

**Strengthening The Foundation of Sustainable
Growth, Supporting The Acceleration of
One Million Houses Program**



2016 | ANNUAL
REPORT



STRENGTHENING THE
FOUNDATION OF SUSTAINABLE
GROWTH. SUPPORTING THE
ACCELERATION OF ONE
MILLION HOUSES PROGRAM

In 2016, Company managed to record a successful performance by applying the Company's governance best practices and gaining a positive public image. The success was achieved due to the consistency of Bank BTN here in after called the Company in running its business based on healthy industrial and commercial principles with resources capable of generating value creation, complying with the regulations, and with clear direction and strategies.

Aligned with the implementation of NAWA CITA (Nine Agendas) proclaimed by the government, the transformation of State-Owned Enterprises (BUMN) aimed to shape them into agents of development and value creation. One Million Houses Program is one of the agendas in the transformation of BUMN i.e, banking and financial services as well as people's economics. The Company plays a strategic role in supporting program implementation in particular from the banking aspect in housing financing for the people.

In relation to the acceleration of One Million Houses Program, Company are committed to continue the ongoing transformation agenda in order to strengthen the foundation for a sustainable growth. Company are still focusing on strengthening the housing business with speedy services, improved technology, fast credit approval, and human capital optimization, as well as continuing business development by adding product variety of wealth management service and also developing digital banking-based service such as through the availability Digital Lounge in order to provide a satisfactory service to the community.

Company strongly believe that Company will excel amidst a rapid market share competition, gaining great financial returns which guarantee our long term business and value growth as well as contributing in the success of the national program in improving people's welfare.

THEME CONTINUITY

2013

Transformation Supported by Good Governance Implementation in Quality Business Achievement

Entering 2013, Company's undergoes the process to the next level through the transformation in business, culture, and infrastructure (foundations). According to Company's focus and vision to become a leading bank in housing financing, 2013 can be illustrated as a foundation in building Bank BTN houses. Similar to constructing a house, a person will dig deep and put the foundation on a solid stone, so when flood comes, the house is unshaken, as the house is built on a strong foundation, In this case. Company build a foundation through the transformation process, i.e, good governance implementation, and therefore when economic crisis hit, both domestically and from abroad. Company's cannot be shaken, even is capable to continuously grow and develop to achieve a sustainable quality business in future challenging years into a World Class Banking.

2012

Dedicated To Indonesian Families

The house is not only a basic human need for Indonesian families, it is more. The property sector plays an important role in the national economy, No fewer than 175 industries depend on this sector. A large amount of labor can be absorbed, so its impact is on the reduction of unemployment.

2014

BTN TERDEPAN, GCG RUMAHKOE

Heading for 2015, which is often referred to as the new economic era - the era of ASEAN free market competition, the Bank has established a new tagline that has also become the Bank's new corporate culture: "BTN TERDEPAN GCG RUMAHKOE". This new tagline shows Bank BTN's strong determination to realize its vision "To be the leading bank in housing finance", by adhering to Good Corporate Governance.

The new tagline is an integral part of the transformation process that the Bank has been undertaking since 2013, armed with GCG as the Bank's commander for success, With that view, the Management seeks to embed the tagline as the Bank's operational spirit.

"BTN Terdepan" is also the embodiment of the Bank's attitude and determination to get ready in facing the new economic era, and to maintain its leading position, particularly in housing finance.



2016

STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH, SUPPORTING THE ACCELERATION OF ONE MILLION HOUSES PROGRAM

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2015

BTN 5IAP Become a Top Player of One Million Houses Program

Company's position in housing finance is getting stronger, It is supported by a long history in housing finance, and the "5iap Program", the Company is ready to become a major player in the One Million Houses program launched by the government, 5iap stands for - Human Resources (HR) is ready. Technology is ready, Business Process is ready, Funding is ready and Housing Supply is ready, With this readiness Bank BTN is optimistic that it will continue to improve its performance Now and in the future.



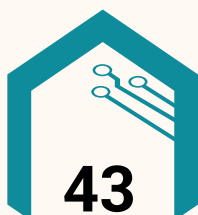
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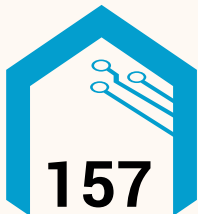
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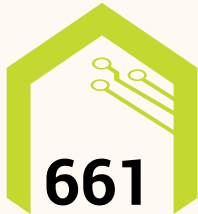
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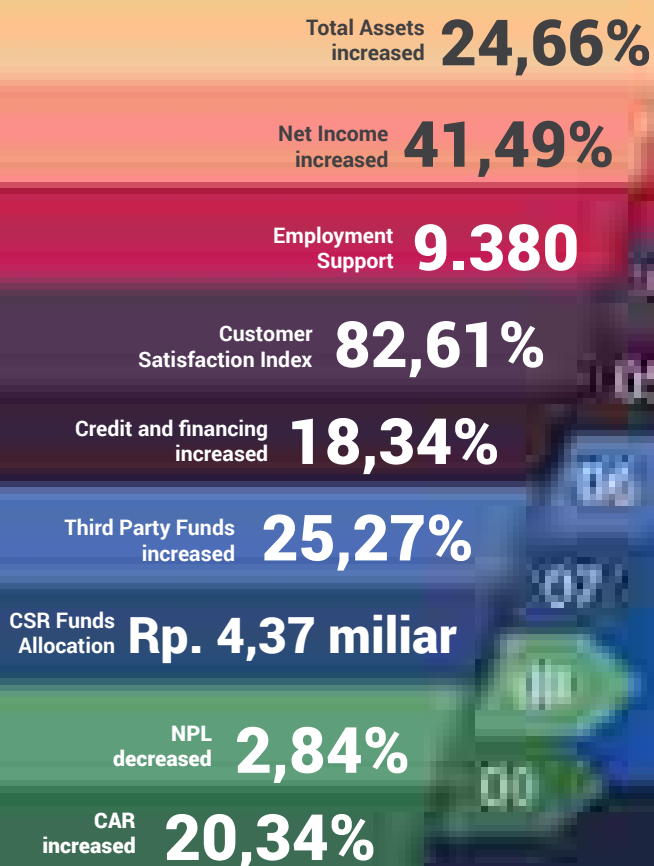
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2016 AUDITED FINANCIAL STATEMENT OJK CRITERIA

MAIN PERFORMANCE OF THE COMPANY IN 2016



THE FIRST WINNER OF ANNUAL REPORT AWARD (ARA) 2015
Category SOEs Listed Finance

Credit Allocation according to the Financing:

- Subsidized KPR of IDR Rp, 15,6 billion, increased by 33,21%
- Non-Subsidized KPR of IDR 12,7 billion, increased by 4,35%

In 2016, the position of the Company as a bank in housing financing became even stronger, Supported by 9,380 employees consisting of 8,561 permanent employees and 819 contract employees. the Company continued making more achievements. In 2016, assets of Bank BTN of IDR 214,17 billion increased by 24,66% compared to the previous year of IDR 171,81 billion. Credit and Financing of IDR 164,45 billion increased by 18,34% compared to the previous year of IDR, 138,96 billion. Net Profit amounted to IDR 2,62 billion, increased by 41,49% compared to the previous year.

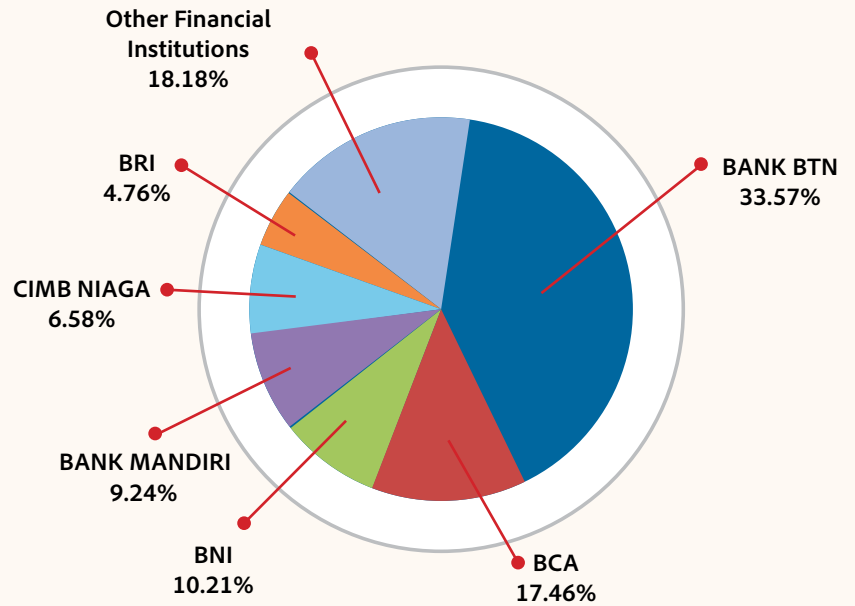
Third Party Fund Growth reached IDR159,99 billion increased by 25,27% compared to the previous year. From the capital aspect, Capital Adequacy Ratio (CAR) increased by 20,34% and Non-Performing Loan (NPL) decreased to 2,84%. In the meantime, the Company has allocated credits according to the financing, i.e.:

Subsidized KPR (House Ownership Credit) IDR 15,6 billion; Non-subsidized KPR IDR 12,7 billion. Non-Housing Credit IDR 4,670,792 million, and Other Housing Credit IDR 1,8 billion

For the Company, the implementation of the Company's governance is a tool and also a mechanism to maintain business continuity and stakeholder trust, to develop the integrity of the Company, as well as to increase shareholder value, Having been the first winner of Annual Report Award (ARA) for the category of Listed Financial BUMN Companies in 2016, the Company claimed a stronger position in information transparency and company governance. In addition to it, the Company continues to improve the governance implementation with the best practices as proved by obtaining the title of The Best Overall ASEAN Corporate Governance Scorecard in 2016 by IICD. All those achievements confirmed the fact that the Company is ready to be the main player in One million Houses Program.

BANK BTN EXCELLENCE IN 2016

EXCELLENCE IN THE NATIONAL HOUSING FINANCING



Source: Adapted from various sources

In 2016, the Company still dominated the market of national housing financing. To this day, Company's has granted KPR (House Ownership Credit) financing of IDR28 trillion or 14.49% of the total financing by

Company's, The coverage of housing business reached 33.57% as of September 2016 and was the biggest among the national banks. The market share of Company's subsidized KPR financing reached 96.12%.

STRONG NETWORK WITH HOUSING BUSINESS PLAYERS



As a bank with the biggest market share in the housing financing in Indonesia, the Company continues to strive to meet the high housing demands from the community, along with easing in regulation on KPR down-payment or loan to value. the Company has strong relationships with housing business stakeholders, allowing it to be the integrator of supply and demand sides of the housing business. During 2016, the Company has collaborated with over 3000 house developers to finance 595,566 KPR units in all of Indonesia.

From the demand point of view, the Company has been actively organizing house exhibitions such as IPEX which was a series of corporate strategies in filtering members of the community who would like to buy a house with a KPR scheme as Company as to fulfill the Sejuta Rumah (One Million Houses) program. In 2016 the Company has organized IPEX 2 times in Jakarta

with a total transaction of IDR IDR 53 trillion for total submission of > 11.000 housing units. Other efforts of Bank BTN to increase the demands is by organizing mass credit agreement programs, including credit agreement 1.000 KPR in one day and KPR facilitation with 1% DP.

