> <p>2. Result from Fit & Proper Test, as follows:</p> <ul style="list-style-type: none"> Financial Services Authority Letter No:SR-72/D.03/2016 dated 25 April 2016 Financial Services Authority Letter No:SR-73/D.03/2016 dated 25 April 2016
5.	To determine the amount and form of salary and remunerations to the Board of Directors and the amount and form of honorarium and remunerations to the Board of Commissioners for book year ending on 31 December 2016 and to determine the amount of bonus payable to the members of the Board of Directors and the Board of Commissioners for services rendered in book year ended on 31 December 2015	<p>1. Full power and authorization is hereby granted to the Board of Commissioners of the Company to determine, in a resolution of the Board of Commissioners, the aggregate amount of salary and other remunerations that shall be paid by the Company to the members of the Board of Directors for book year ending on 31 December 2016 and the aggregate amount of bonus payable to the members of the Board of Directors for services rendered during the book year ended on 31 December 2015, however payable in the year 2016, and to determine the distribution of such aggregate amount of salary, remunerations and bonus among the members of the Board of Directors;</p> <p>2. Confirmed that the amount of honorarium and remunerations for the Board of Commissioners for book year ending on 31 December 2016 and the amount of bonus of the Board of Commissioners for services rendered during the book year ended on 31 December 2015 however payable in year 2016, shall not exceed the aggregate amount of Rp.27.300.000.000,- (twenty seven billion three hundred million Rupiah) gross, before deduction of Income Tax, and to grant power and authorization to the Board of Commissioners to determine, in a resolution of the Board of Commissioners, the distribution of said amount of honorarium, remunerations and bonus among the members of the Board of Commissioners.</p>	Completed	The recommendation of the Remuneration and Nomination Committee set forth in the Circular Resolution of the Remuneration and Nomination Committee PT Bank Tabungan Pensiunan Nasional Tbk No. PS/RNC/003/IV/2016 dated 6 April 2016, which has been approved by the Board of Commissioners in the Circular Resolution of the Board of Commissioners PT Bank Tabungan Pensiunan Nasional Tbk No. PS/BOC/003/IV/2016 dated

No.	Agenda	Resolutions	Status	Explanation
6.	Appointment of the Public Accountant to audit the books of the Company for book year ending on 31 December 2016 and determination of amount of honorarium and other conditions of appointment of such Public Accountant.	The Board of Commissioners is hereby granted full power and authorisation to appoint the Public Accountant that shall audit the books and records of the Company for book year ending on 31 December 2016 and to determine the honorarium and other terms and conditions of such appointment.	Done	The Circular Resolutions Approval of the Board of Commissioners No. PS/BOC/006/IX/2016 concerning the Appointment of Public Accountant that shall audit the financial statements of the Company for book year ending on December 31, 2016 and the Circular Resolution Approval of the Audit Committee No. PS/AC/001/IX/2016 regarding Committee Audit Approval in relation with the proposal of appointment public accountant that shall audit the financial reports of the Company for period ending on December 31, 2016

Board of Directors and Board of Commissioners

Composition of the Board of Directors and the Board of Commissioners

In accordance with the AGMS resolutions dated 24 March 2017, there was a change in the composition of the Board of Directors and the Board of Commissioners is as follows:

Period prior to AGMS dated 24 March 2017

No.	Name	Position	Effective Date
The Board of Directors			
1	Jerry Ng	President Director (Independent)	29 September 2008
2	Ongki Wanadjati Dana	Deputy President Director	29 September 2008
3	Djemi Suhenda	Deputy President Director	29 October 2009
4	Anika Faisal	Compliance Director (Independent)	29 September 2008
5	Kharim Indra Gupta Siregar	Director	29 September 2008
6	Arief Harris Tandjung	Director	8 April 2010
7	Wolf Arno Kluge	Director	4 Mei 2015
The Board of Commissioners			
1	Mari Elka Pangestu	President Commissioner (Independent)	29 April 2016
2	Irwan Mahjudin Habsjah	Commissioner (Independent)	1 Mei 2009
3	Arief Tarunakarya Surowidjojo	Commissioner (Independent)	29 April 2016
4	Chow Ying Hoong	Commissioner	15 January 2015
5	Hiroshi Higuma	Commissioner	15 January 2015

Period after AGMS dated 24 March 2017

No.	Nama	Position	Effective Date
The Board of Directors			
1	Jerry Ng	President Director (Independent)	29 September 2008
2	Ongki Wanadjati Dana	Deputy President Director	29 September 2008
3	Djemi Suhenda	Deputy President Director	29 October 2009
4	Anika Faisal	Compliance Director (Independent)	29 September 2008
5	Kharim Indra Gupta Siregar	Director	29 September 2008
6	Arief Harris Tandjung	Director	8 April 2010
7	Wolf Arno Kluge	Director	4 Mei 2015
The Board of Commissioners			
1	Mari Elka Pangestu	President Commissioner (Independent)	29 April 2016
2	Irwan Mahjudin Habsjah	Commissioner (Independent)	1 Mei 2009
3	Arief Tarunakarya Surowidjojo	Commissioner (Independent)	29 April 2016
4	Chow Ying Hoong	Commissioner	15 January 2015
5	Shinichi Nakamura	Commissioner	24 March 2017

The number of Board of Commissioners' members shall not exceed the number of Board of Directors' members. The Board of Commissioners consists of five (5) persons, while the Board of Directors' consists of seven (7) persons. Three (3) out of five (5) persons or more than 50% of the Board of Commissioners' members are independent members. The majority of members of the Board of Commissioners are Indonesian citizens and domiciled in Indonesia. The Board of Commissioners led by President Commissioners as well as Independent Commissioner.

Fit and Proper Test

In accordance with the prevailing regulation, members of the Board of Commissioners and the Board of Directors have to conduct a Fit and Proper Test prior to performing their duties. The Bank's management has fulfilled the integrity, competency and financial reputation requirements. As of 31 December 2017, all members of the Board of Commissioners and the Board of Directors have passed the Fit and Proper Test requirement.

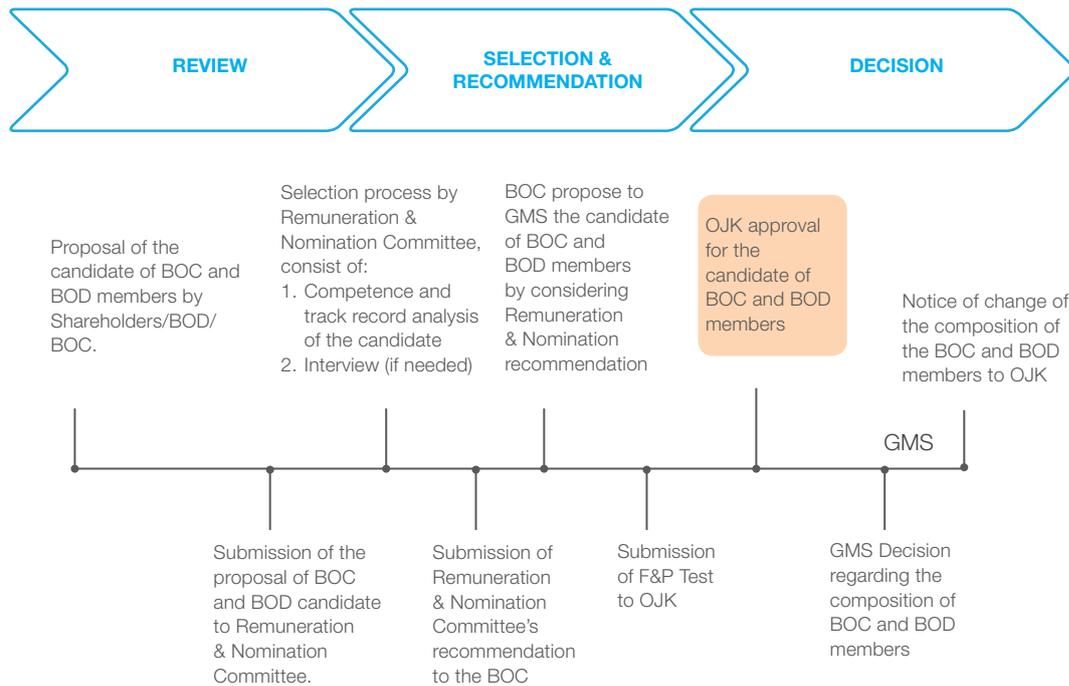
Nomination Policy of Member Board of Commissioners and Board of Directors

The nomination policy of members of Board of Commissioners and Board of Directors is conducted to select and/or replace member(s) of Board of Commissioners and Board of Directors who will then submitted to General Meeting of Shareholder.

The candidate selection process is conducted by the Remuneration and Nomination Committee, who will consider the competence and professional experience, as well as composition diversity without discriminating gender, ethnicity, racial background and religion.

The Remuneration and Nomination Committee recommends selected candidates to the Board of Commissioners for approval and ratification in the General Meeting of Shareholders.

Below is the Board of Commissioners and Board of Directors nomination process:



Board of Commissioners

The Board of Commissioners has, among others, the following duties and responsibilities

The Board of Commissioners has, among others, the following duties and responsibilities:

- Ensure the implementation of Good Corporate Governance at every business of the Bank and at all levels of the organization.
- Monitor the implementation of the Board of Directors duties and responsibilities as well as to provide advice to the Board of Directors.
- Direct, monitor and evaluate the implementation of the Bank's strategic policies.
- Provide sufficient time to fulfill its duties and responsibilities optimally.
- Ensure the Board of Directors has followed up on audit findings and recommendations submitted by the Internal Audit, external auditor, monitoring result from Financial Services Authority and/or other regulatory authorities.

Furthermore, the duties and responsibilities of President Commissioner among others:

- Lead the Board of Commissioners in performing their supervisory duties.
- Function as the Chairman for the Board of Commissioners Meeting and GMS.
- Receive reports from the Board of Commissioners Committees.

The Board of Commissioners Charter

In performing its duties and responsibilities, members of the Board of Commissioners are guided by the Board of Commissioners' Charter. The Charter is periodically updated and revised in accordance to the prevailing laws and regulations. The latest amendment was approved on 24 March 2017.

The Board of Commissioners Charter covers:

1. Organization
2. Independency
3. Duties and responsibilities
4. Establishment of Committees
5. Function of the President Commissioner
6. Meetings
7. Conflict of Interest
8. Transparency
9. Term of Office
10. Work Ethics
11. Working hour
12. Accountability of the Board of Commissioners
13. Training

Composition, Diversity and Independency of Members of the Board of Commissioners

Members of the Board of Commissioners are appointed by the General Meeting of Shareholders (GMS) based on recommendations from the Remuneration and Nomination Committee and effective on the date specified in the GMS and ended at the closing of the third GMS after the date of appointment.

The composition of the Board of Commissioners is stipulated considering the Bank's requirements and complexities. The composition of the Board of Commissioners is based on expertise, professional experiences and background in order to support the effectiveness in carrying out the duties of the Board of Commissioners without discriminating gender, ethnicity, racial background and religion.

BTPN has complied with the prevailing laws and regulations in relation to the independence of its Board of

Commissioners, among others:

- Members of the Board of Commissioners have fulfilled the required number, composition, criteria and independency in line with OJK regulations. The Board of Commissioners consists of 5 members, where 3 members or more than 50.0% are Independent Commissioners. The Independent Commissioners have fulfilled the independence criteria based on OJK regulations.
- Replacement and appointment of the Board of Commissioners' members has taken into account the recommendation of the Remuneration and Nomination Committee.
- Every Board of Commissioners member has no family relation up to the second degree with other Board of Commissioners and/or Board of Directors members.
- Members of the Board of Commissioners do not hold any concurrent position in accordance with OJK Regulation.

In the implementation of duties and responsibilities of the Board of Commissioners, the role of Independent Commissioner is crucial, especially in the supervision function of the Board of Director's performance, to prevent conflicts of interest as well as to improve independency and objectivity.

Independent Commissioner Criteria

Independent Commissioner shall fulfill the requirements as follows:

- 1) He/she has no financial relation, position, share ownership and/or family relation with members of the Board of Commissioners, Board

of Directors and/or Controlling Shareholders or relating to the Bank, which may affect the ability to act independently;

- 2) He/she is not a person who works or has authority and responsibility in planning, leading, controlling, or monitoring the Bank's activities within the last 1 year, except for reappointment as Independent Commissioner in the continuing period;
- 3) He/she does not have shares both directly and indirectly at the Bank;
- 4) He/she does not have any affiliation with the Bank, members of the Board of Commissioners, members of the Board of Directors or the Bank's controlling shareholders; and
- 5) He/she does not have business relationship both directly and indirectly related to the Bank's business activities.

Orientation

BTPN ensures that all members of Board of Commissioners who have just taken office acquire the needed information related to the Company to be able to carry out their duties and responsibilities. The duty of Corporate Secretary is to provide the necessary information. During 2017, there was 1 new member of Board of Commissioners (Shinichi Nakamura) who went through orientation.

Monitoring Report and Recommendation of the Board of Commissioners

Board of Commissioners had actively supervised the management and operations of the Bank and provided advice to the Board of Directors. The Board of Commissioners continues to

monitor and ensure the implementation of corporate governance in all Bank activities. Supervision is focused on achieving business targets and takes into account prudent risk management and regulatory compliance.

Supervision is performed directly through the monitoring of complete action plan on the Board of Commissioners recommendations to the Board of Directors, as well as through established committees. Throughout 2017, Board of Commissioners has supervised these strategic aspects of the Bank, including:

1. Financial performance reviews of the Bank and its Subsidiaries.
2. Through Risk Monitoring Committee, reviews were carried out on risk management, internal control system adequacy, and compliance culture implementation.
3. Ensuring that the Board of Directors has followed up findings from Internal Audit and External Audit as well as recommendations from Internal Audit through the Audit Committee.
4. Board of Commissioners approved the recommendations from the Remuneration and Nomination Committee in determining the remuneration of Board of Commissioners' and Board of Directors' members as well as the Gemilang project.
5. Approval of the revision of the Bank Business Plans (RBB) 2017-2019.
6. Reviewed and approved the Bank Business Plans (RBB) 2018-2020.
7. Monitoring the implementation of the Integrated Corporate Governance and Risk Management.

8. Board of Commissioners' approval of the Annual Work Plans of Audit Committee and Risk Monitoring Committee.
9. Board of Commissioners continuously monitored the implementation of corporate governance and compliance with applicable regulations, including financial ratios, the Bank's Soundness (RBBR), Anti Money Laundering and Counter the Financing of Terrorism (AML & CFT) and risk management implementation.

Board of Commissioners Meeting and Board of Commissioners inviting Board of Directors Meeting

The schedule and agenda of the Board of Commissioners Meeting and Board of Commissioners Meeting inviting the Board of Directors had been decided by the Board of Commissioners Meeting based on Minutes of Meeting No. MOM/BOC/005/XI/2016 dated 21 November 2016 for schedule and agenda in 2017 and MOM/BOC/006/XI/2017 dated 22 November 2017 for schedule and agenda in 2018. Meeting materials and minutes of meeting were distributed for the participants and were well documented.

The Board of Commissioners held regular meetings with the Board of Directors as part of its supervisory function effectively on strategic, financial, operations, internal control system, compliance, risk management, and governance aspects.

Meetings were attended in person or through teleconferencing technology by the Board of Commissioners. During

2017, the Board of Commissioners has attended in person by all the Board of Commissioners members as much as 2 times from 6 meetings where attendance level of the majority of the Board of Commissioners members were more than 75%.

Decision making in meetings was carried out amicably. During 2017, there were no dissenting opinions in the meetings organized.

Meeting Policy

Meeting policy is contained in the Board of Commissioners Charter, which includes:

- a. The Board of Commissioners meeting shall be held periodically at least 1 (one) time in 2 (two) months.
- b. The Board of Commissioners meeting shall be attended by all members of the Board of Commissioners in person at least 2 (two) times a year.
- c. Board of Commissioners shall organize joint meetings with the Board of Directors periodically at least 1 (one) time in 4 (four) months.
- d. The Board of Commissioners shall schedule the next year's meetings before the end of the financial year.
- e. The Board of Commissioners meeting is led by the President Commissioner or in terms of absent, another Commissioner designated in the meeting.
- f. Decision-making in the Board of Commissioners meeting is based on deliberations and consensus.
- g. In the event that consensus cannot be obtained, decision-making is done in amicably decision.

- h. Any decision that is determined lawfully in the Board of Commissioners meeting adheres to all members of the Board of Commissioners.
- i. Dissenting options that occur in a Board of Commissioners meeting shall be clearly noted in the minutes of meeting including the reason for the dissenting option.