RAPID AND SIMPLE HOUSING FINANCING SERVICE



With the publication of Economic Policy Package Volume 13 Economic House for People, the Government granted permit facilitation to construct houses for Low Income Communities (MBR). This policy reduced the number of permits and processing time which resulted in cost reduction.

To support it, the Company provided easy access to housing business service for the people by improving the capacity of Information Technology through an integrated credit application system. the Company also has accelerated a focused credit service and processing, both for subsidized KPR and also non-subsidized KPR, including adding credit service and processing network through regional the Company service offices.

In order to increase funds with economic costs and fee-based income, as well as to expand financial inclusion in Indonesia, in 2016 the Company carried out several initiatives in digital and branchless banking sectors. Several digital banking new products and services were developed, including e-banking, which consists of cash management, EDC purchase/payment, portal BTN property, eMoney, and vending machine for Indonesian Railways ticket purchase.

In the meantime, to improve its efficiency, the Company has prepared eForm and push teller transaction program, and has opened up several digital outlets. the Company also participated in LAKU PANDAI government program, The commitment of the Company to support this financial inclusion was started in 2010 with the launching of Tabungan BTN Cermat.

The product development of BTN Cermat (Educating People) Saving was then expanded by the launching of Tabungan BTN Cermat supported by Electronic Data Captured (or EDC) machine. The service of Tabungan BTN Cermat was expanded with cellular phone-based technology or Unstructured Supplementary Service Data (USSD). With this USSD service, people may make Tabungan BTN Cermat transactions by communicating it through the user's cellular phone.

RELENTLESS ACHIEVEMENTS

Along with the business growth, during 2016 the Company kept improving its service standards to reach world-class service in terms of operational excellence (fast and accurate KPR process), network and product

variety supported by reliable information technology. For the efforts made, the Company received various awards related to service excellence, Those awards are:



EXCELLENCE IN THE NATIONAL HOUSING FINANCING

The Company has human resources capable in housing financing sector. The Company has been a pioneer in housing financing since 1976 and has financed KPR for Indonesian people for over IDR 3,8 million houses, and in 2016 The Company was appointed as the Executing Bank in “Sejuta Rumah Untuk Rakyat” (One Million Houses for People) Program.

To improve the speed of service and business volume, The Company revitalized strategic alliance and smart branch development. This service concept integrated and prioritized digital technology to create customer experience which facilitated and provided solutions for the clients.

THEIR OPINION ON THE COMPANY



1

Presiden RI Joko Widodo

"I am optimistic that Company can immediately implement the one million houses construction program, It doesn't have to depend on the Ministry of Public Works and Housing, It can be done through private developers, for example through BTN, making everything is possible."

Source: www.setkab.go.id

2

Minister of State-Owned Enterprises of the Republic of Indonesia - Rini M, Soemarno

"BTN is a spearhead, able to finance the construction as Company as the credit,"

Source: www.finance.detik.com





3

Minister of PUPR - Basuki Hadimujiono

“Bank BTN has been playing a role in realizing government program in house financing sector for almost 40 years since the subsidized house financing program was launched in Indonesia.”

Source: www.pu.go.id

4

Prof, Mohan Sawhney

“Bank BTN is so focused on house financing, One of its examples is BTN Housing Finance Center which is a breakthrough by Bank BTN as one of solutions for housing issues in Indonesia.”

Source: www.sp.beritasatu.com



NAWA CITA (NINE AGENDAS) PROGRAM AND TRANSFORMATION ROADMAP

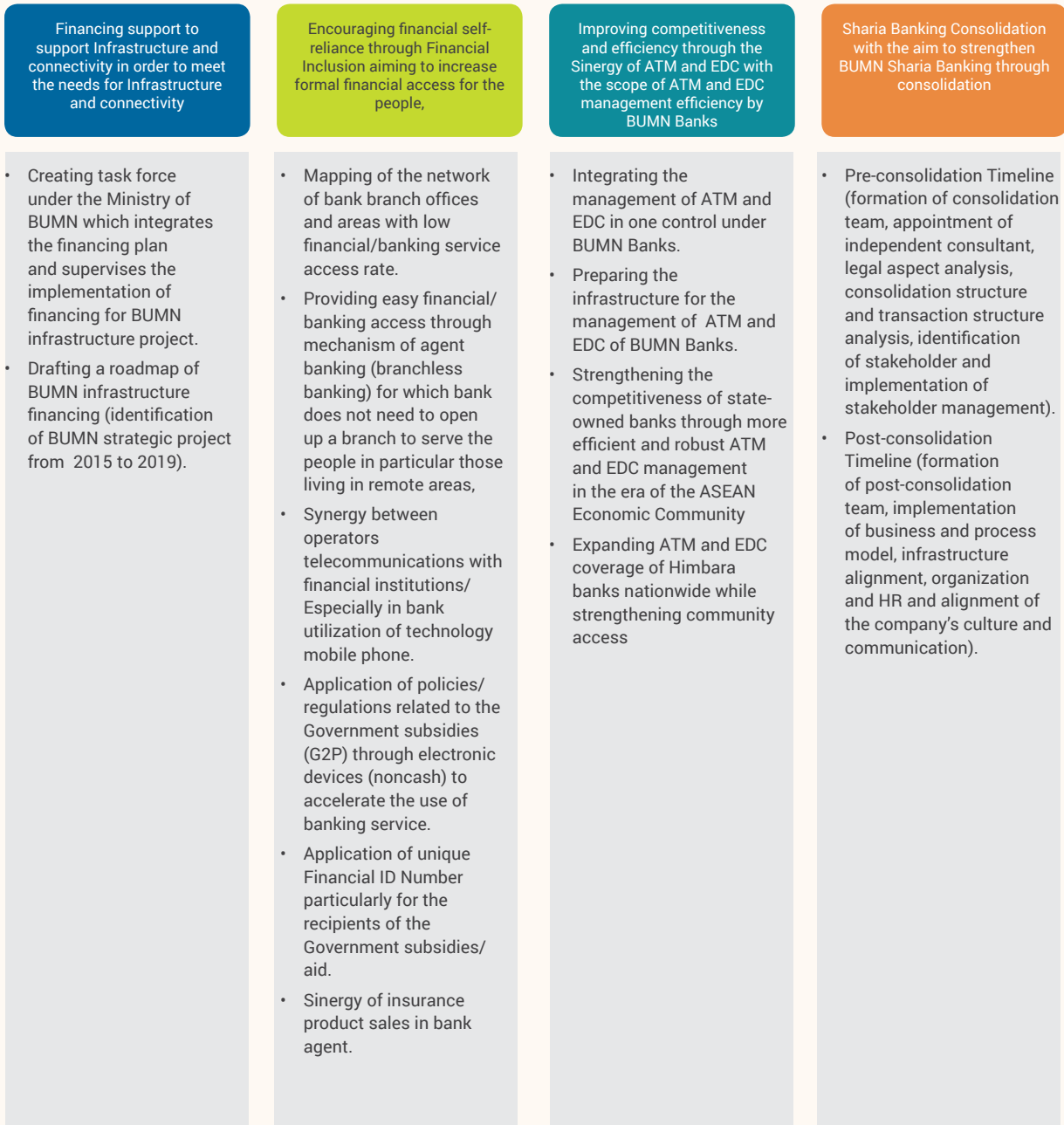
In order to show the priorities in the transformation road towards Indonesia with political sovereignty, self-reliant in economic sector, and with cultural personality, 9 (nine) Priority Agendas Company re-established as

the vision and mission of President Joko Widodo and Vice President Jusuf Kalla in leading Indonesia, known as "NAWA CITA", The said agendas are:

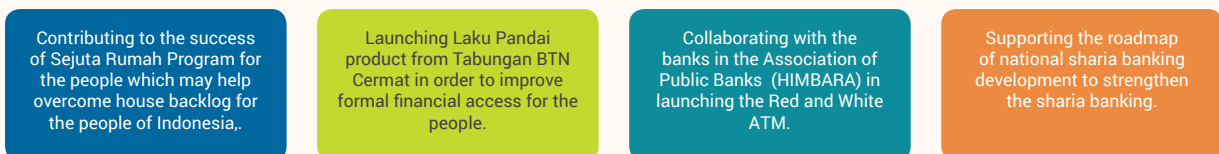


From the priority agendas mentioned above, the Ministry of State-Owned Enterprises (BUMN) carved a roadmap aligned with "NAWA CITA" Agendas in the 7th agenda, i.e, "To create economic self-reliance by motivating domestic economic strategic sectors."

Those strategic sectors consist of People's Economic sector and Banking and Financial Service sector,

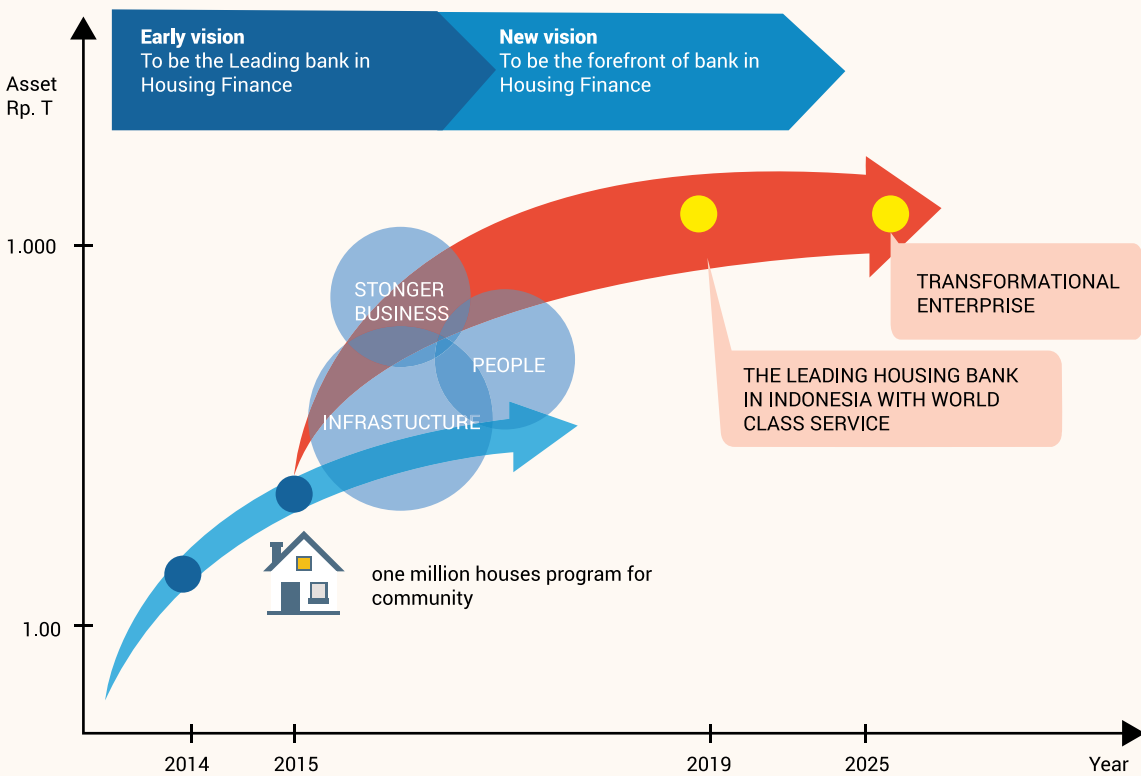


The Role of Bank BTN



In order to reach this, the Company has established long-term targets up to 2025 i.e, towards Transformational Enterprise-Global Mindset with a target to become a global company in housing, property, and basic