Attendance Level of the Board of Commissioners

Commissioner	BOC Meeting	%	Meeting			
			BOC Inviting BOD	%	BOD Inviting BOC	%
Mari Elka Pangestu	5/6	83%	2/3	67%	5/6	83%
Irwani Mahjudin Habsjah	5/6	83%	3/3	100%	5/6	83%
Arief Tarunakarya Surowidjojo	6/6	100%	3/3	100%	6/6	100%
Chow Ying Hoong	5/6	83%	3/3	100%	5/6	83%
Hiroshi Higuma**	1/2	50%	0/1	0%	1/2	50%
Shinichi Nakamura*	4/4	100%	2/2	100%	4/4	100%

*) appointed as member of the Board of Commissioners effective since 24 Maret 2017

**) no longer served as a member of the Board of Commissioners effective 24 Maret 2017

Board of Commissioners' Meeting Agenda

Date of Meeting	Meeting Agenda
14 February 2017	<ol style="list-style-type: none"> 1. Updates on Integrated Corporate Governance 2. Updates from Remuneration and Nomination Committee
24 March 2017	<ol style="list-style-type: none"> 1. Updates from Audit Committee and Risk Monitoring Committee 2. Decisions on remuneration for Board of Commissioners and Board of Directors
10 June 2017	<ol style="list-style-type: none"> 1. Updates from Audit Committee and Risk Monitoring Committee
11 August 2017	<ol style="list-style-type: none"> 1. Board Commissioners' approval of Gemilang project through recommendations from Remuneration and Nomination Committee
17 October 2017	<ol style="list-style-type: none"> 1. Updates from Remuneration and Nomination Committee on Gemilang project 2. Work report of Audit Committee and Risk Monitoring Committee, June – September 2017
22 November 2017	<ol style="list-style-type: none"> 1. Board of Commissioners' 2018 Work Plan 2. Approval of Audit Committee's and Risk Monitoring Committee's 2018 Work Plans 3. Work report from Audit and Risk Monitoring Committees' visit to Semarang

Board of Commissioners Inviting Board of Directors' Meeting Agenda

Date of Meeting	Meeting Agenda
14 February 2017	<ol style="list-style-type: none"> 1. Integrated Risk Management 2. Annual General Meeting of Shareholder (AGMS) Agenda
9 June 2017	<ol style="list-style-type: none"> 1. Updates on Indonesia's Economic Condition and Economic Outlook of 2017 and 2018 2. Political Review by Yunarto Widjaya 3. Micro Services And Agile Development by Michael Gryseels, McKinsey 4. Updates on Jenius 5. Updates on BTPN Wow! 6. BTPN's Information Technology Strategies 7. Updates on Gemilang Project
22 November 2017	<ol style="list-style-type: none"> 1. Political Outlook by Burhanuddin Muhtadi 2. Economic Outlook by Raden Pardede 3. BOC approval for 2018 Business Plan

Board of Commissioners Performance Assessment

Board of Commissioners Performance Assessment Implementation Procedures

The Board of Commissioners performance assessment carried out based on the criteria, which was assigned by considering the duties and responsibilities in accordance with prevailing regulations and the Articles of Association and the Bank's internal policy.

Performance Assessment was performed on annual basis of self-assessment to assess the performance of the Board of Commissioners collegially.

Board of Commissioners Performance Assessment Criteria

Self-assessment of the Board of Commissioners performance at the least contains Good Corporate Governance implementation at each of the Bank's line of business, and supervisory of the Board of Director's implementation of their duties and responsibilities.

Performance Assessment

- Board of Commissioners performance assessment is conducted on an annual basis by the President Commissioner based on the Board of Commissioners duties and responsibilities.
- Board of Commissioners performance assessment is one of the base consideration for the Remuneration and Nomination Committee in recommending the Board of Commissioners to appoint a member and

to formalize the Board of Commissioners remuneration structure.

- Board of Commissioners performance is reported to the Shareholders during GMS within the Annual Report.

Performance Assessment of the Board of Commissioners' Committees

During 2017, committees under the supervision of the Board of Commissioners had done their supervision duties well through regular meetings with the Board of Directors and making site visits to branch offices to ensure implementation of compliance, accountability, and governance.

Board of Directors The Board of Directors Duties and Responsibilities

The Board of Directors has among others the following duties and responsibilities:

- The Board of Directors takes full responsibility for managing the Bank.
- The Board of Directors has obligations to manage the Bank according to the authority and responsibility outlined in the Bank's Articles of Association and prevailing laws and regulations.
- The Board of Directors has the obligation to implement Good Corporate Governance principles in all Bank activities across all levels of the organization.
- The Board of Directors is responsible for following up audit findings and recommendations submitted by the Internal Audit

Unit, external auditor, Financial Services Authority and/or other regulatory authorities.

Scope of Work and Distribution of Duties among the Board of Directors

President Director:

- Coordinates the management of the Bank as outlined in the Bank's Articles of Association and the resolutions of the GMS based on the prevailing laws and regulations.
- Together with the Bank's Deputy President Directors, coordinates and directs the strategic policies, as well as oversees the respective Directors to ensure effective and efficient.

Deputy President Director:

- Supporting the President Director in coordinating and directing the strategic policies of the Directors under their respective coordination.
- Ensures effectiveness of implementation of duties and responsibilities of Directorates under their respective coordination includes the development and innovation products and services, networking and business model, as well as the operational, policy and strategy of Human Capital.

Compliance Director:

- Formulates strategies to build the Bank's Compliance Culture and submits proposals on compliance policies or compliance principles to be approved by the Board of Directors.
- Ensures that all policies, regulations, systems and procedures, as well as the Bank's

business activities, in compliance with the prevailing rules and regulations.

Information Technology Director:

- a. Leads and coordinates information technology policies and strategies.
- b. Coordinates the development and planning of an effective and efficient information technology to support business units.

Finance Director:

- a. Leads and directs the Bank's financial policies and strategies, including a comprehensive short term, mid term and long term financial targets.
- b. Coordinates and give strategic direction related to the Bank's funding.
- c. Directs and coordinates the preparation of the Bank's Business Plan and corporate actions.

Risk Management Director:

- a. Coordinates implementation of risk management policy and strategy.
- b. Provide strategic direction related to risk management implementation.

The Board of Directors Charter

In carrying out its duties and responsibilities, members of the Board of Directors are guided by the Board of Directors Charter. The Charter is periodically updated and revised in accordance to the prevailing laws and regulations.

The Board of Directors Charter covers:

1. Organization
2. Independency

3. The Board of Directors Duties and Responsibilities
4. Duties of the President Director
5. Compliance Director
6. Meetings
7. Conflict of Interest
8. Transparency
9. Term of Office
10. Relationship with Stakeholders
11. Work Ethics
12. Working Hour
13. Training

Orientation

President Director ensures that newly appointed members of the Board of Directors receive information related to the Bank to be able to carry out their duties and responsibilities. The Corporate Secretary has the duty to provide the necessary information. During 2017, no new members of the Board of Directors conducted the orientation.

Independence and Diversity of the Board of Directors' Members

Appointment of members of the Board of Directors is conducted by the General Meeting of Shareholders (GMS) after considering the recommendations from the Remuneration and Nomination Committee and has passed fit and proper test from OJK is effective from the date set out in the GMS and ending at the closing of the third GMS after the date of appointment.

Referring to the Decree of the Board of Directors of the Indonesia Stock Exchange No. KEP-00001/BEI/01-2014, based on the Extraordinary General Meeting of Shareholders dated 15 January 2015, it was

designated that two Directors were to serve as Independent Directors, namely the President Director and Compliance Director. The term of office for the Independent Directors is at most two (2) consecutive terms.

Determination of the composition of the Board of Directors is done by considering the needs and complexity of the Bank. Composition of the Board of Directors is based on banking knowledge, skills, professional experience, and background to support the effective implementation of the Board of Directors' duties, regardless of gender, ethnicity, race and religion. There are seven Directors of the Bank, one of whom is a female Director.

Implementation of the Duties and Responsibilities of the Board of Directors

In carrying out its duties, Board of Directors holds regular meetings to discuss strategic matters that require consideration and approval from Board of Directors. Throughout 2017, Board of Directors meetings have discussed the following:

1. Financial performance monitoring of the Bank and its Subsidiaries
2. Performance evaluation of business units and subsidiaries for set targets and monitoring of new business initiatives.
3. Review of information technology (IT) implementation and the Bank's operations, as well as initiatives in IT and operations.
4. Approval of Business Units' and Supporting Units' strategic plans.

5. Approval of the realization of promotion and employee salary adjustment in 2017.
6. Review of risk management implementation, compliance, and internal control as well as the implementation monitoring of Anti-Money Laundering and Prevention of Terrorist Financing policies, including reviews of regulations/stipulations from regulators and their effects to the Bank.
7. Monitoring the follow-ups on audit findings from Internal and External Audit as well as supervision results from OJK and other authorities.
8. Review of internal fraud, whistle blowing system, and follow-up efforts.
9. Evaluation of Daya initiative and its program implementation.
10. Approval of Bank Business Plans (RBB) 2018-2020.

Board of Directors' Meeting and Board of Directors' Inviting Board of Commissioners Meeting

The schedule and agenda of the Board of Directors Meeting and Board of Directors Meeting inviting the Board of Commissioners had been decided by the Board of Directors Meeting based on Minutes of Meeting No. MOM/BOD/03/I/2017 dated 24 January 2017 for schedule and agenda in 2017 and MOM/BOD/36/XII/2017 dated 5 December 2017 for schedule and agenda in 2018. Meeting materials and

minutes of meeting were distributed for the participants and were well documented.

During 2017, the Board of Directors held 37 Board of Directors meetings and 6 Board of Directors Meetings Inviting the Board of Commissioners. The majority of members of the Board of Directors had an attendance rate to these meetings of more than 75%.

Decision-making in the meetings is conducted amicably. In 2017, there were no dissenting opinions regarding the meetings' decisions.

Board of Directors Meeting Policy

- a. The Board of Directors must convene a Board of Directors meeting periodically, at least one time in each month.
- b. The Board of Directors Meeting may proceed if attended or represented a majority of the Board of Directors.
- c. The Board of Directors must convene Board of Directors Meeting Inviting the Board of Commissioners periodically, at least 1 (one) time in 4 (four) months.
- d. The Directors should schedule the meetings for the next year before the end of the fiscal year.
- e. At the scheduled meetings, the meeting materials have to be

delivered to the participants no later than five (5) days before the meeting is held.

- f. In the event of a meeting held out off the schedule that have been intended beforehand, the meeting materials must be submitted to the meeting at the latest before the meeting is held.
- g. Each policy and strategic decision shall be decided by a Board of Directors meeting with due regard to the applicable regulations.
- h. Board of Directors Meetings are chaired by the President Director, or in the case that the President Director is absent, another Director appointed in said meeting may chair the meeting and it does not need to be proven to any third party.
- i. Decision-making in the Board of Directors Meetings is done by consensus.
- j. In the event that deliberation and consensus is not possible, decision-making is done by a majority vote.
- k. All decisions decided legally in the Board of Directors Meetings are binding to all members of the Board of Directors.
- l. Any dissenting opinion in the Board of Directors Meeting shall be clearly stated in the minutes of the meeting, along with the reasons for such dissent.

Board of Directors' Attendance in Meetings

Directors	BOD Meeting	%	Meeting			
			BOC Inviting BOD	%	BOD Inviting BOC	%
Jerry Ng	26/37	70%	3/3	100%	6/6	100%
Ongki Wanadjati Dana	35/37	95%	3/3	100%	6/6	100%
Djemi Suhenda	27/37	73%	3/3	100%	6/6	100%
Anika Faisal	31/37	84%	3/3	100%	6/6	100%
Kharim Indra Gupta Siregar	35/37	95%	3/3	100%	5/6	83%
Arief Harris Tandjung	34/37	92%	3/3	100%	6/6	100%
Wolf Arno Kluge	35/37	95%	3/3	100%	5/6	83%

Board of Directors' Meeting

Dates of Meeting	Meeting Agenda
10 January 2017	Internal Audit Update
17 January 2017	Financial Result December 2016 Update
24 January 2017	<ol style="list-style-type: none"> Corporate Agenda Operations Update Project Alibaba
31 January 2017	<ol style="list-style-type: none"> Q4 2016 Compliance Update BOD Approval
6 February 2017	<ol style="list-style-type: none"> BTPN Syariah Financial Performance FY 2016 Internal Audit Update Q4 2016 Fraud Management Unit Update
21 February 2017	<ol style="list-style-type: none"> Daya Update IT Update Key Strategic Initiative Financial Performance YTD Jan 2017
28 February 2017	<ol style="list-style-type: none"> Brand Health Checking BTPN Wow by PT The Nielson Company Indonesia Operations Update BTPN Wow! Update Jenius Update
14 March 2017	<ol style="list-style-type: none"> Financial Performance YTD Feb 2017 SME & UMK Business Update Pension Business Update Funding Business Update
21 March 2017	<ol style="list-style-type: none"> HC Committee Recommendation Project Gemilang Operations Update Jenius Update BTPN Wow! Update
3 April 2017	<ol style="list-style-type: none"> BTPN Syariah Financial Update Feb 2017 YTD Internal Audit

Dates of Meeting	Meeting Agenda
	<ol style="list-style-type: none"> 3. Investigation result of KC Kebun Jeruk (Purna Bakti) 4. Project Gemilang; People Planning 5. Key Strategic Initiative Update
11 April 2017	<ol style="list-style-type: none"> 1. Financial Performance YTD March 2017 2. IT Update to BOD 3. Communication Update
18 April 2017	<ol style="list-style-type: none"> 1. Project Gemilang 2. Operations Update 3. Jenius Update 4. BTPN Wow! Update 5. Update project Apollo (MUR 2.0)
25 April 2017	<ol style="list-style-type: none"> 1. Q1 2017 Compliance Update 2. Q1 2017 Fraud Management Unit Update
9 May 2017	<ol style="list-style-type: none"> 1. Financial Performance YTD April 2017 2. SME & UMK Business Update 3. Funding Business Update 4. Pension Business Update
16 May 2017	<ol style="list-style-type: none"> 1. Worldwide cyber attack 2. Operations Update 3. Jenius Update 4. BTPN Wow! Update 5. Project Gemilang oleh
23 May 2017	Key Strategic Initiative Update
6 June 2017	<ol style="list-style-type: none"> 1. BTPN Syariah Financial Update April 2017 YTD 2. BOD approval of RBB revision 3. Brief Change readiness Workshop
13 June 2017	<ol style="list-style-type: none"> 1. Internal Audit Update 2. Financial Performance YTD May 2017 3. Bi Monthly IT Update
20 June 2017	<ol style="list-style-type: none"> 1. Operations Update 2. BTPN Wow! Update
11 July 2017	<ol style="list-style-type: none"> 1. Pension Business Update 2. Communication Gemilang Update 3. Internal Audit Update 4. Q2 2017 Fraud Management Unit 5. Funding Business Update
18 July 2017	<ol style="list-style-type: none"> 1. Financial Performance June 2017 Update 2. Operations Update 3. Project Gemilang Update 4. Jenius Update

Dates of Meeting	Meeting Agenda
	<ul style="list-style-type: none"> 5. BTPN Wow! Update 6. Key Strategic Initiative Update
1 August 2017	<ul style="list-style-type: none"> 1. BTPN Syariah Financial Update July 2017 YTD 2. Project Gemilang Update 3. Compliance Update Q2 2017 4. Daya Update
8 August 2017	<ul style="list-style-type: none"> 1. Financial Performance YTD Jul 2017 2. Saving Rationalization 3. Project Gemilang
15 August 2017	<ul style="list-style-type: none"> 1. Operations Update 2. Project Gemilang 3. Jenius Update 4. BTPN Wow! Update 5. Key Strategic Initiative Update
29 August 2017	<ul style="list-style-type: none"> 1. Project Gemilang: Mitigation for potential PUR customer complaints 2. BOM Visit
5 September 2017	<ul style="list-style-type: none"> 1. Internal Audit update (Ciparay Fraud Case) 2. Project Gemilang : Command Centre
12 September 2017	<ul style="list-style-type: none"> 1. Financial Performance YTD August 2017 2. SME & MUR Business Update 3. Pension Business Update 4. Project Gemilang Update – Command Centre 5. IT Update
19 September 2017	<ul style="list-style-type: none"> 1. Internal Audit Update 2. Pembentukan team implementasi CRS 3. Operations Update 4. Update Taman Palem Case 5. Project Gemilang (SCM – Strategic Cost Management) 6. Jenius Update 7. BTPN Wow! Update 8. Key Strategic Initiative Update
3 October 2017	<ul style="list-style-type: none"> 1. Q3 2017 Fraud Management Unit Update 2. Project Gemilang Update – People Program
10 October 2017	<ul style="list-style-type: none"> 1. Financial Performance YTD Sep 2017 2. Q3 2017 BTPN Syariah Financial Update 3. Project Gemilang Update 4. Quality Assurance 5. Daya Update
18 October 2017	<ul style="list-style-type: none"> 1. Operations Update 2. Jenius Update