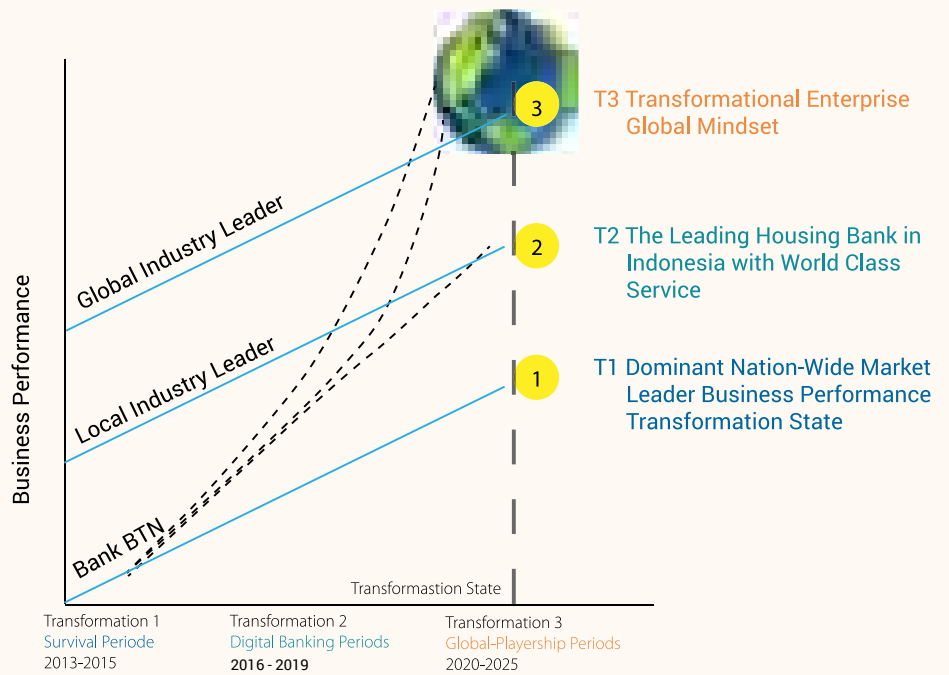
infrastructure sector, In order to reach it, the Company has been conducting a transformation since 2013, dividing it into three phases.



Phase I
Year 2013 - 2015 Namely Stage lifetimes, with stages achieved dominance is nationally that is the market leader Master of Business National housing. The necessary requirements hearts Stages is a singer (a) dominate the market share (b) differences Housing Market, (c) protected market, (d) predictable change, dan financial capital driven,

Phase II
Year 2016 - 2019: stage digital banking period, with stages to be achieved is the leading housing bank Indonesia with world class service, requirements that must be met in this stage are: (a) dominance by speed, (b) technology enhance, (c) rapid change dan (d) human capital driven,

Phase III
Year 2020 - 2025 global playership period, with stages that will be achieved is transformational Enterprise Global Mindset. The requirements must be fulfilled hearts singer stage are: (a) size and speed thru network, (b) global free trade, (c) continuous change dan (d) human and finance driven.



- Dominance by size
- Protected markets
- Productable change
- Financial capital driven
- Dominance by speed
- Enhanced Technology
- Rapid change
- Human capital driven
- Size & speed thru network
- Global free trade
- Continuous Change
- Human & finance capital driven

Currently, the transformation of the Company has reached the digital banking period. In this level, the developed scope covers Product & Channels, Process and Organization & Culture. In this digital banking period, the Company has developed various digital-based products and services. In addition to ATM, CDM, CRM, EDC, Smart Kiosk, they are also developing various products and features with Mobile/Internet Banking, Web Application, QR Code, NFC, Debit Online (e-Commerce), Prepaid and Close Loop base, aiming

to optimize the service to clients, to support smart city development, the communities, and various government aid programs.

To improve the speed of service and business volume, the Company revitalized strategic alliance and smart branch development. This service concept integrated and prioritized digital technology to create customer experience which facilitated and provided solutions for the clients.

SUMMARY OF IMPORTANT FINANCIAL DATA PT BANK TABUNGAN NEGARA (PERSERO) TBK WITHIN THE LAST 5 YEARS

FINANCIAL POSITION (IDR million)

Productive Asset

Granted Credit

Sharia Financing/Payables

Investment in Bank Indonesia and other Banks

Securities

Government Bond

Total Assets

Clients' Deposit

Clearing

Saving

Time Deposit

Savings of other banks

Securities with REPO

Issued Securities

Received Loans

Total Liabilities

Total Equity

INCOME STATEMENT (IDR million)

Interest Revenue and Profit Sharing

Interest Expense and Bonus

Interest Revenue and Profit Sharing - Net

Other Operational Income

Depreciation of Impairment on Financial and Non-Financial Assets

Reversed Estimated Allowance (Expense) on Impairment of Commitment and Contingencies

Other Operational Expense

Operational Profit

Non-Operational Income - Net

Profit before Tax Expense

Tax Expense

Current Year's Profit

Current Year Profit attributable to

Owner

Non-controlling interests

	2012	2013	2014	2015	2016
	120,328,528	128,161,082	141,561,595	168,035,035	206,477,677
	75,410,705	92,386,308	106,271,277	127,732,158	150,221,960
	6,000,058	8,081,083	9,644,524	11,223,646	14,224,421
	11,472,346	4,839,318	1,496,455	7,839,477	17,581,350
	1,022,565	4,210,440	5,446,372	1,819,562	4,186,141
	7,468,930	8,384,960	8,238,065	8,230,908	9,243,639
	111,748,593	131,169,730	144,582,353	171,807,592	214,168,479
	80,667,983	96,207,622	106,470,677	127,708,670	159,987,717
	13,271,227	19,116,196	23,422,618	31,368,443	45,846,055
	21,540,425	24,237,893	26,167,914	30,757,681	34,826,208
	45,856,331	52,853,533	56,880,145	65,582,546	79,315,454
	706,703	275,257	1,179,269	1,721,198	3,652,735
	2,335,000	2,652,730	3,817,603	2,135,091	1,385,000
	7,136,776	8,836,711	8,519,884	12,492,202	14,919,910
	6,737,260	7,073,032	6,998,213	7,726,728	4,999,616
	101,469,722	119,576,373	132,329,458	157,947,485	195,037,943
	10,278,871	11,593,357	12,252,895	13,860,107	19,130,536
	8,818,579	10,782,877	12,807,328	14,966,209	17,138,819
	(4,091,760)	(5,129,554)	(7,342,747)	(8,155,133)	(8,975,274)
	4,726,819	5,653,323	5,464,581	6,811,076	8,163,545
	571,494	763,983	894,820	1,106,526	1,282,822
	(212,624)	(430,289)	(771,166)	(901,008)	(707,531)
	(1,159)	(2,066)	(729,000)	7,198	-
	(3,213,561)	(3,849,042)	(4,010,139)	(4,490,187)	(5,386,604)
	1,870,969	2,135,909	1,577,367	2,533,605	3,352,232
	(7,767)	4,862	1,960	8,281	(22,148)
	1,863,202	2,140,771	1,579,327	2,541,886	3,330,084
	(499,240)	(578,610)	(433,755)	(690,979)	(711,179)
	1,363,962	1,562,161	1,145,572	1,850,907	2,618,905
	-	-	1.145.572	1.850.907	2.618.905
	-	-	-	-	-

Total Current Year's Comprehensive Profit -After Tax

Current Year Profit attributable to

Owner

Non-controlling interests

Earnings per Share (Full value)

FINANCIAL RATIO (%)

Capital Adequacy Ratio (CAR)

Non Performing Loan (NPL) Gross

Non Performing Loan (NPL) Netto

Return On Asset (ROA)

Return On Equity (ROE)

Net Interest Margin (NIM)

Operating Expenses to Operating Revenues (BOPO)

Loan to Deposit Ratio (LDR)

COMPLIANCE (%)

Percentage of Lending Limit Violations (BMPK)

Related Parties

Unrelated Parties

Percentage of Over-Limit Lending

Related Parties

Unrelated Parties

Statutory Reserve Requirements (GWM)