Dates of Meeting	Meeting Agenda
	<ol style="list-style-type: none"> BTPN Wow! Update Key Strategic Initiative Update
31 October 2017	<ol style="list-style-type: none"> Compliance Update Q3 2017 QA Update Block Leave Update Post PPKS Potential Risk vs Mitigation.
8 November 2017	<ol style="list-style-type: none"> Project Gemilang Update Co-Working Space Project Investment Block Leave update
14 November 2017	<ol style="list-style-type: none"> Financial Performance YTD Oct 2017 BOD Approval of RBB 2018 Internal Audit Plan 2018 – 2020 SME & UMK Business Update Pension Busienss Update
21 November 2017	<ol style="list-style-type: none"> Jenius Update BTPN Wow! Update Business development update - Value chain and Structured loan product Business development update - Agri business IT Update
5 December 2017	<ol style="list-style-type: none"> Internal Audit Update IT Update Approval of Corporate Agenda Branch Consolidation Day 1
12 December 2017	<ol style="list-style-type: none"> Financial Performance YTD Nov 2017 BTPN Syariah Update YTD Nov 2017 Project Gemilang Update

Board of Directors Inviting Board of Commissioners Meeting Agenda

Meeting Dates	Meeting Agenda
14 February 2017	<ol style="list-style-type: none"> Audited Financial Performance of BTPN FY 2016 Financial Performance YTD January 2017 Audited Financial Performance of BTPN Syariah FY 2016
24 March 2017	<ol style="list-style-type: none"> Financial Performance of BTPN YTD February 2017
10 June 2017	<ol style="list-style-type: none"> Pension Business Dynamics Multifinance Business Opportunities BTPN Syariah IPO Plans Financial Performance and Revision Approval of Bank Business Plan 2017 for OJK
11 August 2017	<ol style="list-style-type: none"> Financial Performance YTD July 2017
17 October 2017	<ol style="list-style-type: none"> Financial Performance of BTPN Q3 2017 Financial Performance of BTPN Syariah Q3 2017
22 November 2017	Project Gemilang Update

Directors Performance Assessment

Directors Performance Assessment Procedures

Performance assessment for the Board of Directors is based on the criteria as established by considering the duties and responsibilities, in accordance with prevailing regulations and the Articles of Association as well as the Bank's internal policies.

Performance Assessment is conducted through self-assessment annually, to assess the performance of the Board of Directors collegially.

Directors Performance Assessment Criteria

Self-assessment on the performance of members of the Board of Directors must at minimum contain the implementation with of the Bank's overall strategy, monitoring of risk management activities in their respective areas (risk management activities) and the application of the principles of good corporate governance.

Performance Assessment

- Evaluation of the performance of the members of the Board of Directors is performed by the Remuneration and Nomination Committee based on suggestion from the President Director.
- Report of the performance evaluation of the Board of Directors is presented to the shareholders at the GMS, set forth in the Annual Report.
- The results of the performance evaluation of the members of the Board of Directors will guide in determination of remuneration and nomination of the respective Director.

Directors Succession

Human Capital, through the process of talent management and succession planning, facilitates the assessment of the availability of candidates for the Board of Directors, and the potential for future development thereof. Succession is implemented through the identification of executive officer who possess such potential. Each member of the Board of Directors will submit a replacement candidate, and this will be evaluated by the Remuneration and Nomination Committee.

Assessment of the Performance of the Committees under the Board of Directors

During 2017, the committees under the supervision of the Board of Directors were actively involved in supporting the implementation of the tasks the Board of Directors to ensure that all strategies and key initiatives have been followed up.

Training for the Board of Commissioners and the Board of Directors

To increase their competency and to support the execution of their duties and responsibilities, members of the Board of Directors and the Board of Commissioners continues to participate in various training programs, conferences and strategic seminars in 2017, including:

Training	Organizer	Time and Venue
Board of Commissioners		
ERIA and IDE-JETRO Joint Workshop "New Normal, Integration and Inequality"	ERIA	Jakarta, 6 March 2017
Seminar <i>Kontribusi Analisa Ekonomi dalam Pengambilan Keputusan di Indonesia</i>	CSIS	Jakarta, 18 April 17
Seminar on the 50th Anniversary of ASEAN	CSIS	Jakarta, 26 July 17
Seminar: Mainstreaming Innovation in Indonesian Business	Prasetya Mulya	Jakarta, 24 November 17
Navigating The Future of Risk	ERMA, International Conference on ERM	Yogyakarta; 7 – 8 December 2017
Board of Directors		
Certification Training Treasury Dealer and Certification Exam.	LSPP	Jakarta, 25 March 2017
Clifton Strengths - Successful Strengths Coaching	Gallup	Jakarta, 18 May 2017
Refreshment Certification Level 5 Risk Management	RDS	Jakarta, 30 May 2017
Clifton Strengths - Coaching Individuals, Manager and Team	Gallup	Jakarta, 16 June 2017
Sosialisation of Common Report Standard (CRS)	PwC	Jakarta, 31 July 2017

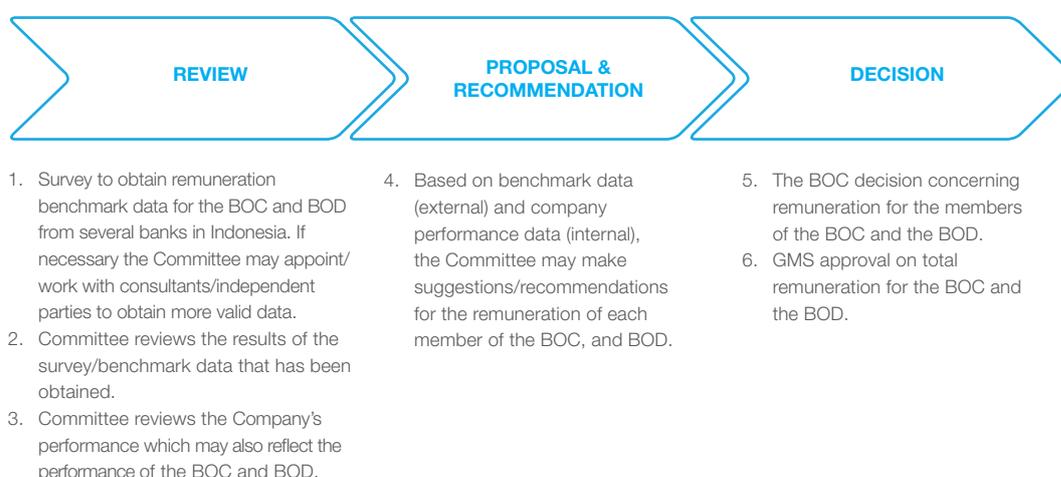
Remuneration Policy for Board of Commissioners and Board of Directors

The decision on remuneration and other facility referring to resolution for Board of Commissioners and Board of Directors made by shareholders determined in the GMS and considering recommendations provided by the Remuneration and Nomination Committee.

In determining the remuneration for each member of the Board of Directors, the Bank considers the overall performance and individual performance of each member of the Board of Commissioners and Board of Directors, fairness against

the peer group within the Bank and within the banking industry, and the Company's capability. The Company's performance, as one of the factor in determining remuneration of the members of the Board of Commissioners and Board of Directors, is reflected by the price of the Company's shares in the stock exchange.

Following is the process flow to determine the remuneration of members of the Board of Commissioners and Directors is as follows:



Board of Commissioners and Board of Directors Remuneration

Remuneration and other Benefits	Rupiah Amount Received (Gross) in 1 year			
	Board of Commissioners		Board of Directors	
	No. of Commissioners As of 31 December 2017	Rp Million	No. of Directors As of 31 December 2017	Rp Million
Salary, bonus, fix allowance, tantiem, and other facilities in cash ¹⁾	5	14,800	7	121,939
Other facilities (housing, health insurance and etc) that:				
a. May be owned	5	916	7	5,079
b. May not be owned	5	35	7	89
Total	5	15,750	7	127,107

1) Including remuneration for members of Board of Commissioners serving up to April 28, 2016 and Board of Directors serving up to April 28, 2016

Remuneration and other benefits amount per person in 1 year	No. of Commissioners	No. of Directors
Above 2 billion	3	7
Above 1 billion up to 2 billion	0	3
Above 500 million up to 1 billion	3	0
Below 500 billion	0	0

Note	Ratio*
Highest - lowest employee salary	105.00
Highest - lowest director salary	5.39
Highest - lowest commissioner salary	1.37
Highest Director - Highest Employee salary	4.35

*Ratio of highest and lowest salaries of members of Board of Commissioners and Board of Directors and permanent employees as of December 31, 2017 based on monthly net of salary

Remuneration Governance

Remuneration Policy Formulation

The objective of the Remuneration Policy is to ensure that remuneration is in accordance with the prevailing regulations, Bank's financial performance, individual performance, the fairness among the peer group in the Bank and in the banking industry as well as Bank's ability.

Remuneration is reviewed annual, including a review conducted for the remuneration of the Board of Commissioners, Board of Directors, and employees. The policy review is conducted regularly, including the fixed and variable remuneration. These reviews take into consideration the following factors: the rationality of the remuneration based on the ability of the Bank, compared with the peer group in the Bank as well as with other banks in the category/the same business and regulations relating to remuneration, for example, the minimum wage and labor laws.

The current remuneration policy does not distinguish between the control unit with the units supervised. Mechanisms that are implemented to ensure independence between the control unit and the units supervised through a different performance indicators and the decision making of control unit's remuneration would not involve the units supervised.

Remuneration Policy Scope and Implementation

The remuneration policy for employees applies to all employees across all

business units and regions; and it is implemented and monitored in a centralized manner at the Head Office.

Remuneration Associated with Risk

Type of main risk used in determining remuneration is a qualitative and quantitative risk. Criteria used in determining main risk i.e:

- a. Qualitative : Credit risk
- b. Quantitative : Top 0.05% from total employee who had the highest variable income.

Impact of the main risks determination toward Remuneration Policy, Bank will take into account the impact/ main risks in providing variable income.

Performance Assessment Associated with Remuneration

The Bank adheres to the principle of meritocracy in providing remuneration to its Directors and employees, both for fixed and variable remuneration. Individual remuneration is reviewed annually and adjustments are based on the performance of said individual, the fairness among the peer group in the Bank and in the banking industry as well as Bank's ability.

In the Performance Management of the Bank, each member of the Board of Directors and each employee has their respective individual targets as a basis for assessing the performance of said individual. The individual targets for Directors are also the targets for the unit/directorate he/she supervises, and are derived from the Bank's target, and then gradually brought to the subsequently lower levels as the targets of the smallest work units and

as the individual targets for employees at the bottom level of employment.

Individual performance is assessed based on the realization of the individual targets, and graded in the following categories: Outstanding, Very Good, Good, Need Improvement, and Poor. Adjustments to remuneration are based on assessment of individual performance, whereby the management provides guidance on the amount of adjustment of fixed and variable remuneration in accordance with their individual performance.

Adjustment of the Remuneration Associated with Performance and Risk

In order to comply with POJK and SEOK regarding the Implementation of Good Corporate Governance in Remuneration for Commercial Banks, variable income payment will be deferred within 3 years, with the following details:

- a. 80% variable Income will provide in cash in the first year.
- b. 20% Deferred Variable Income (10% cash, 10% shares) consists of:
 - 50% from Deferred Variable Income (10% cash) provided in cash in the second year.
 - 25% (50% from 10% shares) provided in shares, provided in second year.
 - 25% (50% from 10% shares) provided in shares, provided in third year.

External Consultants

The Bank has engaged the services of external consultants (Towers Watsons and Mercer) to obtain

remuneration data from the banking industry. External consultants are tasked to obtain the information or data regarding fixed and variable remuneration for certain positions in some banks that match the type of business and operations of the Bank's. The data is then recorded by the consultants through a remuneration survey participated by several banks and/or via internal research done by the consultants.

Variable Remuneration

Variable remuneration comprises of Incentives, Performance Bonus and MESOP. Incentives are given based on individual performance and given to employees as a sales, service and collection. Incentives are paid monthly, quarterly, and annually.

Performance bonuses are awarded based on the performance of the Bank, related units, and individual performance, and paid in the following year. Performance bonus is calculated at the discretion of the management and is provided in accordance with the performance and financial condition of the Bank. The performance bonuses are awarded annually, and also to employees who do not receive incentives, the Directors and Commissioners.

MESOP/ESOP (Management and Employee Stock Option Program) entitles the option to purchase a number of shares of the Bank at a fixed price to the Directors and employees at certain levels. The amount of MESOP granted to Directors and employees at a certain level is based on individual

performance, with the purpose being as a reward for their performance and to improve the performance/contribution of the individual to the performance of the Bank in the future, which may increase the value of the Bank's share price and as a retention program for key talent and top performer.

Position and Number of Persons as Material Risk Takers

The positions that are included in the category of material risk takers are member of the Board of Directors

Implicit & Explicit Adjustments

Up to the present, on the remuneration awarded/promised to employees and management, no implicit nor explicit adjustments have been made.

Remuneration and Benefits for Board of Directors and Board of Commissioners

	2017*)		2016*)	
	Headcount	Total	Headcount	Total
Directors	7	127,107	11	118,454
Commissioners	5	15,750	6	15,718

*) in million

Number of Directors, Commissioners and Employees Receiving Variable Remuneration in 1 (One) Year and Total Amount

Fixed category

	2017*)	2016*)
Directors	47,864	36,410
Commissioners	8,887	7,927
Employee	1,606,933	1,550,744

*) in million

Variable category

	2017		2016	
	Headcount	Total	Headcount	Total
Directors	11	77,100,000,000	11	79,100,000,000
Commissioners	4	5,933,000,000	4	7,000,000,000
Employee Bonus	-	164,580,658,708	-	126,828,006,990
Employee Incentive	-	27,290,070,548	-	50,911,786,583

Shares Option Owned by Directors, Commissioners, and Executive Officers

	2017	2016
Directors	26,800,000	26,800,000
Commissioners	-	-
Executive Officer	69,270,000	86,785,000

Ratio of Highest to Lowest Employee Salary

	2017	2016
Rasio	105.00	109.29

Total Variable Remuneration Deferred

	2017		2016	
	Headcount	Total	Headcount	Total
Deferred Bonus (Net)	-	-	-	225,450,000
MESOP 2015-2020	231	105,350,000	269	115,445,000
ESOP2016-2021	259	48,990,000	295	52,865,000

There is no variable remuneration deferred that is paid in 1 (One) Year.

Disclosure of Share Ownership, Financial Relations, and Family Relations of Members of Board of Commissioners and Board of Directors

In accordance with Financial Services Authority Regulations and Corporate Governance Policy in relation to Share Ownership Report or Changes to BOD's Share Ownership, throughout 2017 there was a BTPN share purchase transaction conducted by BOD and the report of changes to share ownership has been made in compliance with applicable regulations. The following table shows the share ownership of BOC and BOD members as of 31 December 2017:

Name	Total Share	Percent Share	Status
Board Of Commissioners			
Mari Elka Pangestu	0	0.00%	President Commissioner (Independent)
Irwan Mahjudin Habsjah	0	0.00%	Commissioner (Independent)
Arief Tarunakarya Surowidjojo	0	0.00%	Commissioner (Independent)
Chow Ying Hoong	0	0.00%	Commissioner
Shinichi Nakamura	0	0.00%	Commissioner
Board Of Directors			
Jerry Ng	25,504,500	0.44%	President Director (Independent)
Ongki Wanadjati Dana	11,255,000	0.19%	Deputy President Director
Djemi Suhenda	13,860,000	0.24%	Deputy President Director
Anika Faisal	4,600,000	0.08%	Compliance Director (Independent)
Arief Harris Tandjung	11,975,000	0.21%	Director
Kharim Indra Gupta Siregar	1,130,500	0.02%	Director
Wolf Arno Kluge	0	0.00%	Director

As of 31 December 2017, there was no member of Board of Commissioners and Board of Directors who owned up to 5% share at BTPN and other banks, other financial institutions, or companies in Indonesia and other countries. Every member of Board of Commissioners and Board of Directors is required to immediately disclose every transaction plan to the Company or the Corporate Secretary.

Members of Board of Commissioners and Board of Directors do not have up to second degree family relations with other members of Board of Commissioners, Board of Directors, and/or controlling shareholders of BTPN.

All Independent Commissioners and members of Board of Directors do not have any financial relations with the Controlling Shareholders.

The family and financial relations of members of Board of Commissioners and Board of Directors are presented in the following table:

Name	Family Relation With						Financial Relation With					
	Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
DEWAN KOMISARIS												
Mari Elka Pangestu	-	√	-	√	-	√	-	√	-	√	-	√
Irwan Mahjudin Habsjah	-	√	-	√	-	√	-	√	-	√	-	√
Arief T. Surowidjojo	-	√	-	√	-	√	-	√	-	√	-	√
Chow Ying Hoong	-	√	-	√	-	√	-	√	-	√	√	-
Shinichi Nakamura	-	√	-	√	-	√	-	√	-	√	√	-
DIREKSI												
Jerry Ng	-	√	-	√	-	√	-	√	-	√	-	√
Ongki Wanadjati Dana	-	√	-	√	-	√	-	√	-	√	-	√
Djemi Suhenda	-	√	-	√	-	√	-	√	-	√	-	√
Anika Faisal	-	√	-	√	-	√	-	√	-	√	-	√
Kharim Indra Gupta Siregar	-	√	-	√	-	√	-	√	-	√	-	√
Arief Harris Tandjung	-	√	-	√	-	√	-	√	-	√	-	√
Wolf Arno Kluge	-	√	-	√	-	√	-	√	-	√	-	√

Share Buy Back and Buy Back

Share Buy Back and sub debt Buy Back are efforts to reduce the number of company issued shares or sub debt by buying them back, which the process referring to prevailing laws and regulations.

Throughout 2017, there's no shares and sub debt buyback performed by the Bank

Share Option

Year of 2015

BTPN plans to hold Management & Employee Stock Options Program (MESOP) by issuing the Option Rights to buy new shares from portepel ("Option Rights") without preemptive rights to shareholders of the Company for the period from 2015 to 2020 ("Option Rights Program") with exercise price which will be set based on the Decree of Board of Directors of the Indonesian Stock Exchange No.Kep-00001/BEI/01-2014 dated January 20, 2014 regarding the Amendment to the Regulation Number I-A concerning Listing of Shares (stock) and Equity- Type Securities Other Than Stock Issued by the Listed Company ("Regulation No. I-A").

The Option Rights Program by the Company shall refer to Financial Services Authority Regulation No. 38/POJK.04/2014 dated December 29, 2014 concerning Capital Increase Without Preemptive Rights.

Based on the Deed of Extraordinary General Meeting of Shareholders No. 50 dated 26 March 2015, by Notary Hadijah, SH, in Jakarta, the shareholders approved the Company to perform the Management and Employee Stock Option Program (MESOP Program 2015).

Benefit Option Rights Program for the Company:

1. Option Rights Program is to improve the sense of ownership to the Company, which will improve the individual performance of the participants of Option Rights Program, and at the end will improve the performance of the Company.
2. With the grant of the Option Rights to purchase shares under management and employee stock ownership program, it is expected to achieve a harmonious interest of the Company with the interest of the Program Participants.
3. Giving reward and incentive the contribution of the program participants for this will drive the performance of key management and employees of the Company.
4. The granting of the Option Rights will increase the loyalty of program participant, as well as improve the Company performance in the future by building up a transparent program, measurable and assurance of the implementation.

The Option Rights issued in each phase shall expire on March 26, 2020 within 5 years since the date of approval of the Company Extraordinary General Meeting of Shareholders which is approved the Option Rights Program.

Details of the Option Rights are presented in the following table:

Date of Option Rights	Exercise per Share (in Rupiah)	Number of Shares (in thousand)
15 April 2015	4,000	141,575
10 Juli 2015	4,000	-
9 October 2015	4,000	-
8 January 2016	4,000	-
11 April 2016	4,000	-
11 Juli 2016	4,000	-
10 October 2016	4,000	10,500

The exercise period will be divided into 6 periods as follows:

1. Period I starting on 1 May 2017
2. Period II starting on 6 November 2017
3. Period III starting on 7 May 2018
4. Period IV starting on 5 November 2018
5. Period V starting on 6 May 2019
6. Period VI starting on 2 December 2019

All will be held for 30 stock exchange days.

The Exercise Price of the Option Right shall be refer to the Decision of the Board of Directors of PT Bursa Efek Indonesia No:Kep-00001/BEI/01-2014 dated 30 January 2014 regarding Amendment to the Rule Number I-A concerning Listing of Shares (Stock) and Equity Type Securities Other Than Stock Issued by the Listed Company at least 90% of the average of closing price of the Company at Indonesian Stock Exchange during 25 (twenty five) consecutive stock exchange days before the date of the report on the Implementation Plan of the Option Rights Program. The Company decided the exercise price for all the option rights which will be issued amounted Rp4,000 per share. The number of shares that can be issued within Option Rights Program is maximum 233,611,491 shares or 4% from the issued and fully paid up capital of the Company.

Exercise Period of MESOP Program 2015

Phase	Number of Options	Number of Stock Options Offered	Number of Stock Options Executed	Number of Stock Options Forfeited	Exercise Price
I	131,445,000	39,433,500	-	240,000	-
II	129,235,000	38,770,500	-	135,000	-

Year of 2016

Based on the Deed of Extraordinary General Meeting of Shareholders No. 60 dated 29 April 2016 by Notary Hadijah, SH, in Jakarta, the shareholders approved to perform Employee Stock Option Program to the Employees at certain levels of the Company and Employees at certain levels of the Controlled Company (Option Rights Program 2016).

As program implementation to retain the employees with high performance, therefore in order to enhance the sense of company ownership and to achieve a harmonious interest of the Company with the interest of the Employees, besides the MESOP Program 2015, The Board of Commissioners has also prepared an incentive program to the employees of the Company and employee of the Controlled Company that shall be granted option rights to order and purchase new shares which will be issued by the Company by paying at a special price called the Exercise Price (ESOP Program 2016).

The Option Rights issued in each phase shall expire in 29 April 2021 within 5 years since the date of approval of the Company Extraordinary General Meeting of Shareholders, which is approved the Option Rights Program.

Details of the Option Rights during 2017 are presented in the following tables:

Date of Option Rights	Exercise per Share (in Rupiah)	Number of Shares (in thousand)
15 June 2016	2,617	56.645.000
9 September 2016	2,617	-
9 December 2016	2,617	-
10 March 2017	2,617	-
12 June 2017	2,617	-
11 September 2017	2,617	-
11 December 2017	2,617	-

The exercise period will be divided into 6 periods as follows:

1. Periode I starting on 28 May 2018
2. Periode II starting on 17 December 2018
3. Periode III starting on 28 May 2019
4. Periode IV starting on 19 December 2019
5. Periode V starting on 1 June 2020
6. Periode VI starting on 17 December 2020

All will be held for 30 stock exchange days.

Certain conditions that may affect the rights and membership of the Option Rights Program are as follows:

Condition	Consequences
Reach retirement age /early retirement /contract term of expiration due to non-extension /suspension due to health issues /labour cut off /company takeover	Entitled in full upon the Rights Option which have been allocated on behalf of the participants
Passed away	Heir is fully entitled for allocated Option Rights on behalf of participant's
Resignation/ dishonorly discharge/ The Company or Controlled Company in bankruptcy / confiscated	Not entitled upon the Rights Option which have been allocated in participant's name

The Exercise Price of the Option Right shall be refer to the Decision of the Board of Directors of PT Bursa Efek Indonesia No:Kep-00001/BEI/01-2014 dated 30 January 2014 regarding Amendment to the Rule Number I-A concerning Listing of Shares (Stock) and Equity Type Securities Other Than Stock Issued by the Listed Company i.e at least 90% of the average price of closing price trading shares of the Company at Indonesian Stock Exchange during 25 (twenty five) consecutive stock exchange days before the date of the report on the Implementation Plan of the Option Rights Program. The Company decided the exercise price for all the option rights which will be issued amounted Rp2,617 per share. The number of shares that can be issued within Option Rights Program is maximum 116,805,746 shares or 2% from the issued and fully paid up capital in the Company.

External Auditor

To prepare its 2017 audited financial statements, BTPN appointed the Public Accountant Tanudiredja, Wibisana, Rintis & Rekan (a member firm of PwC global network), registered with Bank of Indonesia and OJK. The appointment was approved in the AGMS on 24 Maret 2017 based on the Audit Committee's recommendation through the Board of Commissioners. The total fee to audit the 2017 Consolidated Financial Report was Rp5,555,000,000 excluding 10% VAT.

The appointment of Public Accountant Tanudiredja, Wibisana Rintis & Rekan (a member firm of PwC global network) as external auditors was done since 2015. The Public Accountant also provides some other services to the Bank, however these services do not have any conflict of interest with the audit service provided to the Bank.

The Public Accountant has carried out the audit independently and in accordance to the public accountant professional standards, as well as the work agreement and scope, which has been agreed upon. Following is the list of Public Accountants that has audited BTPN's Financial Report since the financial year 2009:

Financial Year	Public Accountant Office	Public Accountant Office Period	Accountant	Accountant Period
2009	Haryanto Sahari & Rekan	1	Drs. Muhammad Jusuf Wibisana, M. Ec., CPA	
2010	Tanudiredja, Wibisana & Rekan		Drs. Muhammad Jusuf Wibisana, M. Ec., CPA	3
2011	Tanudiredja, Wibisana & Rekan		Drs. Muhammad Jusuf Wibisana, M. Ec., CPA	
2012	Tanudiredja, Wibisana & Rekan	5	Angelique Dewi Daryanto, S.E., CPA	1
2013	Tanudiredja, Wibisana & Rekan		Drs. Muhammad Jusuf Wibisana, M. Ec., CPA	2
2014	Tanudiredja, Wibisana & Rekan		Drs. Muhammad Jusuf Wibisana, M. Ec., CPA	
2015	Tanudiredja, Wibisana, Rintis & Rekan		Angelique Dewi Daryanto, S.E., CPA	
2016	Tanudiredja, Wibisana, Rintis & Rekan	3	Angelique Dewi Daryanto, S.E., CPA	3
2017	Tanudiredja, Wibisana, Rintis & Rekan		Angelique Dewi Daryanto, S.E., CPA	

Provision of Funds to Related Parties and Large Exposures

BTPN has consistently considered the adequacy of its capital and portfolio diversification /distribution in loan disbursement, and during 2017 the Bank did not provide funding to related parties and did not violate or exceed the Legal Lending Limit (LLL).

Provision of funds to Related Party conducted in accordance with prevailing regulations and shall obtain approval from the Board of Commissioners. Bank ensure that Related Parties transaction are conducted in fair, independent and at arms 'length.

The following is the table on Funds provided to Related Parties and Large Exposures per 31 December 2017

No	Funds Provided	Total	
		Debtor	Nominal (million Rupiah)
1.	To Related Party	2	12,029
2.	To Core Debtor		
	a. Individual	25	1,966,089
	b. Group		

Prime Lending Rate

	Prime Lending Rate Rupiah by Credit Segment					
	December 2017			December 2016		
	Retail Credit	Micro Credit	Consumer Credit Non KPR	Retail Credit	Micro Credit	Consumer Credit Non KPR
Prime Lending Rate	12.5%	17.91%	14.88%	13.8%	18.84%	15.4%

Internal Fraud

BTPN is fully committed to continuously and comprehensively improve and refine the Bank's internal control implementation to prevent, detect, investigate, report, and evaluate frauds in accordance with BTPN's Anti-Fraud Strategy Policies.

Improvements of BTPN's Anti-Fraud Strategy implementation are carried out, among others, by:

1. Continuous alignment among various business units and work units to implement Anti-Fraud Strategies and consistently applies zero-tolerance towards fraud activities.
2. Continuously raise Anti-Fraud and Whistleblowing System awareness, through in-class trainings for new employees and during regular QA reviews by each business unit and work unit. Meanwhile, Anti-Fraud campaign and Whistleblowing Channel (Speak Your Mind) dissemination via the Bank's internal media, such as animated videos, table acrylics, email blast, desktop wallpaper, pocket cards, and stickers containing information on fraud and usable channels to report fraud-indicating events are hoped to increase awareness and care regarding compliance culture and Anti-Fraud at BTPN.

The table below summarize the internal fraud cases in BTPN for 2017:

Internal Fraud in 1 year*	Total Cases Involving					
	Management		Permanent Employee		Non Permanent Employee	
	2017	2016	2017	2016	2017	2016
Resolved	4	4	-	-	-	-
Internal Process	-	-	-	-	-	-
Not Yet Finalized	-	-	-	-	-	-
Followed Up through Legal Process	-	-	-	-	1	-
Total Fraud	4	4	-	-	1	-

*Fraud cases with nominal amount above Rp100 million

Whistleblowing

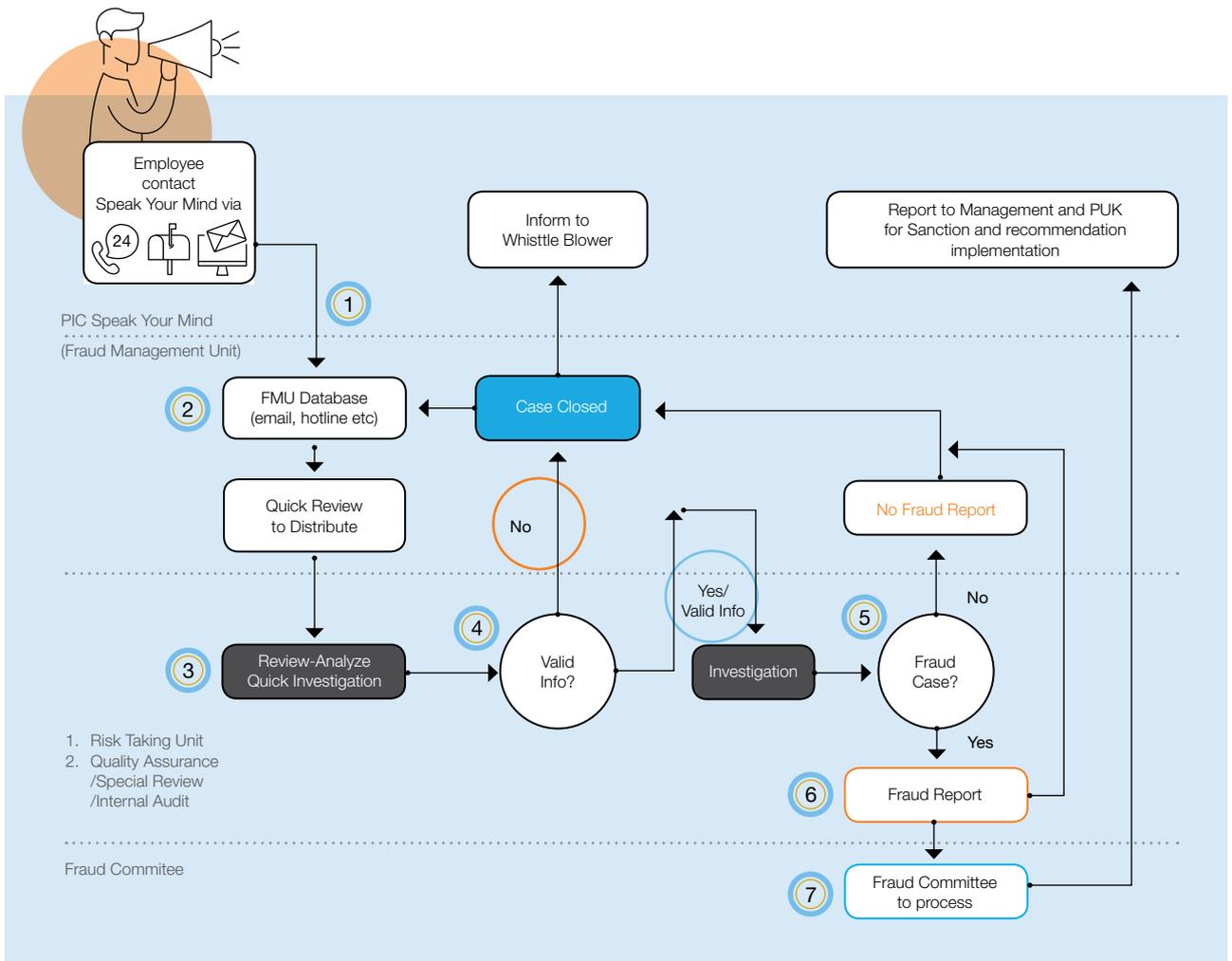
BTPN has a Whistleblowing media called "Speak Your Mind" that is available for all employees to voice their aspirations, ideas for improvements, and to report problems related to deviant behaviors (misconduct) and fraud incidents, including indications and suspicions regarding the action, before or after the action happens or when it is still ongoing and/or suspected.