Rupiah Main Statutory Reserve Requirements

Conventional

Sharia

Foreign Currency Statutory Reserve Requirements

Net Foreign Exchange Proceeds Position

SUMMARY OF OPERATIONAL PERFORMANCE INDICATOR PT BANK TABUNGAN NEGARA (PERSERO) TBK WITHIN THE LAST 5 YEARS

Number of branch offices

Number of ATMs

Number of Employees

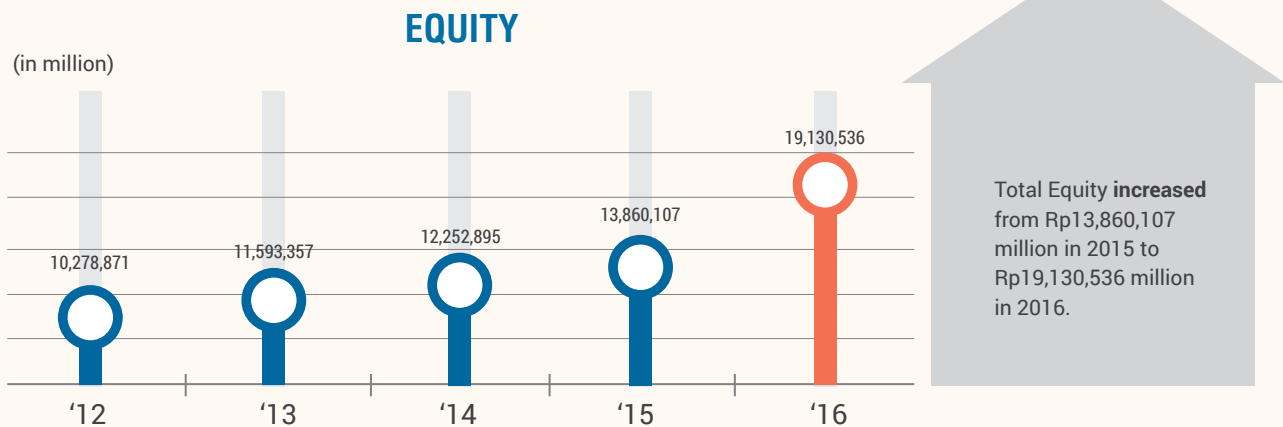
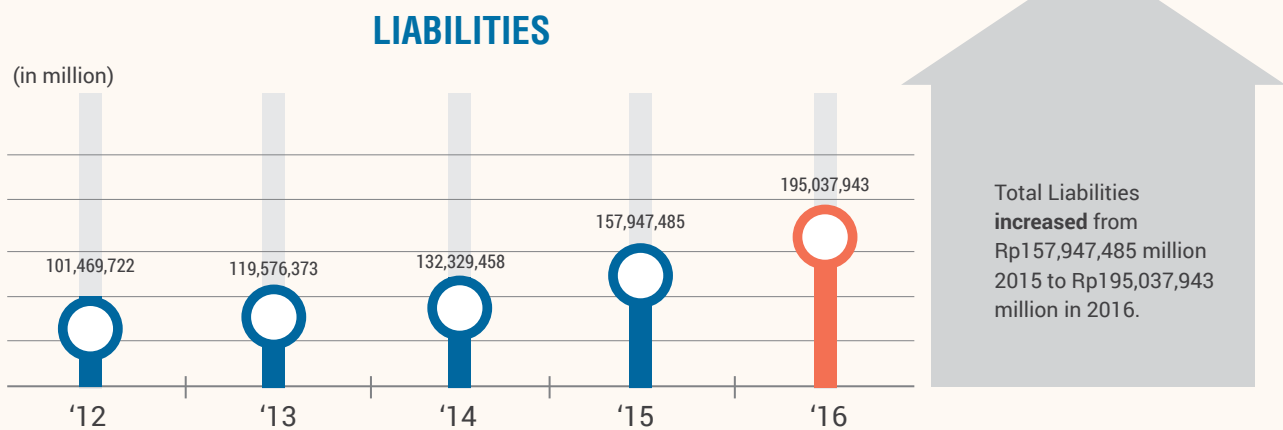
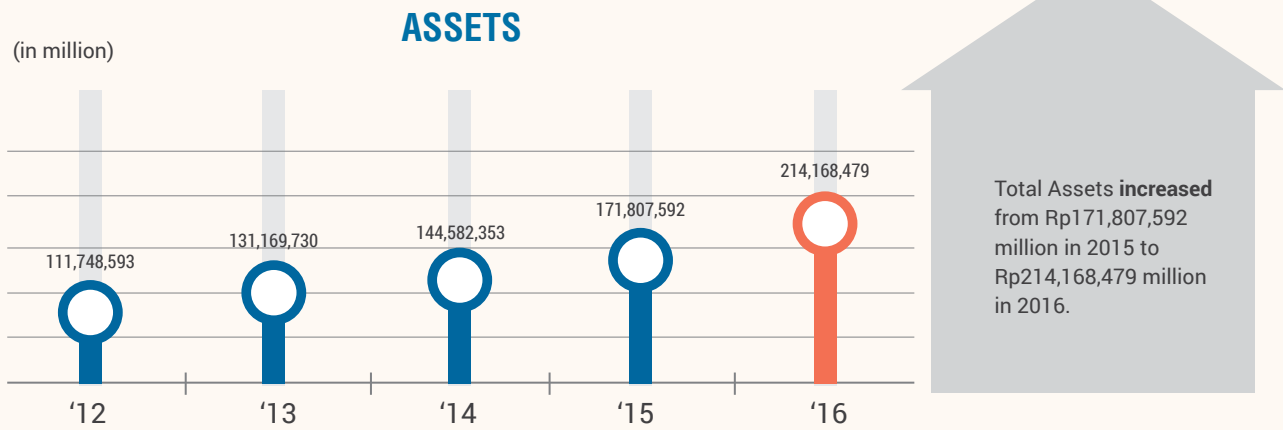
GCG Score

	2012	2013	2014	2015	2016
	1,357,839	1,443,057	1,120,716	1,811,337	5,631,617
	-	-	1,120,716	1,811,337	5,631,617
	-	-	-		
	148	148	108	175	247
	17.69	15.62	14.64	16.97	20.34
	4.09	4.05	4.01	3.42	2.84
	3.12	3.04	2.76	2.11	1.85
	1.94	1.79	1.14	1.61	1.76
	18.23	16.05	10.95	16.84	18.35
	5.83	5.44	4.47	4.87	4.98
	80.74	82.19	88.97	84.83	82.48
	100.90	104.42	108.86	108.78	102.66
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	8.15	9.29	8.09	7.95	6.72
	8.00	8.10	5.09	5.04	5.08
	8.03	8.03	8.39	8.08	8.47
	0.70	1.01	1.92	1.74	0.29

Notes:

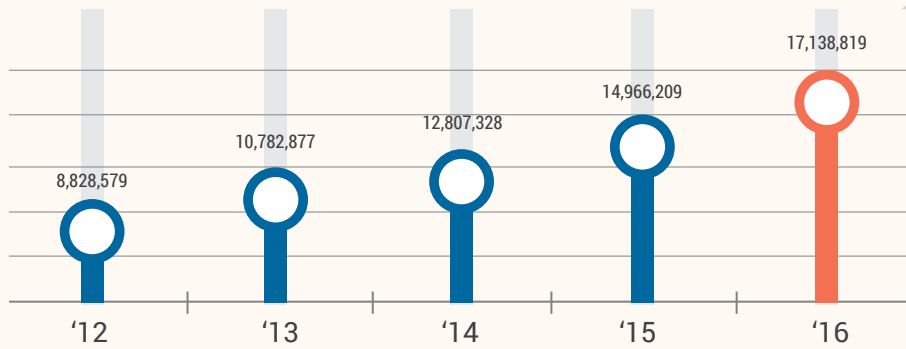
1. The Company does not possess investment in association entities.
2. The Company does not possess any subsidiary therefore other profit and revenues are not grouped attribution to the owner of the main entity and to non-controlling interests.

	2012	2013	2014	2015	2016
	65	65	65	65	65
	1,404	1,504	1,830	1,830	1,830
	7,142	8,011	8,582	9,042	9,380
	3	3	2	2	2



INTEREST REVENUE AND PROFIT SHARING

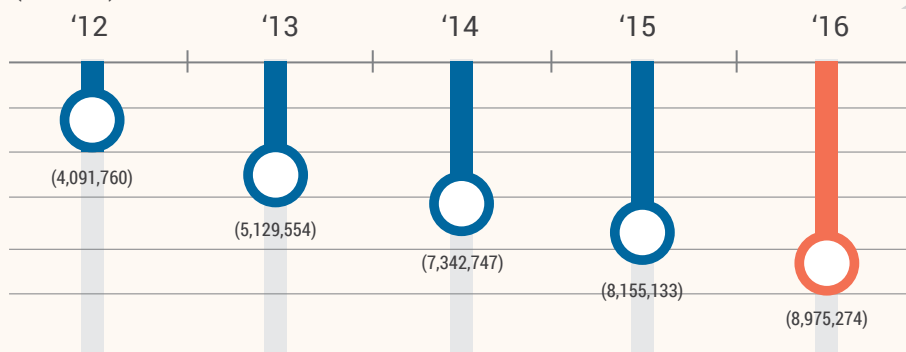
(in million)



Interest revenue and Profit Sharing **increased** from Rp14,966,209 million in 2015 to Rp17,138,819 million in 2016.

INTEREST EXPENSES AND BONUS

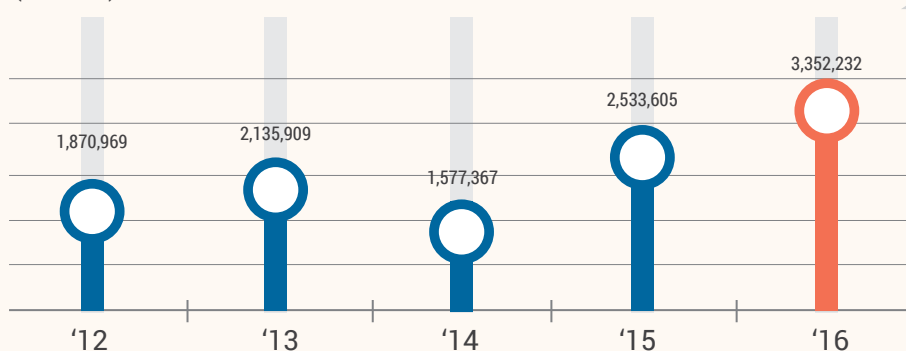
(in million)



Interest Expenses and Bonus **increased** from Rp(8,155,133) million in 2015 to Rp(8,975,274) million in 2016.

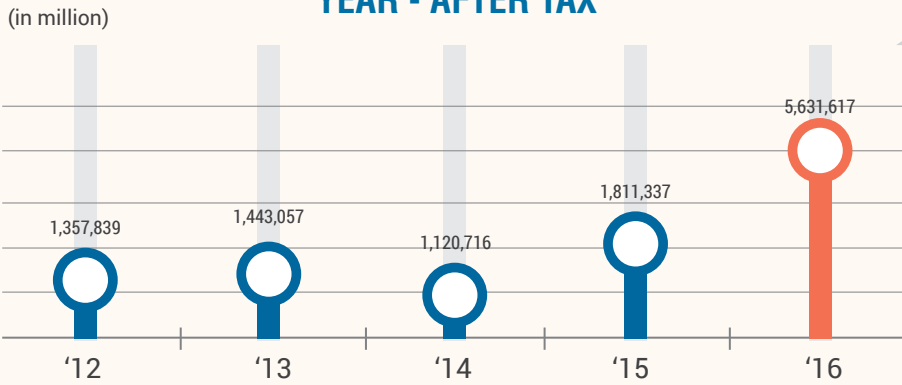
OPERATIONAL PROFIT

(in million)



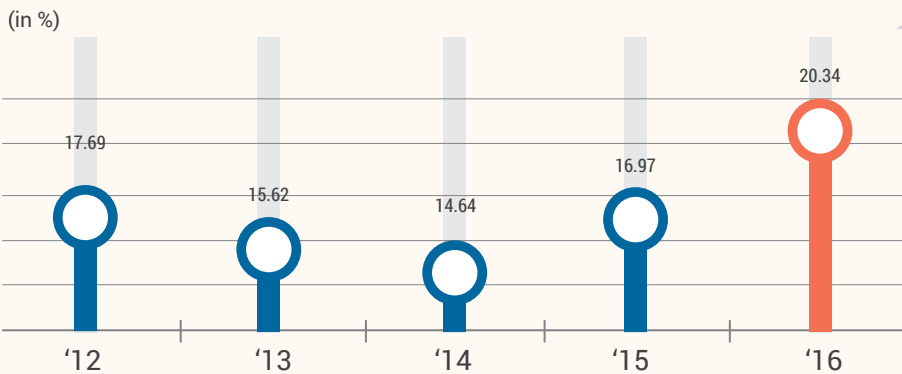
Operating Profit **increased** from Rp2,533,605 million in 2015 to Rp3,352,232 million in 2016.