“Speak Your Mind” is accessible to employees through many channels, namely email, hotline center, postal mail, and SMS. BTPN is committed to keep the identity of the reporter confidential in accordance with valid regulations.

BTPN always urges employees to follow the Standard Operational Procedures (SOP) of “Speak Your Mind” Whistleblowing Media Management when voicing their aspirations, ideas, and problems related to digression and frauds. This ensures BTPN to always be a trusted Bank with high integrity to the society, its employees and stakeholders.

Throughout 2017, there were 54 incidents (compared to 39 in 2016) reported through “Speak Your Mind” that have been followed up and concluded.

Speak Your Mind reporting mechanism is as follows:



Explanation Flow Chart Activity:

1. Employees submit complaints and inspiration through various Speak Your Mind (SYM) media.
2. Fraud Management Unit (FMU) registers complaint in the data base, conduct a quick review and forward incoming reports to respective parties.
3. Respective parties conduct preliminary investigations of the reports received.
 - a. If the report is valid, FMU is being notified and indepth investigation is proceed.
 - b. If the report is invalid, FMU is being notified, the case is recorded in a database and the complainant is informed.
4. Respective parties explore complaints received.
 - a. If the case is not fraud related but a form of input or complaint, the response of respective parties is submitted to the FMU, which then records it in the database and notification submitted to complainant.
 - b. If the case is a fraud, then the respective parties concerned will issue a Report of Investigation.
5. The Fraud Committee will conduct a hearing to decide sanctions or recommendations on cases of fraud that occurred. Then the result is submitted to Management and the Head of the related Unit.

Code of Conduct

The Code of Conduct acts as a basic guide for the appropriate attitude and behavior of members of the Board of Commissioners, the Board of Directors, Independent Parties and all employees. Code of Conduct is reviewed periodically. The latest amendment of the Code of Conduct has been approved by the Board of Directors on August 12, 2015 through Memorandum No. M.036/DIRCLC/CCS/VIII/2015.

The moral principles within the Code of Conduct served as the core element of BTPN's culture encompassing:

Speak Your Mind

It is a method for employees to deliver their aspirations in a safe and confidential manner, in order to raise issues relating to misconduct and/or the occurrence of fraud, aspirations, and/or ideas for improvement.

Code of Conduct

1. Compliance & Risk Management
2. Conflict of Interest
3. Creation of A Positive Working Environment
 - 3.1 Fair Treatment to All Employees
 - 3.2 Anti Discrimination and Harassment
 - 3.3 Work Safety
 - 3.4 Use of Company Facility
 - 3.5 Activities Outside the Bank
 - 3.6 Use of Social Media

4. Information Management & Protection
5. Relationship With Customers and The Stakeholders
 - 5.1 Relationship with Customers
 - 5.2 Anti Money Laundering
 - 5.3 Relationship with Vendor
 - 5.4 Relationship with Regulators
 - 5.5 Bribery and Corruption
 - 5.6 Giving and Receiving Gifts

Enforcement of Code of Conduct

1. Role and Responsibilities
2. Code of Conduct Violation

Enforcement of Code of Conduct

In line with the implementation of GCG and to ensure adoption of code of conduct based on the Bank's ethical standards, BTPN has implemented its Induction Program for new executives and staff on Code of Conduct. Periodically, the Bank also conducted Code of Conduct socialization to increase employee awareness and enforced sanctions for any violation of the Code of Conduct.

Disclosure on the Administrative Sanction

In 2017, there was no material administrative sanctions provided by the OJK and/or other authorities that would impact the Bank's business continuity, and no administrative sanctions were imposed on members of the Board of Directors and the Board of Commissioners.

Litigation Cases

(Expressed in millions of Rupiah)

On 9 March 2015, the Bank face lawsuit from Semarang City Government, with material value of Rp31,385 and immaterial value of Rp10,000. This lawsuit has been rejected by Semarang High Court and in the process of cassation at Supreme Court of Republic Indonesia.

This case also has criminal case at Corruption Trial in Semarang with external parties as a defendant and Bank's employee as a witness. The case has been decided by Supreme Court of Republic Indonesia with imprisonment for 12 years and criminal penalty amounting to Rp500 or substitute with imprisonment for 6 months and additional penalty amounting to Rp26,717 that also take into account of amount that already returned amounting to Rp4,943.

Considering that the legal process is still ongoing, the amount of loss incurred has not yet determined.

Donations For Social and Political Activities

BTPN does not participate in political activities and does not give donations for political reasons. On the other hand, by practicing its Corporate Social Responsibility BTPN can sustain its business performance. In this respect, BTPN places its corporate social responsibility programs as an important and integral part of its business activities. Detailed description of BTPN social programs is available in the Daya section in this Annual Report. Contribution to social activities are as follows:

No	Program	Total	Cost (Rupiah)	Percentage
1	Education and Religion		340,000,000	30.0%
2	Partnership	19	604,894,272	53.0%
3	Sports	27	186,049,045	16.0%
	Total	67	1,130,943,317	100.0%

Internal Control System

Risk management framework and internal control system in BTPN adopts a layered defense (Three Lines of Defense).

Detail description of risk management and internal control system is available in the Risk Management section in this Annual Report.

Access to Company Information

BTPN provides easy access to information related to the Bank for the stakeholders through communication media such as press releases, Public Expose and Analyst Briefing. BTPN provides information on products and services, branch network, financial statements, annual report, corporate governance report, Daya activities, corporate actions and others avail through the website <http://www.btpn.com> in Bahasa Indonesia and English.

Self Assessment

BTPN conducts periodic self-assessment on the sufficiency of its Good Corporate Governance in order to improve and enhance the quality of its Good Corporate Governance in compliance with Financial Services Authority regulation. The following is the result of the GCG self-assessment, as per 31 December 2017.

good corporate governance self-assessment result

Name of Bank : PT Bank Tabungan Pensiunan Nasional Tbk
Position : 31 December 2017

Good Corporate Governance Self-Assessment Result		
	Rating	Rating Definition
Individual	2	Good
Consolidated*	2	Good

Analysis

BTPN's GCG implementation is rated as Good, based on the following governance aspects;:

A. Governance Structure

The Bank's governance structure and infrastructure have fulfilled the prevailing regulations to support the implementation of Good Corporate Governance (GCG) principles. The Bank's Board of Commissioners, Board of Directors, and Committees has conducted their duties effectively. The Bank has also established an adequate organization structure to support the implementation of risk management and internal control through the Internal Audit Unit, Risk Management and Compliance Units, and the Risk Management Committee. The Bank's governance infrastructure also includes the availability of the Bank's Corporate Governance Policies, Board of Commissioners', Board of Directors' and Committee Charters, and a comprehensive set of policies and procedures that aligns with the Bank's business development.

B. Governance Processes

The implementation of the GCG principles has been conducted effectively, as reflected in the supervision function of the Board of Commissioners, carried out through Board and the Committees meetings. The Board of Directors has implemented the GCG principles within the Bank's entire business activities through the development of a compliance culture, and a robust risk management and internal control, and the fulfillment of transparency principle. In the field of risk management, the Bank continues to improve the quality of its individual and consolidated risk management capabilities as a Financial Conglomerate, by implementing an integrated risk management approach based on the Integrated Management Policy issued by the Parent Entity. The Bank has also implemented a comprehensive and reliable internal control system utilizing the three lines of defense.

The Bank continues to improve the control and monitoring of its entire product and business initiative portfolio. Efforts also continues to extend the coverage and quality of its operational risk management and its anti-fraud capabilities.

To strengthen the function of the Internal Audit, this Unit continues to improve its data analytics roles, with the development of its Internal Audit Dashboard to display regularly updated information, including information on performance of all lines of businesses, data anomalies, macro risk assessment and other types of information. The objective is to provide assistance to the Internal Audit teams in conducting their data analysis thereby improving the implementation of risk based audits, as well as to develop capabilities in continuous auditing implementation.

C. Governance Outcome

To achieve sustainable growth, BTPN has consistently improved the quality of its GCG principle implementation, supported by an adequate GCG structure and infrastructure, comprising the Board of Commissioners', Board of Directors' and Committees' execution of their duties, responsibilities and independencies, as well as a robust internal control and risk management implementation, implementation of a compliance culture in the Bank's decision-making and operation processes, and finally the fulfillment of transparency principle in its financial and non-financial reporting.

With the support of Committees, the Board of Commissioners and Board of Directors ensure the ongoing commitment to good corporate governance and improve the Bank's internal control and risk management system.

Finally, BTPN will continue to initiate efforts to implement new initiatives, including business transformation and work process improvement initiatives in response to a more competitive environment.

*The Bank has a subsidiary company (PT BTPN Syariah). Based on comparisons between assets of the Bank and its subsidiary, BTPN considers that results from subsidiary's self-assessments will not bring any significant impact.

corporate secretary

Corporate Secretary Profile

The Corporate Secretary position is held by the Compliance Director and is responsible for the dissemination of material information relating to the Bank's performance. The profile of Corporate Secretary can be found on the profile page of Board of Directors. Corporate Secretary is domiciled in Jakarta, Indonesia.

Frame of Reference

Pursuant to Financial Services Authority Regulation No.35/POJK.04/2014 concerning Establishment of Corporate Secretary juncto Regulation of Share Listing of PT Bursa Efek Indonesia No. 1-A Attachment II Decision of Board of Directors of PT Bursa Efek Indonesia No. Kep-00001/BEI/01-2014 dated 30 January 2014; the Company has owned a Corporate Secretary, namely Anika Faisal. Holds double position as a Corporate Secretary since 29 April 2016, as appointed based on the letter of Decision of the Board of Directors of the Company No. SK.010/DIR/CCS/V/2016 dated 29 April 2016 concerning Appointment of BTPN Corporate Secretary. The term of office of the Corporate Secretary began since 29 April 2016 and shall expire at the end of the Annual General Meeting of Shareholders to convene in the year 2019 (along with the term of office of the Directors appointed in the Annual General Meeting of Shareholders dated 29 April 2016).

Duties and Responsibilities of Corporate Secretary

1. Maintain good relation with the Financial Services Authority, Indonesian Stock Exchange and other stakeholder.
2. Responsible to provide the public with all information needed by stakeholders related to the Bank condition.
3. Followed the development of capital market especially the prevailing regulations in the capital market.
4. Fulfill the Company obligations as a Public Company based on Good Corporate Governance Principal.
5. Provide input to the Board of Directors and the Board of Commissioners to comply with the Law No. 8 year of 1995 concerning Capital Markets and its regulations.
6. Responsible to organize the General Meeting of Shareholders.
7. Organizes the Board of Directors and the Board of Commissioners Meeting.
8. Preparing the Minutes of the Board of Directors Meeting and keeping the Minutes of Meeting.
9. Assisting the Board of Directors and the Board of Commissioners in the implementation of their duties and responsibilities.

Implementation of Duties and Responsibilities of Corporate Secretary

During 2017, the Corporate Secretary had been carrying out its duties as follows:

1. Organizing the Annual General Meeting of Shareholders for book year 2016 dated 24 March 2017 and documented the minutes of meeting, deeds and other documents matters related to the implementation of the General Meeting of Shareholders.
2. Delivering all mandatory reports and/or disclosure information of the Company required by the competent authority.
3. Delivering 20 press releases.
4. Organizing Public Expose Mandatory in conjunction with Public Expose Marathon 2017 of Indonesia Stock Exchange dated on 9 August 2017.
5. Carry out secretarial function during the Board of Directors Meeting.
6. Conducting the orientation or induction program for new member of the Board of Commissioners.
7. Participate in training programs organized by Indonesia Stock Exchange, Financial Services Authority, Asosiasi Emiten Indonesia and Communication Forum of Compliance Director (FKDP).
8. Updating the information contained in the Company's website.

Training and certification program which have been attended by Corporate Secretary are as follows:

No.	Training/Workshop	Organizer	Place & Date Activity
1	Indonesia commitment upon Implementation Automatic Exchange of Information Year of 2018	Ikatan Sarjana Ekonomi Indonesia	Jakarta, 3 March 2017
2	Indonesia – Korea Financial Cooperation Forum	Perbanas	Jakarta, 12 April 2017
3	Successful Strengths Coaching Course	Gallup	Jakarta, 18-19 April 2017
4	Policy and Development of Payment System in Indonesia	Forum Komunikasi Direktur Kepatuhan	Jakarta, 24 May 2017
5	Refreshment of Risk Management Certification	LSP	Jakarta, 30 May 2017
6	Coaching Individuals, Managers and Team Course	Gallup	Jakarta, 14-16 June 2017
7	Certificate of Competency Level 5, Risk Management	Badan Nasional Sertifikat Profesi	Jakarta, 22 June 2017

Siaran Pers

Month	Date	Description
January	25	• Digital Innovations for Easiness
February	21	• BTPN Lending Grows by 8%, Investment Soars in Excess of 200%
	24	• 2017 Economic Outlook Remains Full of Potential and Gives Cause for Optimism
March	9	• BTPN Presents LATAR, an Art Space at BTPN Sinaya Branch
	24	• BTPN AGMS Approves Rp574,5 Billion Dividend Distribution
April	27	• BTPN Post Lending Growth of 10% and 11% Rise in Profit
May	5	• BTPN Wow! Agents Instill a Culture of Saving
June	29	• Enhancing its Services for Pensioners, BTPN to Operate on Saturday, 1 July 2017
July	25	• Consistency in Promoting Empowerment and Innovation Prompts 8% Growth in BTPN's Lending over First Half of 2017
August	10	• Consistently Creating Innovations, BTPN Invest Rp427 Billion
	11	• BTPN Wow! Facilitates Public Access to Banking Services (Palembang)
	21	• BTPN Wow! Facilitates Public Access to Banking Services (Makassar)
September	18	• BTPN Launches Senam Purnabakti
October	11	• The 2018 Economic Outlook, Opportunity for Local Economy
	24	• BTPN's Investment Grows 77% by Focusing on Innovation
November	22	• BTPN Introduces Digital Banking Jenius to Bandung
	23	• 2018 Economic Outlook: Opportunities for the Local Economy
December	6	• BTPN Wow! Agents Create a Culture of Saving
	13	• The 2018 Economic Outlook, Opportunity for Local Economy
	14	• Jenius Launches Co.Create, a Collaboration to Grow Together with Customers

Disclosure of Information

Month	Company Letter	Date	Remarks
January	• S.001/DIRCLC/CCS/I/2017	3 January 2017	• Disclosure Information of 2nd Coupon Payment of Shelf Registry Bond III Bank BTPN Year of 2016 Phase I with Fixed Coupon Rate
	• S.003/DIRCLC/CCS/I/2017	3 January 2017	• Appointment of Internal Audit Head
	• S.005/DIRCLC/CCS/I/2017	4 January 2017	• Disclosure Information of 14th Coupon Payment of Shelf Registry Bond II Bank BTPN Year of 2013 Phase I with Fixed Coupon Rate
	• S.007/DIRCLC/CCS/I/2017	10 January 2017	• Monthly Report of Shareholders Registration as of 31 December 2016
	• S.015/DIRCLC/CCS/I/2017	23 January 2017	• Result of Annual Rating Review
February	• S.025/DIRCLC/CCS/II/2017	3 February 2017	• Disclosure Information of 18th Coupon Payment of Shelf Registry Bond I Bank BTPN Year of 2012 Phase II with Fixed Coupon Rate
	• S.027/DIRCLC/CCS/II/2017	6 February 2017	• Monthly Report of Shareholders Registration as of 31 January 2017
	• S.039/DIRCLC/CCS/II/2017	21 February 2017	• Submission of Financial Statements and proof of published financial statements of PT Bank Tabungan Pensiunan Nasional Tbk and Subsidiary Company as of 31 December 2016 (audited)
	• S.040/DIRCLC/CCS/II/2017		

Month	Company Letter	Date	Remarks
March	• S.046/DIRCLC/CCS/III/2017	2 March 2017	• Annual Report 2016 PT Bank Tabungan Pensiunan Nasional Tbk
	S.047/DIRCLC/CCS/III/2017		
	• S.050/DIRCLC/CCS/III/2017	6 March 2017	• Disclosure Information 16th Coupon Payment of Shelf Registry Bond I Bank BTPN Year of 2013 Phase III with Fixed Coupon Rate
	• S.051/DIRCLC/CCS/III/2017	6 March 2017	• Monthly Report of Shareholders Registration as of 28 February 2017
	• S.054/DIRCLC/CCS/III/2017	8 March 2017	• Disclosure Information of resignation member of the Board of Commissioners PT Bank Tabungan Pensiunan Nasional Tbk
	• S.062/DIRCLC/CCS/III/2017	17 March 2017	• Submission proof of Published Financial Statements Consolidated of Sumitomo Mitsui Financial Group and Subsidiary Company as of 31 December 2016 (un audited)
	• S.070/DIRCLC/CCS/III/2017	29 March 2017	• Disclosure Information of the changes member of the Board of Commissioners
	• S.071/DIRCLC/CCS/III/2017	29 March 2017	• Disclosure Information of Schedule and Procedures of Dividend Distribution
April	• S.077/DIRCLC/CCS/IV/2017	3 April 2017	• Disclosure Information 3rd Coupon Payment of Shelf Registry Bond III Bank BTPN Year of 2016 Phase I with Fixed Coupon Rate
	• S.079/DIRCLC/CCS/IV/2017	4 April 2017	• Disclosure Information 15th Coupon Payment of Shelf Registry Bond II Bank BTPN Year of 2013 Phase I with Fixed Coupon Rate
	• S.081/DIRCLC/CCS/IV/2017	6 April 2017	• Monthly Report of Shareholders Registration as of 31 March 2017
	• S.086/DIRCLC/CCS/IV/2017	12 April 2017	• Report Plan of Exercise Period I of MESOP Program 2015 PT Bank Tabungan Pensiunan Nasional Tbk
	• S.092/DIRCLC/CCS/IV/2017	27 April 2017	• Submission of Financial Statements and proof of published Financial Statements as of 31 March 2017 (unaudited) PT Bank Tabungan Pensiunan Nasional Tbk
	• S.093/DIRCLC/CCS/IV/2017		
May	• S.096/DIRCLC/CCS/V/2017	3 May 2017	• Disclosure Information 19th Coupon Payment of Shelf Registry Bond I Bank BTPN Year of 2012 Phase II with Fixed Coupon Rate
	• S.099/DIRCLC/CCS/V/2017	5 May 2017	• Monthly Report of Shareholders Registration as of 30 April 2017
June	• S.111/DIRCLC/CCS/VI/2017	5 June 2017	• Disclosure Information 17th Coupon Payment of Shelf Registry Bond I Bank BTPN Year of 2013 Phase III with Fixed Coupon Rate
	• S.112/DIRCLC/CCS/VI/2017	7 June 2017	• Monthly Report of Shareholders Registration as of 31 May 2017
	• S.120/DIRCLC/CCS/VI/2017	16 June 2017	• Result of Exercise Period I of MESOP Program 2015 PT Bank Tabungan Pensiunan Nasional Tbk
July	• S.126/DIRCLC/CCS/VII/2017	3 July 2017	• Disclosure Information 4th Coupon Payment of Shelf Registry Bond III Bank BTPN Year of 2016 Phase I with Fixed Coupon Rate
	• S.127/DIRCLC/CCS/VII/2017	4 July 2017	• Disclosure Information 16th Coupon Payment of Shelf Registry Bond II Bank BTPN Year of 2013 Phase I with Fixed Coupon Rate
	• S.421/DIR/CCS/VII/2017	6 July 2017	• Monthly Report of Shareholders Registration as of 30 June 2017
	• S.134/DIRCLC/CCS/VII/2017	11 July 2017	• Disclosure Information 4th Coupon Payment of Shelf Registry Bond III Bank BTPN Year of 2016 Phase I with Fixed Coupon Rate
	• S.139/DIRCLC/CCS/VII/2017	25 July 2017	• Submission of Financial Statements and proof of published Financial Statements as of 30 June 2017 (unaudited) PT Bank Tabungan Pensiunan Nasional
	• S.141/DIRCLC/CCS/VII/2017	26 July 2017	• Plan of Public Expose Implementation

Month	Company Letter	Date	Remarks
August	• S.151/DIRCLC/CCS/VIII/2017	3 August 2017	• Disclosure Information 20th Coupon and Principal Payment of Shelf Registry Bond I Bank BTPN Year of 2012 Phase II with Fixed Coupon Rate
	• S.152/DIRCLC/CCS/VIII/2017	4 August 2017	• Disclosure Information of Expiration of Duties, Rights and Obligations of PT Bank Permata Tbk as trustee in relation to issuance of Shelf Registry Bond I Bank BTPN Year of 2012 Phase II with Fixed Coupon Payment.
	• S.153/DIRCLC/CCS/VIII/2017	4 August 2017	• Submission of Public Expose Presentation Material
	• S.154/DIRCLC/CCS/VIII/2017	4 August 2017	• Monthly Report of Shareholders Registration as of 31 July 2017
	• S.157/DIRCLC/CCS/VIII/2017	10 August 2017	• Disclosure Information Signing of Loan Agreement Amendment dated 9 October 2012 between IFC and BTPN.
	• S.160/DIRCLC/CCS/VIII/2017	11 August 2017	• Submission proof of published Financial Statements Consolidated Sumitomo Mitsui Financial Group and subsidiary company as of 30 June 2017 (unaudited)
	• S.162/DIRCLC/CCS/VIII/2017	11 August 2017	• Results of Public Expose
	• S.171/DIRCLC/CCS/IX/2017	5 September 2017	• Disclosure Information 18th Coupon Payment of Shelf Registry Bond I Bank BTPN Year of 2013 Phase III with Fixed Coupon Rate
	• S.177/DIRCLC/CCS/IX/2017	8 September 2017	• Monthly Report of Shareholders Registration as of 31 August 2017
• S.180/DIRCLC/CCS/IX/2017	14 September 2017	• Disclosure Information of signing Loan Agreement with Sumitomo Mitsui Banking Corporation Singapore Branch	
• S.813/DIR/CCS/IX/2017	26 September 2017	• Rating result of Shelf Registry Bond III Bank BTPN Year of 2017 Phase II with Fixed Coupon Rate	
• S.190/DIRCLC/CCS/IX/2017	28 September 2017	• Additional Information Shelf Registry Bond Bank BTPN III Year of 2017 Phase II with Fixed Coupon Rate	
October	• S.192/DIRCLC/CCS/X/2017	2 October 2017	• Disclosure Information 5th Coupon Payment of Shelf Registry Bond III Bank BTPN Year of 2016 Phase I with Fixed Coupon Payment
	• S.194/DIRCLC/CCS/X/2017	4 October 2017	• Disclosure Information 17th Coupon Payment of Shelf Registry Bond II Bank BTPN Year of 2013 Phase I with Fixed Coupon Rate
	• S.195/DIRCLC/CCS/X/2017	5 October 2017	• Monthly Report of Shareholders Registration as of 30 September 2017
	• S.200/DIRCLC/CCS/X/2017	10 October 2017	• Additional Information Shelf Registry Bond Bank BTPN III Year of 2017 Phase II with Fixed Coupon Rate
	• S.946/DIRCLC/CCS/X/2017 S.948/DIRCLC/CCS/X/2017	24 October 2017	• Submission of Financial Statements and proof of Consolidated Financial Statements as of 30 September 2017 (unaudited) PT Bank Tabungan Pensiunan Nasional Tbk and subsidiary company
	• S.211/DIRCLC/CCS/X/2017	25 October 2017	• Report Plan of Exercise Period II of MESOP Program 2015
November	• S.214/DIRCLC/CCS/XI/2016	7 November 2017	• Monthly Report of Shareholders Registration as of 31 October 2017
December	• S.236/DIRCLC/CCS/XII/2017	5 December 2017	• Disclosure Information 19th Coupon Payment of Shelf Registry Bond I Bank BTPN Year of 2012 Phase III with Fixed Coupon Rate
	• S.237/DIRCLC/CCS/XII/2017	5 December 2017	• Readiness of Funds for Settlement of Debt Securities (Bonds) of PT Bank Tabungan Pensiunan Nasional Tbk
	• S.238/DIRCLC/CCS/XII/2017	6 December 2017	• Monthly Report of Shareholders Registration as of 30 November 2017
	• S.249/DIRCLC/CCS/XII/2017	19 December 2017	• Report Implementation of Exercise Period II of MESOP Program 2015
	• S.252/DIRCLC/CCS/XII/2017	22 December 2017	• Report Changes of Shares Ownership of the Board of Directors
	• S.006/DIRFIN/CCS/XII/2017	22 December 2017	• Report Changes of Shares Ownership of the Board of Directors
	• S.033/WKDIRUT2/CCS/ XII/2017	22 December 2017	• Report Changes of Shares Ownership of the Board of Directors
	• S.043/WKDIRUT1/CCS/ XII/2017	22 December 2017	• Report Changes of Shares Ownership of the Board of Directors

internal audit report

Internal Audit is an independent directorate that administratively reports to the President Director and functionally reports to the Board of Commissioners through Audit Committee. Internal Audit performs a risk-based audit approach by evaluating governance, risk management, and internal control in all aspects of the Bank's activities. In addition, Internal Audit also runs consultative role to provide input on internal control to other directorates, such as recommendations / suggestions for improvement during various audits, input on draft policies or procedures, as well as input on the Bank's key initiatives, etc.

Through its supervisory and consultative functions, Internal Audit has a vision to become management strategic partner in supporting the Bank's growth to achieve the organization's goals. In conducting its activities, Internal Audit refers to the Bank Indonesia' The Implementation Standard for Bank's Internal Audit (SPFAIB), Internal Audit Charter, and the Annual Audit Plan.

Internal Audit reports all of its audit results, including recommendation for improvement to President Director, Board of Commissioners, and Audit Committee, with a copy to Compliance Director and Risk Management Director. These audit results are

regularly presented to Board of Directors and Audit Committee. Internal Audit also provides overview of its audit results to President Director, Board of Directors, and Audit Committee.

The Head of Internal Audit is appointed and dismissed by President Director with the approval from Board of Commissioners. The appointment and dismissal of the Head of Internal Audit are reported to Financial Service Authority (OJK).

Internal Audit is led by Nurhajati Soerjo Hadi, who was appointed by President Director with the approval from Board of Commissioners in January 2017. She has over 20 years experience in banking industry in various functions e.g. corporate banking, credit and fraud management. She has attended Risk Management Certification, cyber security training, and various seminars / forum on audit function organized by The Institute of Internal Auditors (IIA), OJK and other institutions. She has also attended various soft skill and leadership trainings held by the Bank.

The followings are roles and responsibilities of Internal Audit:

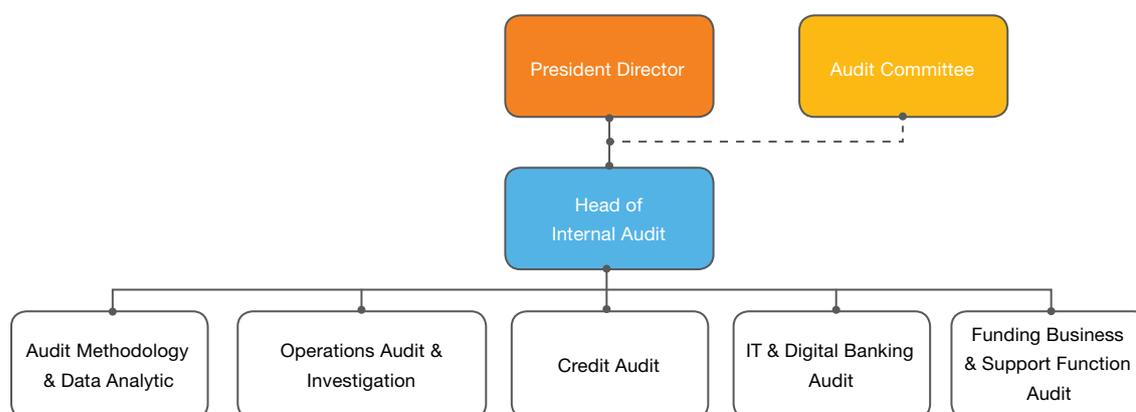
- Prepare the annual audit plan and obtain approval from President Director, Audit Committee and Board of Commissioners.

- Conduct the approved annual audit plan by analyzing and evaluating the effectiveness of Governance, Risk Management, and Internal Control (GRC) to provide maximum support to the Bank's goals and objectives.
- Conduct consultative audit on new initiative / product whenever required by management as well as Regulator.
- Identify all alternatives to improve and increase the efficiency of resource utilization.
- Provide regular audit reports to President Director and Board of Commissioners through Audit Committee, with a copy to Compliance Director and Risk Management Director.
- Monitor and report the progress of follow-ups on audit results
- Carry out an investigation whenever necessary.
- Collaborate with the external audit to achieve a comprehensive audit result.

Internal Audit' roles and responsibilities, authority to conduct an audit and employee's code of conduct are specified in the Internal Audit Charter, which has been approved by Board of Commissioners.

In line with the implementation of one of the Bank's key initiatives, Gemilang Project, Internal Audit has restructured its organization to align with the Bank's business. Below is the new Internal Audit organization structure, effective since December 1, 2017:

- **Audit Methodology & Data Analytics Division**
Responsible for the preparation of audit plan, development of audit methodology and competencies of Internal Audit staff, in charge of data analytics, verification of data irregularities (irregularities audit), and conduct reviews on the adequacy of Internal Audit activities based on the prevailing standards.
- **Operations Audit & Investigation Division**
Responsible for conducting audits on the Operations Directorate at Head Office as well as at branches and conduct investigation on fraud indications with certain threshold of potential loss.
- **Credit Audit Division**
Responsible for conducting audits on all credit activities in Purna Bakti, Mitra Usaha Rakyat (MUR) and Mitra Bisnis (SME).
- **Funding Business & Support Functions Audit Division**
Responsible for conducting audits on the Funding Directorate and the supporting functions at Head Office e.g. Finance, Compliance, Risk Management, Human Capital.
- **IT & Digital Banking Audit Division**
Responsible for conducting audits in Digital Banking (Jenius), Branchless banking (BTPN Wow!), Information Technology Directorate, and providing support to other audit divisions for audit engagement in other directorates that are supported by technology.



In conducting the audit, Internal Audit refers to the Internal Audit policies and procedures which are periodically reviewed to align with The Implementation Standard of Bank's Internal Audit (SPFAIB) .

Every year, in consultation with Directors, Internal Audit prepares a risk-based Annual Audit Plan on the Bank's key activities in order to align the Audit Plan with business direction. The Audit Plan is submitted for approval from President Director, Audit Committee and Board of Commissioners.

In 2017, Internal Audit implemented 4 (four) audit approaches i.e. mandatory audit as required by the Regulators, thematic audit, full branch audit and unit audit.

Internal Audit has completed 100% of 2017 audit plan, covering 38 audit engagements on Purna Bakti, Sinaya, Mitra Usaha Rakyat (MUR), Mitra Bisnis, BTPN Wow!, Jenius, and support functions at Head Office, including Information Technology.

In addition, Internal Audit has also conducted 6 (six) consultative audit engagements e.g. branch consolidation and process centralization at Purna Bakti in order to support one of the Bank's key initiatives, Gemilang Project, 3 (three) investigations on fraud indication with certain threshold of potential loss and 10 (ten) irregularities audits for early detection of process deviation / fraud indication through data analytics and direct visits to debtor.

In response to the identified weaknesses / findings, the respective directorates / units have determined their follow-up improvement plans which are continuously monitored by Internal Audit. Commitment for improvement from each unit is reflected in >94% timely completion of follow-up.

To support the development of the Internal Audit team, in 2017 the Bank has assigned Public Accountant Tanudiredja, Wibisana, Rintis &

Rekan (PwC Indonesia) to conduct consultative assessment on the Internal Audit practice against The Institute of Internal Auditors (IIA) standard i.e. the International Practice Professional Framework (IPPF).

Internal Audit continuously strengthens its data analytics function through the establishment of Internal Audit Dashboard that provides updated information on the performance of each business unit, data anomalies, macro risk assessment and other information. The objective is to support the Internal Audit team in performing data analysis that will improve Internal Audit's risk based approach and the development of continuous auditing.

2018 audit plan has been prepared with main focus on process implementation at branches in relation to Gemilang Project and the audit program will be adjusted to align with changes in Bank's business activities.