TOTAL COMPREHENSIVE PROFIT OF CURRENT YEAR - AFTER TAX



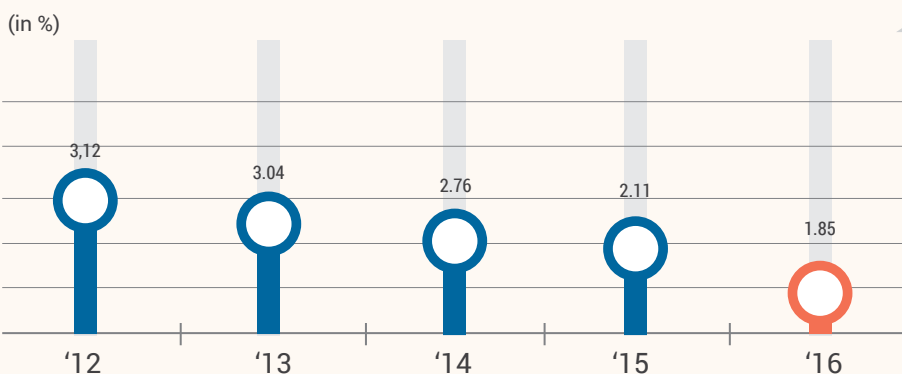
Total Comprehensive Profit of Current Year-After Tax **increased** from Rp1,811,337 million in 2015 to Rp5,631,617 million

CAPITAL ADEQUACY RATIO (CAR)



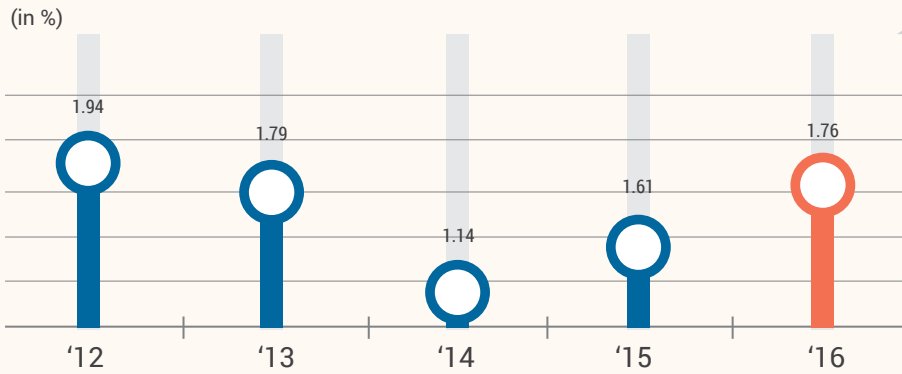
Capital Adequacy Ratio (CAR) **increased** from 16.97% in 2015 to 20.34% in 2016

NON PERFORMING LOAN (NPL) NETTO



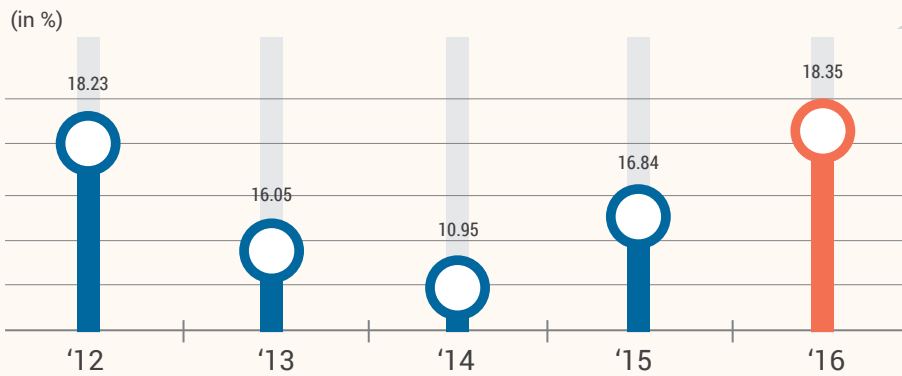
Non performing loan (NPL) netto **decreased** from 2.11% in 2015 to 1.85% in 2016.

RETURN ON ASSET (ROA)



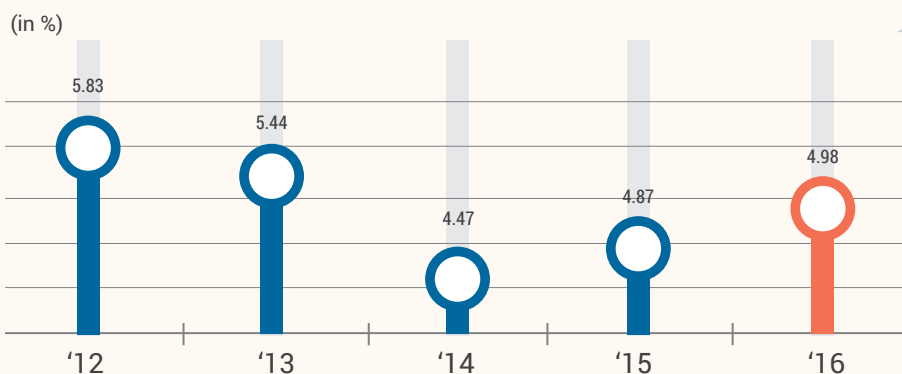
Return on asset (ROA) **increased** from 1.61% in 2015 to 1.76% in 2016.

RETURN ON EQUITY (ROE)



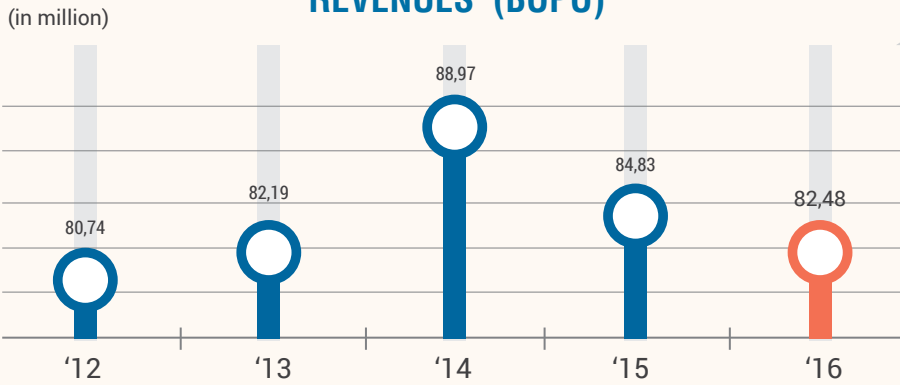
Return on equity (ROE) **increased** from 16.84% in 2015 to 18.35% in 2016.

NET INTEREST MARGIN (NIM)



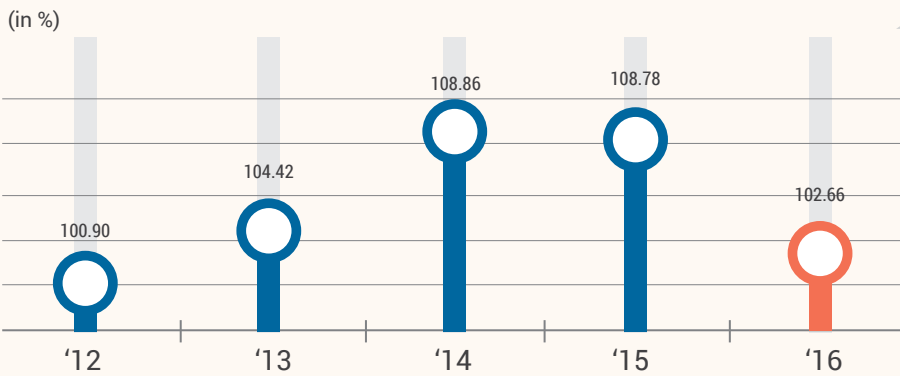
Net Interest Margin (NIM) **increased** from 4.87% in 2015 to 4.98% in 2016.

OPERATING EXPENSES TO OPERATING REVENUES (BOPO)



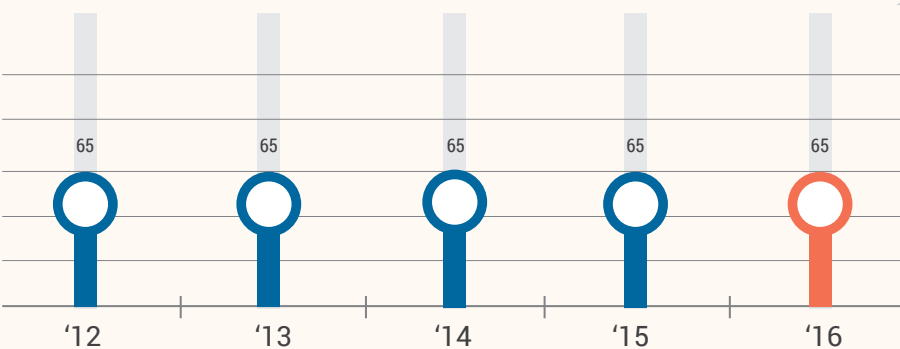
Operating Expenses to Operating Revenues (BOPO) **decreased** from 84,83 % in 2015 to 82,48%, in 2106

LOAN TO DEPOSIT RATIO (LDR)



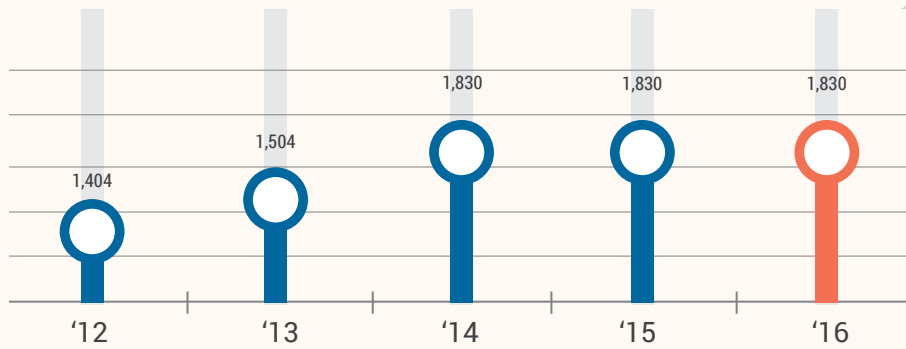
Loan to Deposit Ratio (LDR) **decreased** from 108,78% in 2015 to 102,66% in 2016.

NUMBER OF CONVENTIONAL BRANCH OFFICES



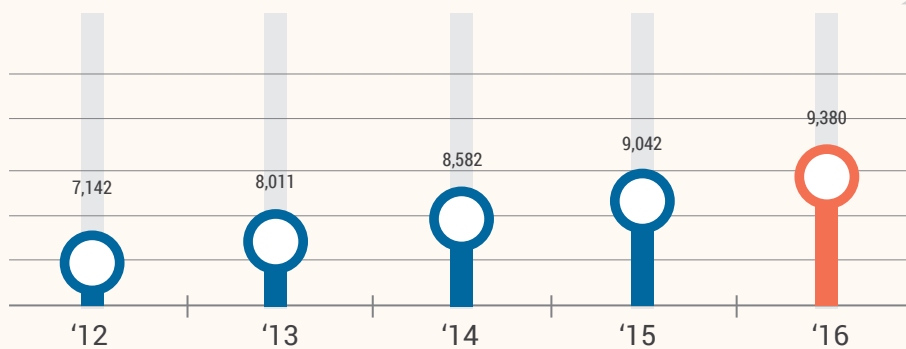
Number of Conventional Branch Offices **Stable** 65 in 2016.

NUMBER OF ATM



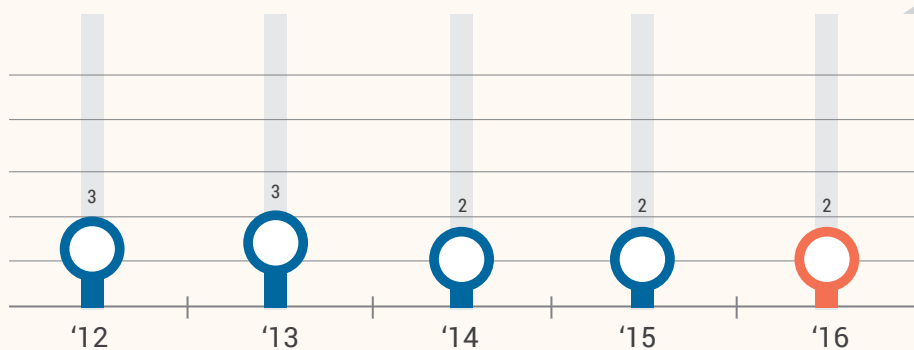
Number of ATM **Stable** 1,830 in 2016.

NUMBER OF EMPLOYEES



Number of Employees **increased** From 9,042 in 2015 to 9,380 in 2016.

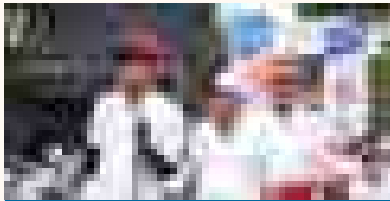
GCG ASSESSMENT SCORE



GCG Assessment Score **stable** 2 in 2016.



MILESTONES



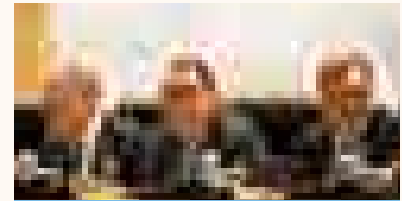
February 7th, 2016

Starting the series of the 66th Anniversary events, Company's organized a funbike in Semarang and granted CSR to construct a park in Tanah Mas Semarang and handed a symbolic approval to credit agreement to the KPR (House Ownership Credit) debtor Rusunawa Gedang Anak, Ungaran Timur Sub-district.



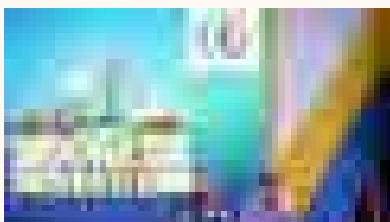
February 21st, 2016

As one of the events in the series of the Company 66th Anniversary, along with a fun run with a theme "Homerun In Harmony". The Company delivered an aid of IDR 2 billion to rehabilitate Cipinang Besar Selatan apartment to the Housing and Settlement Services of Jakarta Province received directly by the Governor of Jakarta, Basuki Tjahaja Purnama.



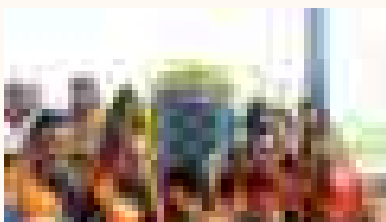
April 2nd, 2016

The Company organize General Meeting of Shareholders Annual (AGM) 2016, amendment the Company's board composition aim to push optimization of performance improvements company



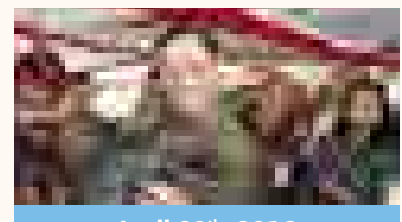
February 13rd -21st , 2016

As its annual event, Company's organized the 2016 Indonesia Property Expo (IPEX 2016) opened by the President Director of the Company and Vice President Jusuf Kalla. This exhibition was closed with a total sale of over IDR 3 trillion and made a record of over 300,000 visitors as well as supported by almost 250 developers with more than 650 housing projects from all of Indonesia.



March 14th, 2016

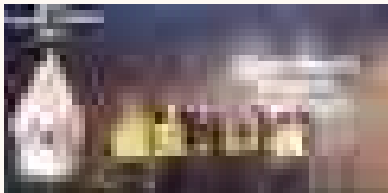
The State Minister of State-Owned Enterprises Rini Soemarno with the President Director of the Company and President Directors of three other State Owned Banks collaborated with Jasa Marga in inaugurating the National Toll E-Payment Cooperation. Through the synergy of these State-Owned Banks, people may benefit from a more expanded and fully integrated electronic toll payment service.



April 29th, 2016

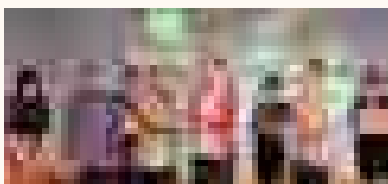
Continuing the State Owned Enterprises Program *Hadir untuk Negeri* in Papua Province in 2015. The Company donated 160 piglets to the representatives of Haay Tribe, Ireuw Tribe, and Farmer Group in Keerom, Tolikara, Leni Jaya, Wamena, and Puncak Jaya Districts, witnessed by the President of Indonesia, the Minister of State-Owned Enterprises, the Minister of Trade and Industry.

PERISTIWA PENTING



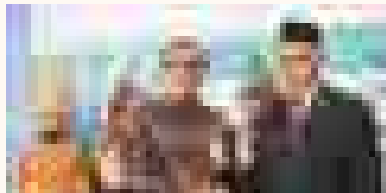
May 23rd, 2016

The Company showed its appreciation to stakeholders and developers in the 2016 BTN Property Award to express gratitude for their achievement and support in developing this country through house provision for the people.



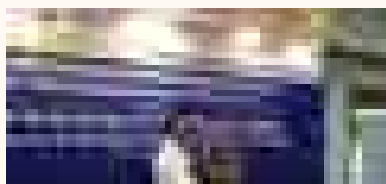
May 24th, 2016

Synergy of Company and Garuda Indonesia resulted in BTN-GARUDA debit card in order to meet market demands and to increase the service to the clients of Bank BTN which are also frequent flyers of Garuda Indonesia airline.



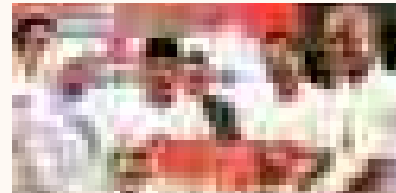
June 26th, 2016

The Company inaugurated its 23rd Sharia Branch Office in Banda Aceh. This opening was one of its business strategies to increase the growth of the Company Sharia Business Unit (UUS).



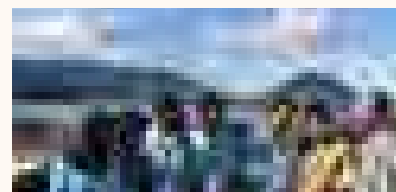
July 13rd, 2016

The Company collaborated with School of Business and Management of Institut Teknologi Bandung (SBM ITB) in starting a Mini Property MBA program which is expected to produce new entrepreneurs in national property or housing industries.



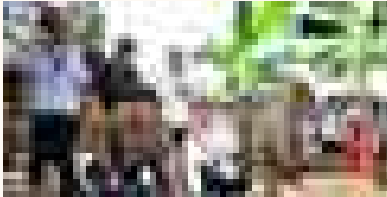
July 17th, 2016

The Company as a pilot project in distributing non-cash social aid. The delivery of this aid was witnessed by the Ministry of Social Affairs Khofifah Indar Parawansa in the City Hall of Sidoarjo District. A sum of fund around Rp40 would be managed by the Company through a saving distributed by the Postal Office network in all of Indonesia.



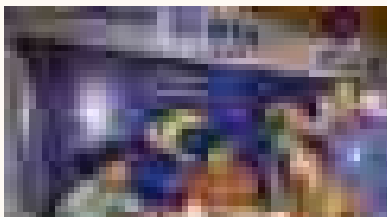
August 6th -14th, 2016

Through Siswa Mengenal Nusantara Program, the Company gave 20 students of 9th grade with high achievement from poor families in Ternate (2 of which are disabled) opportunities to get to know the cultural diversity and natural resources in South Sumatra Province.



August 14th -17th, 2016

In commemorating the 71st Anniversary of the Republic of Indonesia, Company organized the activities of BUMN Hadir untuk Negeri program in North Maluku, including fun walk, ceremony to commemorate the anniversary of Indonesia, and provision of various CSR for the people in North Maluku, as well as tourism sector development in Morotai, North Maluku.



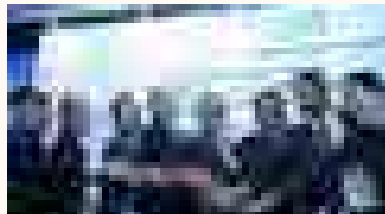
August 19th, 2016

The Company invited developers and clients to support Tax Amnesty Program through a seminar on Tax Amnesty and Property Investment. This seminar was intended to give understanding on the tax amnesty program to the developers as the Company partners and prioritized clients.



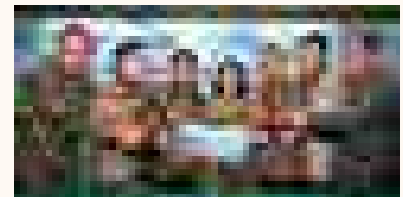
August 28th, 2016

After a successful *Serba Untung* (SERBU) Program in 2015, the Company launched another SERBU in 2016 in Makassar. SERBU has resulted in the increase in low cost which became a business strategy of companies in strengthening their corporate fund structure.



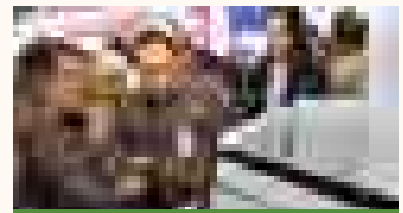
August 28th, 2016

The Company offered sustainable bonds of Rp3 trillion with AA+ rating from Pefindo as an alternative investment product in Tax Amnesty. The Company is involved in the said government program and sustainable bonds II Phase II of Company in 2016 is one of the best options that might be utilized.



September 9th, 2016

The Company was ready to support the National Payment Gateway (NPG) which would become a means in the national payment system supported by state owned banks (Himbara). This would create positive impacts for State Owned Enterprises' banks because a part from the fact that it is very cost efficient, the people would also be better served.



September 10th, 2016

The Company participated in the 2016 Indonesia Business and Development Expo organized by the Ministry of State Owned Enterprises. In this event, Company showed the readiness of digital service to accelerate and facilitate the people to obtain KPR facilities.



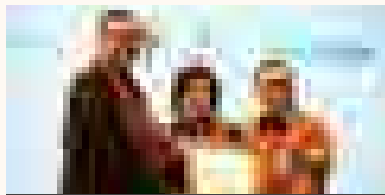
October 1st, 2016

The Company issued eRetribution to facilitate market sellers' transaction. Market eRetribution in all markets in Surabaya will be implemented electronically to facilitate the sellers in paying market retribution as well as to support non-cash campaign.



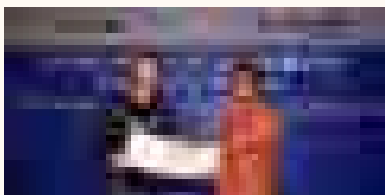
October 4th, 2016

In Company Performance Exposure As of September 30, 2016. Company Gain profit of Rp1,6 trillion or grow 32.6% yoy



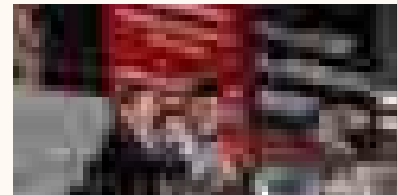
October 31st, 2016

The Company broke a record of MURI for having obtained the most SIMPEL saving clients with 306,932 new account opening all in one day. This MURI record was achieved at the same time with *Ayo Menabung* (Let's Save) campaign in commemorating the World Savings Day inaugurated by President Joko Widodo in the International Conference Financial Inclusion on October 31, 2016.