On resources, Internal Audit continues to strengthen the team through soft skill and technical skill trainings, internal and external certifications in risk management, audit & information technology, sharing sessions, and others. During 2017, Internal Audit continues to strengthen its team by recruiting experienced candidates particularly those with IT background. Internal Audit also provides similar opportunity for employee in other directorate who share the same aspiration & possess the expertise to grow with Internal Audit.

Internal Audit is committed to continuously improve the quality of its audit through comprehensive audit with competent human resources and implement professional auditing standards to deliver added values to the Bank.

compliance report

In line with information technology development in the banking industry, BTPN continues to develop its business activities to achieve sustainable development, particularly by moving its business activities to technology driven banking activities (Digital Banking services).

These business development activities will increase the complexity of the Bank's products and services, as well as increase the Bank's risk exposure, including exposure to Compliance Risk. In response to the increasing risk exposure, the Bank always ensures its compliance to all prevailing rules and regulations, as stipulated in the Good Corporate Governance Policy, and its commitment to regulations issued by the Financial Services Authority (FSA), Bank Indonesia (BI) and/or other relevant supervisory authorities.

The Bank's adherence to compliance requirements is conducted in a comprehensive, structured and integrated manner, through governance structure, governance process and governance outcome in accordance to OJK regulation No. 13/SEOJK.03/2017 dated March 17, 2017 on Corporate Governance Implementation in Commercial Banks.

To ensure effective execution of the Compliance function, the Bank has appointed a Director who oversees the Compliance Function. In performing its duties, the respective Director is assisted by a Compliance Working Unit, which is an independent Compliance Unit as required by OJK regulation on the Implementation of the Compliance Function. The respective

Director overseeing the Compliance Function has routinely submitted reports on the execution of its duties to OJK and the President Director, with a copy to the Board of Commissioners.

To support the development of a Compliance Culture within the Bank's entire business operation, BTPN has prepared its Compliance Policy and Procedure, including AML & CFT Policies and Procedures, which serve as the core foundation for the implementation of the compliance function by guiding the execution of the compliance function within the Bank. The Bank continues to review and enhance these policies and procedures, which includes revisions on the forms used to implement AML & CFT regulations.

Following are compliance activities conducted during the course of 2017:

1. To promote the creation of a Compliance Culture within the Bank's entire organization and business activities, the Bank has conducted:
 - Reviews on all Compliance Policies and Procedures, following the issuance of OJK regulation on the Implementation of Compliance Function
 - Dissemination of OJK and BI regulations to all employees, managers and relevant working units to determine the follow up for these new regulations
 - Advisory roles related to the implementation of the prevailing regulations, by providing suggestions/responses to questions submitted by the Bank's working units or branch offices, through electronic

- media, discussions, phone conversations or meetings
- People quality and competence development within the Compliance Unit, as the second line of the Bank's internal control system through hard skill and soft skill development courses, including Risk Management Certification, Compliance Certification. Training were conducted by the Communication Forum of Bank Compliance Directors (FKDKP) and other institutions
- Compliance Management System (CMS) development to support an effective Compliance Function implementation.

2. To manage the Bank's Compliance Risk, the Bank has conducted:

- The monitoring of the compliance level to relevant regulations in prudential banking principles (KPMM, GWM, BMPK, PDN, NPL)
- The monitoring of submissions of reports to regulators
- The monitoring of fines/sanctions imposed by regulators
- Gap analysis and impact analysis of new regulations to the Bank's operation
- Working unit compliance assessments at the Headquarter to ensure the adequacy of the Bank's governance structure and the compliance performance on OJK, BI regulations, as well as the prevailing rules and regulations (compliance assessment)

- Self-assessments on Compliance Risk as part of the Bank's quarterly risk profile development to manage the Bank's Compliance Risk.
 - Reviews on the adequacy of documentation to assess the level of operational preparedness for branch office opening, move and closing (compliance checklist).
 - Regular submission of compliance implementation reports to the Board of Directors with a copy to the Board of Commissioners
3. To ensure that the Bank's policies, regulations, systems and procedures and business activities are in compliance with OJK and BI regulations, as well as all prevailing laws, including regulations on AML & CFT, the Compliance unit has conducted:
- Its consultative function in relation to the prevailing regulations by providing suggestions/responses during discussions on policy and product development, as well as the Bank's initiatives, through electronic media, discussions, phone conversations or meetings.
- Compliance tests on new product and activity designs, their developments and the Bank's corporate initiatives as well as business unit's transaction proposals that are subject to the approval of the Board of Directors/ Commissioners.
 - Compliance test on policy drafts and product designs submitted by the relevant units.
4. To ensure compliance with the Bank's commitment to OJK and/ or BI, the Compliance Unit has conducted:
- The monitoring of follow-ups on the Bank's commitment to audit results from OJK and/ or BI and the submission of periodic progress reports to OJK and/or BI.
 - The monitoring and follow-ups on information/data requests submitted by OJK and/or BI in relation to their Bank supervision duties.
- To comply with the implementation of AML & CFT regulations as stated in OJK regulation No. 12/POJK.01/2017 dated March 16, 2017, following are the Bank's implementation of the Compliance Function during the course of 2017:
- Revising the Bank's AML & CFT Policies in response of the issuance of OJK Regulations on AML & CFT
 - Training and socialization of AML & CFT regulations to all employees, including refreshment programs for selected customers involved in the customer acquisition process
 - Revising AML & CFT training program and training content, including e-learning content revisions on AML & CFT Implementation
 - Ongoing Train for Trainee (TTT) program, including refreshment programs for business unit's facilitators to increase facilitators' understanding in providing training to employees.
 - Compliance awareness enhancement program on AML & CFT regulations through print and electronic media, including BTPN portal, e-mail blasts, desktop wallpapers, internal magazines, and through face-to-face meetings during branch visits.
 - Reviews on the implementation of AML & CFT at selected branch offices (branch assessment) to assess and ensure the suitability of AML & CFT implementation at the branches.
 - Periodic monitoring and reporting on Cash Transactions (CTR), Suspicious Transactions (STR), overseas fund transfers, and new bank customers to the Indonesian Financial and Transaction Reports Analysis Center (PPATK)
 - Monitoring of customer data updating as part of the Bank's commitment to OJK

committee report

- Updating of OFAC list, UN list, Terrorist List data in the AML system and terrorist database for customer screening and transaction monitoring
- New AML system development to support the optimum implementation of AML & CFT program, in line with the development in the Digital Banking service

Based on the above discussions, during 2017 the Bank received the “Good” rating, as reflected in the Bank’s ranking in the “Risk-Based Health Rating”, indicating its capability to face significant negative effects from changes in the business conditions and other external factors, including compliance in the prudential banking principles (KPMM, GWM, BMPK, PDN, NPL) and in the implementation of AML & CFT program.

The Bank’s compliance is an evidence of the implementation of a Compliance Culture within the entire organization level and Bank’s business activities. It is a result of collective efforts at all organization levels, from the Board of Directors’ level, the Senior Management level, down to the front liners in each organization, based on each individual’s roles and responsibilities.

Board of Commissioners’ Committee

Board of Commissioners’ Committee consists of Audit Committee, Remuneration & Nomination Committee and Risk Monitoring Committee. Each Committee is responsible for reviewing and monitoring according to their duties and responsibilities as set out in their respective Committee Charter.

Audit Committee

Audit Committee is responsible to the Board of Commissioners and is established to support the duties and responsibilities of the Board of Commissioners relating to financial information, internal control system, and effectiveness of internal and external audit as well as implementation of the Bank’s compliance.

Audit Committee Charter

In performing their duties and responsibilities, Audit Committee has Audit Committee Charter which covers: organization, membership, independency, duties and responsibilities, authorities, work ethic, meeting, reporting responsibilities and term of office. The Charter is periodically updated in accordance with the prevailing regulation and in line with BTPN’s business growth. The latest amendment was approved by Audit Committee members on 26 September 2017.

Independency of Audit Committee

Referring to the Audit Committee Charter, Committee members consist of at least three (3) independent members, which consists of Independent Commissioners and Independent Parties or at the minimum consist of:

5. An Independent Commissioner
6. An Independent Party, who has expertise in finance or accounting
7. An Independent Party who has expertise in law or banking

Duties and Responsibilities of Audit Committee

- a. Prepare annual working plan approved by Board of Commissioners.
- b. Review and assess Bank’s financial information, which will be released to the public, such as financial reports, projections and other financial information and ensure that the financial reports are in accordance with prevailing accounting standards.
- c. Review Bank’s compliance with all prevailing and applicable rules and regulations in the capital markets and other regulations relating to Bank activity including provide advice to the Board of Commissioners in relation to the potential of conflict of interest.
- d. Analyzing the Internal Audit Unit’s plan and its implementation.
- e. Review the independence and objectivity of the External Auditor and whether the audit performed is in accordance with general accepted accounting principles.
- f. Assess the adequacy of the audit performed by the External Auditor to ensure all important risks have been adequately considered.

- g. Monitor and assess the implementation of Board of Directors's follow up on audit findings from the internal, external and Financial Services Authority (OJK) auditors and to provide recommendations to the Board of Commissioners.
- h. Report periodically the results of meetings and activities of the Audit Committee to the Board of Commissioners

Composition of the Audit Committee Members

The members of the Audit Committee up to 31 December 2017 are as follows:

Name	Position	Effective Date
Irwan Mahjudin Habsjah	Chairman (Independent Commissioner)	29 April 2016
Arief T. Surowidjojo	Member (Independent Commissioner)	29 April 2016
Kanaka Puradiredja	Member (Independent Party)	29 April 2016
Yosef Antonius Boliona Badilangoe	Member (Independent Party)	29 April 2016

Term of Office

The term of office of the Audit Committee is accounted since 29 April 2016 until the conclusion of the Annual General Meeting of Shareholders (AGMS) to be convened in the year 2019 (in accordance with term of office of the Board of Commissioners members who were appointed in AGMS on 29 April 2016)

Profiles of Audit Committee Members

The profiles of the Audit Committee members are disclosed in the Board of Commissioners and Independent Party's profiles section of this Annual Report.

Meeting Policy

- a. The Audit Committee held meetings periodically at least one (1) time every three (3) months.
- b. Audit Committee meeting can only be convened if attended by at least 51% of total members.
- c. Adoption of resolution of Committee Meeting shall be done amicably, in case the amicable deliberation cannot be reached, majority vote casting shall do the adoption of resolution
- d. Dissenting opinion in the Committee meetings, shall be clearly stated in the minutes of meeting along with the reasons for such dissenting opinion.

Frequency and Attendance of Audit Committee Meetings

In 2017, Audit Committee has held 8 (eight) times of meeting. The Audit Committee also has conducted site visits to branches in Bandar Lampung and Semarang.

Frequency of Audit Committee Meeting	8
Irwan Mahjudin Habsjah	8/8
Arief T. Surowidjojo	8/8
Kanaka Puradiredja	8/8
Yosef Antonius Boliona Badilangoe	8/8

Implementation of Audit Committee's Work Activities

The discussion on focus of Audit Committee's reviews and discussions are as follows :

a. Financial Statements

1. Reviews and evaluation on the Bank's 2016 financial statements.
2. Periodic monitoring and evaluation of the Bank's financial performance and other financial information.

b. External Audit

1. Discussions on the Bank's audited financial plan 2016.
2. Discussions on the 2017 external audit plan, audit approach and methodology.
3. Submission of recommendations for the appointment of the external auditor.
4. Reviews and assessments on the adequacy of audits performed by the external auditor.

c. Internal Audit

1. Monitoring and evaluation on the implementation of audits by the Internal Audit during 2016 and 2017.
2. Monitoring the commitment on the follow-up of Internal Audit's findings.
3. Reviews and approvals of the Audit Plan for 2018.

d. Compliance and Internal Fraud

1. Monitoring of the implementation of the Bank's compliance on Anti Money Laundering and Counter the Financing of Terrorism (APU & PPT).
2. Reviews on newly implemented rules/regulations and their impacts.
3. Monitoring of follow ups on the supervisory results from the Financial Services Authority.
4. Reviews on the internal fraud cases and evaluations on the Bank's fraud prevention program.

e. Audit Committee Work Plan

Prepared Audit Committee's 2018 plan and work program, as well as reviews on the Audit Committee Charter.

Statement of the Audit Committee on the Effectiveness of the Internal Control System

The Audit Committee has reviewed and ensured that the Bank's internal control system was effective and adequate, including financial, operational controls and compliance with prevailing regulations.

Risk Monitoring Committee

Risk Monitoring Committee supports the Board of Commissioners in order to supervise Bank's risk management.

Duties and Responsibilities of Risk Monitoring Committee

- a. Prepare the Committee's annual activity plan, which is submitted to the Board of Commissioners for their approval.

- b. Provide an independent professional opinion to the Board of Commissioners on reports or related matters pertaining to risk management presented by the Board of Directors as well as identify issues that require the attention of the Board of Commissioners.
- c. Evaluate the risk appetite and limits, which must be approved by the Board of Commissioners.
- d. Analyze the effectiveness of the Risk Management Unit and the Risk Management Committee.
- e. Evaluate the compatibility of the Bank's risk management policy with its implementation.
- f. Monitor and evaluate the performance of the Risk Management Committee and the Risk Management Unit in order to give recommendations to the Board of Commissioners.
- g. Evaluate the Bank's Risk Management policy at least once a year.
- h. Evaluate the Board of Directors' responsibility in implementing the Bank's Risk Management policy at least on a quarterly basis.

Risk Monitoring Committee Charter

In performing its duties and responsibilities, Risk Monitoring Committee has Risk Monitoring Committee Charter, which covers: organization, membership, independency, duties and responsibilities, authorities, work ethic, meeting, reporting responsibilities and term of office. The Charter is periodically updated to ensure that the scope of work of the Risk Monitoring Committee is in accordance with the prevailing regulation and in line with BTPN's business growth. The latest amendment was approved by Risk Monitoring Committee members on 26 September 2017.

Independency of Risk Monitoring Committee

The composition, qualification and independence of Risk Monitoring Committee members are in accordance with prevailing law and regulations. The Risk Monitoring Committee is chaired by an independent commissioner and has two commissioner members, and two independent parties, who have expertise in the area of risk management and finance.

Composition of Risk Monitoring Committee

The members of Risk Monitoring Committee up to 31 December 2017 are as follows

Name	Position	Effective Date
Arief T. Surowidjojo	Chairman (Independent Commissioners)	29 April 2016
Kanaka Puradiredja	Member (Independent Party)	29 April 2016
Yosef Antonius Boliona Badilangoe	Member (Independent Party)	29 April 2016
Chow Ying Hoong	Member (Commissioner)	29 April 2016
Shinichi Nakamura	Member (Commissioner)	24 March 2017

Term of Office

The term of office of the Audit Committee is accounted since 29 April 2016 until the conclusion of the Annual General Meeting of Shareholders (AGMS) to be convened in the year 2019 (in accordance with term of office of the Board of Commissioners members who were appointed in AGMS on 29 April 2016).

Profiles of Risk Monitoring Committee Members

The profiles of the Risk Monitoring Committee members are disclosed in the Board of Commissioners and Independent Party's profiles section of this Annual Report.

Meeting Policy

- a. The Risk Monitoring Committee held meetings periodically at least one (1) time every three (3) months.
- b. Risk Monitoring Committee meeting can only be convened if attended by at least 51% of total members.
- c. Adoption of resolution of Committee Meeting shall be done amicably, in case the amicable deliberation cannot be reached, majority vote casting shall do the adoption of resolution.
- d. Dissenting opinion in the Committee meetings, shall be clearly stated in the minutes of meeting along with the reasons for such dissenting opinion.

Frequency and Attendance of Risk Monitoring Committee Meetings

During 2017, the Risk Monitoring Committee held 6 (six) meetings and 2 (two) times of site visits to branches in Lampung and Semarang.

Frequency of Risk Monitoring Committee Meetings	5
Arief T. Surowidjojo	5/5
Kanaka Puradiredja	5/5
Yosef Antonius Boliona Badilangoe	5/5
Chow Ying Hoong	5/5
Shinichi Nakamura*	4/4

*) Shinichi Nakamura was appointed as Risk Monitoring Committee member effective since 29 April 2016

Implementation of Risk Monitoring Committee Work Activities

Discussion and focus of the Risk Monitoring Committee's are as follows.