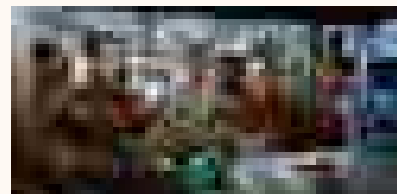
November 4th, 2016

The Company collaborated with GO-JEK in responding to market demands through GO-PAY Top Up with Bank BTN e-banking service.



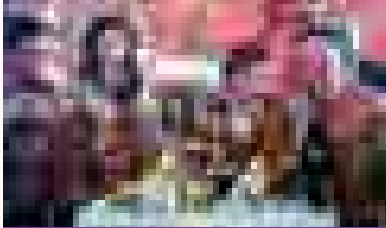
November 9th, 2016

The Company with PT Sarana Multigriya Finansial (Persero) registered asset-backed security in form of participating letter (EBA-SP) SMF-BTN 02 Class A of IDR 1 trillion at Indonesia Stock Exchange (Bursa Efek Indonesia/BEI).



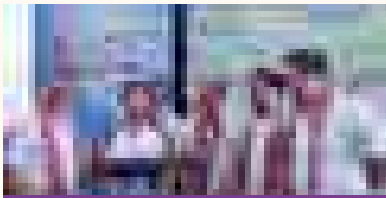
November 18th, 2016

The Company inaugurated Sriwidari Park Culinary Shelter with the Regent of Surakarta in order to govern Street Vendors previously located in the green path around Keris Museum of the Government of Solo.



December 3rd, 2016

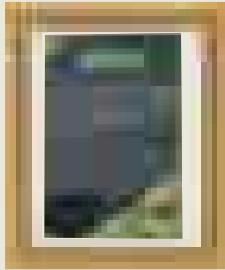
For the last 40 years Company has been distributing KPR (House Ownership Credit) for over 3,77 million houses with a credit amount of IDR 178 trillion in all of Indonesia.



December 27th, 2016

The Company inaugurated 10 *Rumah Kreatif* BUMN (RKB) (State-Owned Enterprise Creative Houses) to boost community economy, starting in Manado. Company will assist the 10 creative houses in being involved in digital economy which has positive impact to the economics of Indonesia.

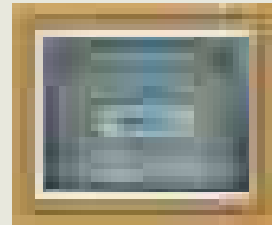
CERTIFICATIONS AND AWARDS



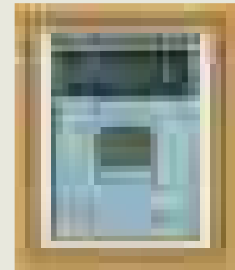
1 **12 CHOSEN CEO**
from Mens Obsession
Magazine,
Type of Awards
CEO Award,
Februari 1st 2016,
National



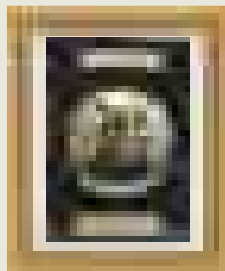
2 **BEST INDIVIDUAL
ACHIEVER CEO
STATE OWNED
COMPANY**
from Mens Obsession
Magazine,
Type of Awards
CEO Award,
March 2nd 2016,
National



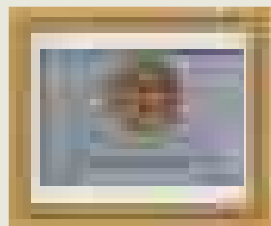
3 **1ST RANK OF
DIGITAL BRAND
SHARIA**
from *Infobank*,
Type of Awards
Digital Bank of The Year,
April 5th 2016,
National



4 **BANKING**
from Investor
Magazine,
Type of Awards
Best Listed Company,
May 3rd 2016,
National



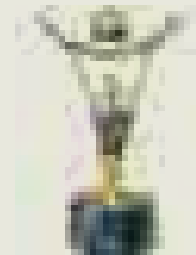
9 **BEST BANK FOR
STATE-OWNED
BANK CATEGORY**
from *Bisnis Indonesia*,
Type of Awards
*Bisnis Indonesia
Award2016*,
June 2nd 2016,
National



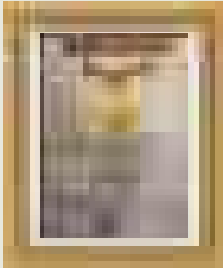
10 **BANK WITH THE
HIGHEST GROWTH
OF PROFIT**
from Investor
Magazine, Type of
Awards *Investor
Awards*,
June 2nd 2016,
National



11 **BUMN WITH THE
BEST HUMAN
RESOURCES
MANAGEMENT**
from *BUMN TRACK*,
Type of Awards 5th
Anugerah BUMN 2016,
June 3rd 2016,
National



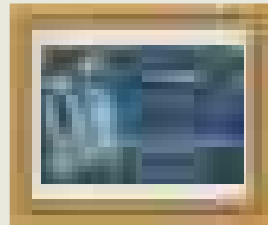
12 **CEO BUMN
WITH BEST
COLLABORATION**
from *BUMN TRACK*,
Type of Awards 5th
Anugerah BUMN 2016,
June 3rd 2016,
National



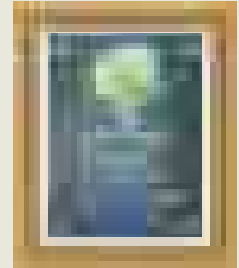
5 **HIGHEST SAVING ACCOUNT OPENINGS OF BTN SAVINGS IN ONE DAY, 40,000 ACCOUNTS**
from Museum Rekor Indonesia, Type of Awards MURI, May 20th 2016, National



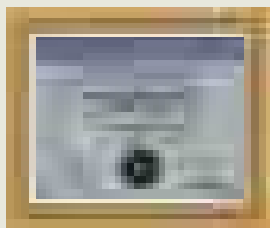
6 **THE BIGGEST CONTRIBUTOR FUNDING SHARIA UNIT BANK**
from Karim Consulting, Type of Awards Islamic Finance Award, May 25th 2016, National



7 **THE BEST SHARIA UNIT ASET >1,5 TRILIUN**
from Karim Consulting, Type of Awards Islamic Finance Award, May 25th 2016, National



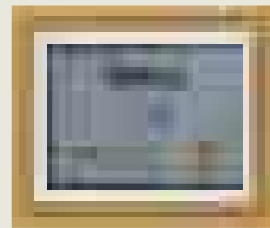
8 **THE FIRST PROPERTY PORTAL FOR DEVELOPER IN INDONESIA**
from Seputar Indonesia, Type of Awards Rekor Bisnis, May 26th 2016, National



13 **GOLD WINNER WORLDWIDE**
from LACP (League of American Communication Professionals), Type of Awards Annual Report Award, July 18th 2016, International



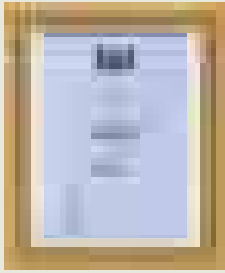
14 **LEADERSHIP FAVOURITE OF THE YEAR 2016**
from Property & Bank Magazine, Type of Awards Property & Bank Awards 2016, August 18th 2016, National



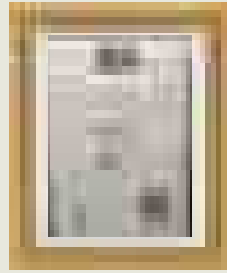
15 **PLATINUM TROPHY (VERY GOOD PERFORMANCE FOR 10 YEARS CONSECUTIVELY)**
from Infobank, Type of Awards Infobank Award 2016, August 25th 2016, National



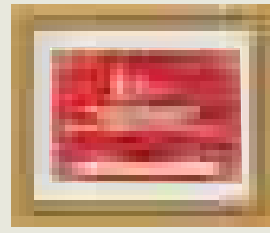
16 **BEST MID CAP (RANKED 1ST)**
from Finance Asia, Type of Awards Asia Best Companies 2016, August 25th 2016, International



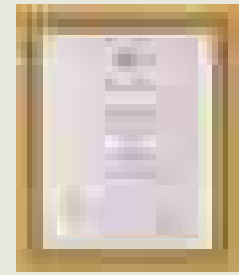
17 THE BEST CONTACT CENTER OPERATIONS (BRONZE)
from Indonesia Contact Center Association (ICCA), Type of Awards The Best Contact Center Indonesia 2016, August 25th 2016, National



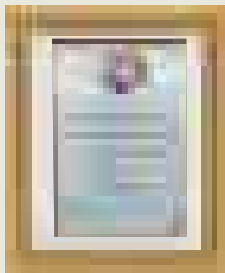
18 THE BEST BUSINESS CONTRIBUTION (BRONZE)
from Indonesia Contact Center Association (ICCA), Type of Awards The Best Contact Center Indonesia 2016, August 25th 2016, National



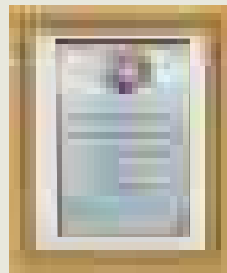
19 COMMERCIAL BANK NON BPD
from Tempo Media Group & IBS, Type of Awards The Best Sharia Business Unit, September 7th 2016, National



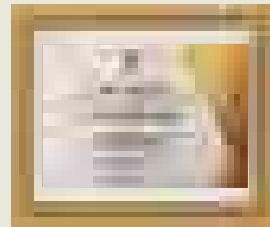
20 1ST RANK IN ANNUAL REPORT FOR BUMN KEUANGAN LISTED
from OJK, BI, IAI, Depkeu, KNKG, IDX, BUMN, Type of Awards Annual Report Award, September 27th 2016, National



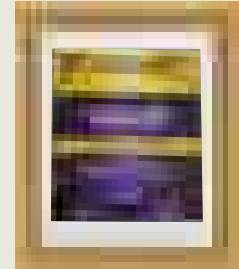
25 BUMN AWARD
from BUMN Track, Type of Awards Best CEO In Strategic Marketing BUMN, November 23th 2016, International



26 THE BEST BUMN DIGITAL BRANDING AWARD 2016
from BUMN Track, Rumah Perubahan, Arrbey, Type of Awards BUMN Branding and marketing Award 2016, November 23th 2016, International



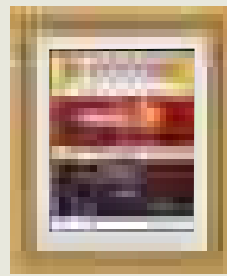
27 SIXTH RANK IN THE PUBLIC INFORMATION OPENNESS
from Komisi Informasi Pusat, Type of Awards Public Information Openness, November 23th 2016, International



28 BEST GCG FOR PERUSAHAAN TBK (PERSERO) IN INDONESIA, LEVEL : VERY GOOD (A) SECTOR : FINANCE – BANK (BUKU III – ASET > 100 T)
from Economic Review, Type of Awards Indonesia Good Corporate Governance Award – II-2016, December 7th 2016, International



21 ANUGERAH PERBANKAN INDONESIA BEST CEO OF THE YEAR
 from *Economic Review* and Perbanas, Type of Awards *Economic Review and Perbanas*, October 13th 2016, National