- a. Quarterly evaluation and analysis on the Bank's risk profile
- b. Evaluation on the risk management policies and implementation at the standard deck risk, covering credit risk, operational risk, market and liquidity risks, as well as other types of risks.
- c. Monitoring and evaluation on the duties of the Risk Management Committee and Risk Management units with regard to the implementation and monitoring

of credit risks within each of line of business, market risk, liquidity risk and the operational risk.

- d. Periodic monitoring on the Bank's soundness - Risk-Based Bank Rating (RBBR) and the Bank's compliance performance.
- e. Monitoring of internal fraud cases and fraud management strategy.
- f. Preparation of Risk Monitoring Committee's 2018 Plan and work program and reviews on the Risk Monitoring Committee's Charter.

Remuneration and Nomination Committee

Duties and Responsibilities of Remuneration and Nomination Committee

- a. Related with remuneration policies:
 1. Performs evaluation of the remuneration policy; and
 2. Provide recommendation to the Board of Commissioners concerning:
 - Board of Commissioners and Board of Directors remuneration policies, to be submitted to General Meeting of Shareholders (GMS).
 - Executive officers and employee remuneration policies as a whole to be submitted to the Board of Directors.
- b. Related to nomination policies:
 1. Provide recommendation to Board of Commissioners regarding the composition of the Board of Directors and/or Board of Commissioners.

2. Establish and provide a recommendation on criteria and procedure of appointment and/ or replacement of Board of Commissioners and the Board of Directors to the Board of Commissioners to be submitted to the General Meeting of Shareholder.
 3. Submit a recommendation with regard to nomination of members to the Board of Commissioners and/or Board of Director to Board of Commissioners to be submitted to the General Meeting of Shareholder
 4. Assist Board of Commissioners in the performance assessment of the Board of Directors and/ or Board of Commissioners members.
 5. Formulated the capacity development program for the Board of Directors and/ or Board of Commissioners members.
 6. Submit recommendations on Independent Party who shall be an Audit Committee and Risk Monitoring Committee member(s).
- c. Committee must ensure that the remuneration policy comply with the following:
1. Financial performance and fulfillment of statutory reserves as stipulated in prevailing laws and regulations.
 2. Individual job performance.
 3. Fairness compared to peer group in internal and external of the Bank.
 4. Consideration on long-term goals and strategies of the Bank.

Remuneration and Nomination Committee Charter

In order to perform their duties and responsibilities, Remuneration and Nomination Committee has the Remuneration and Nomination Committee Charter which covers: organization, membership, independency, duties and responsibilities, authorities, work ethic, meeting, reporting responsibilities and term of office. The Charter is periodically updated in accordance with the prevailing regulation and in-line with BTPN's business growth. The latest amendment was approved by Remuneration and Nomination Committee members on 8 December 2017.

Independency of the Remuneration and Nomination Committee

The composition, qualification and independency of the members of the Remuneration and Nomination Committee are in accordance with Financial Services Authority (OJK) regulations. The Remuneration and Nomination Committee is chaired by an Independent Commissioner and its members include one Independent Commissioner, two Commissioners and one Executive Officer who has experience in the remuneration and nomination system as well as succession plan.

Composition of Remuneration and Nomination Committee

The members of The Remuneration and Nomination Committee up to 31 December 2017 are as follows:

Name	Position	Effective Date
Mari Elka Pangestu	Chairman (Independent Commissioner)	29 April 2016
Irwan Mahjudin Habsjah	Member (Independent Commissioner)	29 April 2016
Chow Ying Hoong	Member (Commissioner)	29 April 2016
Maya Kartika	Member (Executive Officer HC)	29 April 2016

Term of Office

The term of office of the Audit Committee is accounted since 29 April 2016 until the conclusion of the Annual General Meeting of Shareholders (AGMS) to be convened in the year 2019 (in accordance with term of office of the Board of Commissioners members who were appointed in AGMS on 29 April 2016)

Profiles of Remuneration and Nomination Committee Members

The profiles of Remuneration and Nomination Committee members are disclosed in the Board of Commissioners and Independent Party's profile section of this Annual Report.

Meeting Policy

- a. The Remuneration and Nomination Committee held meetings periodically at least one (1) time every four (4) months.

- b. Remuneration and Nomination Committee meeting can only be held if attended by at least 51% of total members.
- c. Adoption of resolution of Committee Meeting shall be done amicably, in case the amicable deliberation can not be reached, majority vote casting shall do the adoption of resolution
- d. Dissenting opinion in the Committee meetings, shall be clearly stated in the minutes of meeting along with the reasons for such dissenting opinion.

Frequency and Attendance of Remuneration and Nomination Committee Meetings

During 2017, the Remuneration and Nomination Committee held three (3) meetings.

Frequency of Remuneration and Nomination Committee Meeting	3
Mari Elka Pangestu	3/3
Irwan Mahjudin Habsjah	2/3
Chow Ying Hoong	3/3
Maya Kartika	3/3

Implementation of Remuneration and Nomination Committee Work Activities

During 2017, the Remuneration and Nomination Committee has held three (3) meetings to review and submit recommendations to the Board of Commissioners regarding :

1. Provided recommendations on compensation rebalancing approach for the Board of Directors.
2. Provided recommendations on the adjustments to the remuneration of the members of the Board of Commissioners and Board of Directors for the year 2017
3. Discussed the implementation plan of Gemilang project.
4. Discussed the reporting of implementation of Gemilang project and work plan after the implementation of Gemilang project.

Total Remuneration of Committee members for the year 2017 dan 2016 is as follows:

	2017*)	2016*)
Total Remuneration	17,110	13,776

*) In million

Board Of Directors' Committees

The Board of Directors is assisted by committees, which provide inputs and recommendations to support the Board of Directors' duties and responsibilities.

Assets and Liabilities Committee (ALCO)

Duties and Authorities:

1. Develop, assess and determine Asset Liability Management (ALMA) strategy, guidelines and policies.
2. Monitor periodically the Bank's liquidity position through its primary and secondary reserve trends.
3. Monitor periodically the development and strategy over Third-Party Funds and Loans.
4. Assess the development and projection of the overall economic situation to set policy direction.
5. Determine limits and management guidance as well as risk controls that impact Liquidity Risk (Liquidity Management), Market Risk and Interest Rate Risk (Interest Rate Management), Currency Risk (Foreign Exchange Management) and Portfolio Risk (Earning & Investment Management).
6. Evaluate and determine the pricing of Credit Rates, Deposit Rates, and Fund Transfer Price or Inter-Office Account Rates to optimize deposit growth, minimize funding cost, and manage the Bank's balance sheet structure in line with the Bank's ALMA strategy.
7. Review the Bank's performance as well as its asset and liability position so as to determine the impact of ALCO decisions on the Bank's objectives.
8. Review the deviation between the actual results and the budget projection as well as against the Bank's business plan.
9. Submit information to the Board of Directors concerning a new regulation that impacts the ALMA strategy and policy.

ALCO Report

During 2017, ALCO held 12 (twelve) meetings to discuss among others:

1. Approved proposal to strengthen the Banks' funding structure, covering:
 - a. Amendment Agreement on IFC II facilities
 - b. New loans from SMBC
2. Approved indicators/parameters/ methods for Liquidity Management, covering:
 - a. Funding Concentration Risk in Daily Liquidity Risk Monitoring that no longer categorize excluded and included Allianz considerations in determining top 50 depositors, given that Allianz funding portion is relatively equal to fundings from other customers.
 - b. Replacement of NSFR calculation method in Daily Liquidity Risk Monitoring from Basel III based internal model to a new method based on POJK draft.
 - c. Changes in the GWM monitoring parameter, in compliance with PBI No 19/6/PBI/2017 on the implementation of Averaging Minimum Reserve Requirement as of July 1, 2017.
 - d. Approval on changes in the calculation method to determine Top 50 Depositors.
3. Approved limits on placements of marketable securities money market in AFS to Rp2 trillion.
4. Approved changes interest rates, covering:
 - a. Multifinance loan rates for Joint Financing and Refinancing
 - b. RAK interest rates, in line with developments in the Bank's COF
5. Approved fund withdrawals to strengthen the Bank's liquidity position, including:
 - a. Bond issuance
 - b. Loan withdrawals from IFC and/or syndicated loan facilities, if needed.

ALCO Meetings

Frequency of ALCO Meeting	Position	Attendance/Number of Meetings
Arief Harris Tandjung	Chairman	11/12
Jerry Ng	Member	7/12
Ongki Wanadjati Dana	Member	12/12
Djemi Suhenda	Member	8/12
Wolf A. Kluge	Member	11/12
Vincentius Hidayat	Member	8/12
Sonny Christian Joseph	Member	10/12
Helena	Member	10/12
Yoyo Cahyadi	Secretary	12/12

Risk Management Committee

Duties and Authorities:

1. Prepare risk management policies, framework and risk limits, including updating, improving and/or completeness.
2. Evaluate the alignment of Risk Management policies and its implementation.
3. Evaluate and provide recommendations on transactions or activities that require Board of Directors' approval.

Risk Management Committee Report

During 2017, the Risk Management Committee held 10 (ten) meetings. Risk Management Committee meetings discussed the monitoring of 8 types of risk as determined in the Risk Management Policy and OJK regulations on Risk Management in terms of active monitoring of the Board of Directors on the Bank's implementation of Risk Management policies and strategies.

Following are discussions and decisions of the Risk Management Committee meetings held in 2017:

1. Changes in operational risk parameters, for LOB and outsourcing sub parameters, as part of 2017 annual reviews on RBBR Standard Operating Procedures.
2. Classification of Non Bank Placement as Loan Portfolio based on OJK Regulation and loan policies.

3. The use of the revised RBB, effective as of End of June 2017.
4. Advanced Measurement Approach (AMA) Project preparation and implementation step plan for Operation Risk calculation.
5. Overall review on Human Capital monitoring related to adjustments on the Bank's current projects/initiatives, including the Gemilang project.
6. Changes in GWM Primary Indicators based on Bank Indonesia Regulation and changes in Top 50 Depositors based on internal memo.

In performing monitoring risk to subsidiaries company, consolidation of 8 bank risks with subsidiary company as well as the reporting of consolidation risk profile, RBBR and ICAAP is being reported in quarterly basis and in accordance with the prevailing regulation of OJK.

Risk Management Committee Meetings

Name	Position	Attendance/Number of Meetings
Wolf Arno Kluge	Chairman	10/10
Jerry Ng	Member	7/10
Ongki Wanadjati Dana	Member	10/10
Djemi Suhenda	Member	8/10
Anika Faisal	Member	8/10
Arief Harris Tandjung	Member	9/10
Kharim Indra Gupta Siregar	Member	9/10
Merisa Darwis	Member	7/10
Maya Kartika	Member	9/10
Vincentius Hidayat	Member	9/10
Sonny Christian Joseph	Member	8/10
Helena	Member	8/10
Peterjan Van Nieuwenhuizen	Member	8/10
Hadi Wibowo	Member	10/10
Nurhajati Soerjo Hadi	Member	10/10
Sendiaty SONDY	Secretary	9/10

Information Technology Steering Committee

Duties and Authorities:

Provide the following recommendations to the Board of Directors, among others, as follows:

1. Information Technology (IT) Strategic Plan in alignment with the Bank's strategic plan and business activities;
2. Formulation of IT policies and procedures mainly for security policy and risk management in relation with IT usage in the Bank;
3. Suitability of IT projects approved under the IT Strategic Plan;
4. Assess IT project implementation with reference to the project plan (project

charter) as agreed in the service level agreement;

5. Conformity of IT with management information system requirement to support the Bank's business activities;
6. The effectiveness of the risk minimization measures with regards to the Bank's investment in the IT sector and ensure that they contribute to the achievement of the Bank's business;
7. Evaluate the performance and use of information technology to ensure it can align to support the Bank's business needs;
8. Resolve various IT-related problems which can not be resolved by other related unit
9. Evaluate the availability and adequacy of human resources related to the operation, maintenance and support for IT usage;
10. Provide input on the IT related process risk.

Information Technology Steering Committee Report

During 2017, the Information Technology Steering Committee held 4 (four) meetings to review and provide recommendations, among others on:

1. Analysis on the high number of recorded incidents with growing trends.
2. Addition of Customer Experiences in the IT score card.
3. Addition of Business Enablement for quality and expense components.
4. Presentation of IT Strategic Plan for BTPN Syariah.

5. Declining Branch User Experiences due to equipment misalignments at the branches as a result of changes in the telecommunication network technology from MPLS to Metro-E.
6. Presentation of BTPN Wow! and Sinaya Mobile & Internet Banking pentest results and their mitigation, especially for high and extreme categories.
7. IT SP update as one of standard agenda.
8. IT budget and new IT capex presentation for 2017.

Information Technology Steering Committee Meetings

Name	Position	Attendance/Number of Meetings
Karim Siregar	Chairman	4/4
Jerry Ng	Member	3/4
Djemi Suhenda	Member	3/4
Ongki W Dana	Member	4/4
Anika Faisal	Member	1/4
Arief Harris Tandjung	Member	4/4
Wolf Kluge	Member	1/4
Maya Kartika	Member	1/4
Hadi Wibowo	Member	2/4
Merisa Darwis	Member	4/4
Nurhajati Soejo Hadi	Member	4/4
Peterjan Van Nieuwenhuizen	Member	2/4
Sonny C Joseph	Member	1/4
Vincentius Hidayat	Member	4/4
Helena	Member	2/4
Ferdinandus Huber	Secretary	4/4

Human Capital Committee

Duties and Authorities:

1. Evaluate policies, strategies and targets in Human Capital and then recommend to the Board of Directors to adopt them. These are policies that are strategic in nature.
2. Evaluate the implementation of the Human Capital remuneration program then recommend to the Board of Directors for approval
3. Approve deviations from prevailing regulations/ company policies in the area of Human Capital that exceed the authority of the division head and/or Director in charge of Human Capital.
4. Recommend to the Board of Directors on the appointment and placement (nomination) of Board of Directors/ Board of Commissioner members in subsidiaries (including Sharia Supervisory Board members in the subsidiary company that runs a Sharia Business).

Human Capital Committee Report

During 2017, the Human Capital Committee held 7 (seven) meetings to discuss among others:

1. Evaluation and recommendation of salary adjustments in 2017 and the distribution of 2016 performance bonus;
2. Approval of proposal on the human capital aspect of Gemilang project;
3. Approval of proposal on recipients of the Voluntary Separation Program; and
4. Discussion on the Implementation of the Ministry of Labor Regulation No. 1 Year 2017.

Human Capital Committee Meetings

Name	Position	Attendance/Number of Meetings
Djemi Suhenda	Chairman	7/7
Jerry Ng	Member	7/7
Ongki Wanadjati Dana	Member	7/7
Arief Harris Tandjung	Member	7/7
Maya Kartika	Member	7/7

Information Governance Steering Committee

Duties and Authorities:

1. Formulate major policies and procedures on data and information governance, such as policies on data quality and risk management on the Bank's data and information, including formulation of stated targets.

2. Plan and determine project priorities to implement the determined policies and procedures, and achieve the approved standards.
3. Align approved projects with the Bank's information governance plan, data and information governance policies and procedures, as well as the targeted standards to achieve.
4. Align the execution of data and information governance projects and data analytics with the approved project charter.
5. Align information governance with the Bank's Information Technology Strategic Plan to support the management of the Bank's business activities.
6. Monitor the Bank's data and information governance and its improvement efforts, including by detecting data quality issues and measurements of the effectiveness and efficiency of data and information utilization.
7. Resolve issues related to data and information that cannot be resolved and reported by the data and information governance forum.
8. Build a data driven organization culture

Information Governance Steering Committee Report

The Information Governance Steering Committee was established on June 20, 2017, and has conducted two meeting to discuss among others:

1. Establish organization structure in line with the "Bankwide Analytics Assessment" blueprint.
2. Determine and prepare Data Quality working framework.
3. Determine customers' data model and master data.
4. Utilization of Dukcapil data.
5. Normalization of Occupation and Line of Business/Economy Sector codes

Information Governance Steering Committee Meetings

Name	Position	Attendance/Number of Meetings
Kharim Indra Gupta Siregar	Chairman	2/2
Anika Faisal	Member	1/2
Arief Harris Tandjung	Member	2/2
Wolf Arno Kluge	Member	0/2
Merisa Darwis	Member	2/2
Nurhajati Soerjo Hadi	Member	1/2
Vincentius Hidayat	Member	1/2
Sonny Christian Joseph	Member	1/2
Helena	Member	2/2
Peterjan Van Nieuwenhuizen	Member	2/2
Hadi Wibowo	Member	1/2
Erliana Tandoko	Member	2/2
Vincentius Ivan	Secretary	2/2