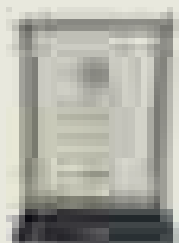
22 1ST RANK OF PERBANKAN INDONESIA KELOMPOK BUKU III
 from *Economic Review* and Perbanas, Type of Awards *Economic Review dan Perbanas*, October 13th 2016, National



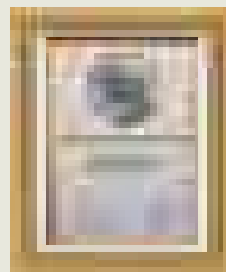
23 VERY GOOD FINANCIAL PERFORMANCE 2011-2015
 from *Infobank Magazine*, Type of Awards *INFOBANK Golden Trophy* 2016, October 20th 2016, National



24 THE BEST OVERALL
 from IICD (*Indonesian Institute for Corporate Directorship*), Type of Awards *IICD Awards* 2016, November 7th 2016, National



29 CATEGORI: TITANIUM 'EXCELLENCE IN GOVERNANCE, AND INVESTOR RELATIONS BENCHMARKING'
 from *The Asset*, Type of Awards *The Asset Corporate Award* 2016, December 15th 2016, International



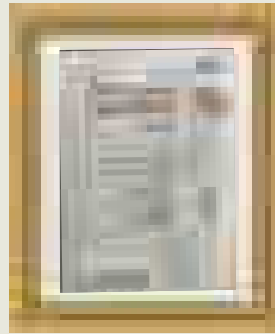
30 IICG AWARD
 from *Majalah SWA* dan IICG, Type of Awards *Most Trusted Company Based On Corporate Governance Perception Index*, December 19th 2016, National

CERTIFICATIONS



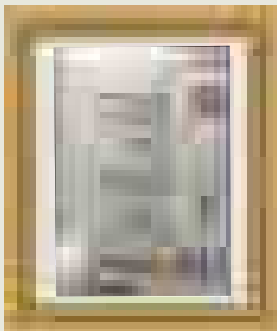
1 ISO 9001:2008
**INTERNAL AUDIT SERVICES (GENERAL,
SYARIAH AND IT AUDITS)**

from SGS Indonesia,
Unit Recipient *Internal Audit Division*,
Certificate Validity Period
August 11th 2017



2 ISO 9001:2008
**MORTGAGE PROCESSING (KPR
AND KPA NON SUBSIDI READY
STOCK) FROM APPLICATION TO LOAN
DISBURSEMENT**

from SGS Indonesia,
Unit Recipient *Non Subsidized Mortgage &
Consumer Lending Division*,
Certificate Validity Period
September 15th 2018



3 ISO 9001:2008
RISK MANAGEMENT SERVICES

from SGS Indonesia,
Unit Recipient *Risk Management Division*,
Certificate Validity Period
September 15th 2018



4 ISO 9001:2008
COMPLIANCE ASSURANCE

from SGS Indonesia,
Unit Recipient *Compliance Division*,
Certificate Validity Period
September 15th 2018

STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH,
SUPPORTING THE ACCELERATION OF **ONE MILLION HOUSES PROGRAM**





REPORT TO SHAREHOLDERS AND STAKEHOLDERS

Solidity cooperation among all organs and a strong passion to be a winner has produced a satisfactory performance of the Company in 2016. Acceleration of the Government's program 'One Million Houses' was answered quickly by the Company through business process improvements and the development of digital and electronic banking transactions, which conducted through the implementation of corporate governance of international standard.

REPORT FROM THE BOARD OF COMMISSIONERS

IN THE MIDST OF UNCONDUCTIVE GLOBAL ECONOMIC, MANAGEMENT WAS ABLE TO GIVE THE BEST PERFORMANCE. BOARD OF COMMISSIONERS APPRAISES AND CONGRATULATES THE BOARD OF DIRECTORS AND ALL THE COMPANY'S EMPLOYEES ON THE BANK'S GOOD FINANCIAL PERFORMANCE, AS WELL AS THE COMPANY'S HEALTH LEVEL WHICH REACHED COMPOSITE RANK 2 (PK-2), REFLECTING THE COMPANY'S HEALTH IN GENERAL SO AS TO FACE ANY NEGATIVE SIGNIFICANT INFLUENCES FROM THE CHANGES IN BUSINESS CONDITION AND OTHER EXTERNAL FACTORS.

Dear Shareholders and Stakeholders,

Praise be to God Almighty, that we can carry out the supervisory mandate and provide advice throughout 2016. Please allow me to represent the Board of Commissioners in delivering the supervisory and advisory implementation for the Company's management by the Directors throughout 2016.

As the Company's Articles of Association mandate, Board of Commissioners is a part of the Company's body to conduct general and/or extraordinary supervision, as well as to provide advice to the Directors. Board of Commissioners conducts supervision on the management policy, the execution of management in general, both related to the Company and about the

Company's business, and provide advice to the Directors in the framework of the Company' and Shareholders' interest, as well as the stakeholder. This is to ensure the Company is managed by Directors in line with the expectation of the Shareholders, and in line with the good governance.

In carrying out their duties, the Board of Commissioners always strives to ensure the Company is governed in line with the interests and means and purposes of the Company itself. To maintain objectivity and independency in conducting the duties, Board of Commissioners is not involved in the operational decision-making of the Company, except for things arranged and set forth in the Company's Articles of Association and rules and legislations.



I Wayan Agus Mertayasa
President Commissioner/Independent

To support the implementation effectivity and their responsibilities, the Board of Commissioners is assisted by Audit Committee, Remuneration and Nomination Committee, and Risk Monitoring Committee. The duties and authorities of the supporting committees of the Board of Commissioners are defined clearly, as to function effectively in assisting the Board of Commissioners.

In this report, the Board of Commissioners submits assessment of the Directors performance, view on the business prospects, assessment on the supporting committees of the Board of Commissioners, and composition change of the Board of Commissioners.

In carrying out the Bank operational in 2016, the Board of Commissioners always directs the Directors to focus on the housing financing, especially subsidized housing in order to support the government's one million houses program, and other business sectors related to the housing industry. In addition, the Board of Commissioners always supervises and advises the Directors to implement good corporate governance, risk management, and strengthen internal control persistently in order to achieve the vision, i.e. become the leading bank in housing financing.

ASSESSMENT ON DIRECTORS' PERFORMANCE 2016

In the midst of global and domestic economic condition that is not too conducive, the management is able to achieve good financial performance, as follows:

The fee based income increased by 15.27%, from IDR 1.13 trillion in 2015 to IDR 1.30 trillion in 2016. The Company's net income increased by 41.49%, from IDR 1.85 trillion in 2015 to IDR 2.62 trillion in 2016. Return on Asset / ROA reached 1.76% and Return on Average Equity / ROAE reached 18.35%. Capital structure is maintained with the Capital Adequacy Ratio / CAR amounted to 20.34%, higher than the regulator rules. NPL Gross rate is decreasing from 3.42% in 2015 to 2.84% in 2016.

The Company's assets in 2016 reached IDR 214.17 trillion, increased by 24.66% from the previous year

which was IDR 171.8 trillion. Loan and funding of the Company reached IDR 164.45 trillion or increased by 18.34 % from 2015, which was IDR 138.96 trillion. The Company's Third Fund Party was recorded amounted to IDR Rp159,99 trillion or increased by 25.28% from 2015, which was IDR 127.71 trillion. In line with the Company's strategy to improve small cost fund, the third party fund growth mostly came from the demand deposit which grow to 46.15%.

BBTN Shares per December 31st 2016 was closed in the range of IDR 1,740 which increased by 34.36% from the 2015 position, IDR 1,335, and market capitalization increased from IDR 13.70 trillion to IDR 18.43 trillion. Sharia Business Unit achieved positive performance too. The total assets in 2016 reached IDR 18.13 trillion or increased by 36.60% from 2015 position which was IDR 13.27 trillion. Meanwhile, in the funding sector, IDR 14.22 trillion was recorded, or increased by 26.74% from 2015, which was IDR 11.22 trillion. The funding from third party was recorded amounted to IDR 15.03 trillion or increased by 35.35% from the 2015 income which was IDR 11.11 trillion. Meanwhile, the profit recorded by the Company's Sharia Business Unit reached IDR 377.42 billion or increased by 44.98% from the profit in 2015, which was IDR 260.33 billion.

On the financial performance achievement, the Board of Commissioners highly appraises and congratulates the Directors as well as every level of the Company. Board of Commissioners hopes that the financial performance achievement can be maintained and improved in the future.

BANK STRATEGY IMPLEMENTATION SUPERVISION

In carrying out supervision, in 2016 the Board of Commissioners is actively utilizing the committees function reporting directly to the Board of Commissioners, to review work program, work program implementation, financial performance, internal audit reports, external auditor and/or regulator, as well other reports available, periodically. The review will be reported and discussed in the Board of Commissioners Internal Meeting. Some issues that concerned the Board of Commissioners will be discussed by Board of Commissioners along with Directors and/or Director of

the Unit related to the issues discussed. The discussion result with the Directors or Director of the Unit will be followed up formally with Board of Commissioners' letter.

In 2016, the Board of Commissioners has held 15 Joint Meetings between the Board of Commissioners with Directors, 16 Consultation Meetings between the Board of Commissioners with Director of Unit related, and 40 Board of Commissioners' Internal Meetings. Related to that, in 2016, the Board of Commissioners has given directions and advices in the form of 68 letters, consists of 13 letters on Strategy, Risk Management and Compliance; 25 letters on loans; 6 letters on funding; 8 letters on Human Resources Management; 8 letters on Financial Performance, 7 letters on Internal and External Audit and Internal Control; and 1 letter on Information Technology.

To summarize, we are proud to say that Board of Commissioners always steers the Directors to refine the business process end to end, improve the Bank's prudence principles, improve the good corporate governance and risk management, with the purposes to make the Company grow and be profitable and healthy, simultaneously.

VIEW ON BUSINESS PROSPECTS

Board of Commissioners believes the Company's business prospect ahead is very bright, with loan growth above the average of the growth of national banking credit industry, because there is housing backlog in Indonesia in big amount, and the increase in the public's income, and last but not least, the government's commitment to realize one million houses program. With experience and competence as the bank that focus on housing, and earnest effort to enhance the business process, risk management, and strong good corporate governance, information technology, and corporate work culture, the Company will be able to grow healthy and continuously.

In order to achieve the future business prospect and transformation implementation phase II, the Board of Commissioners commits to always direct and supervise the implementation to achieve transformation phase

II, and set strong foundation for long-term plan achievement, formulated by the Company until 2025.

GOOD CORPORATE GOVERNANCE IMPLEMENTATION

In line with Bank Indonesia Regulation No. 8/4/PBI/2016 jo. Bank Indonesia Regulation No. 8/14/PBI/2006 and Bank Indonesia Circular Letter No. 15/15/DPNP dated April 29th 2013 on GCG Implementation for Commercial Banks, the Company has conducted self-assessment on the GCG implementation. Self-Assessment in 2016 resulted in the Company obtaining composite rate of the GCG implementation of 2, or in good category.

Board of Commissioners believes the corporate governance structure in the Company is very good and is able to support profitable and sustainable Company's growth.

Board of Commissioners always encourage management to execute the best practice in the corporate governance implementation. In implementing the best GCG practice consistently, it is believed that it will guarantee the Bank's healthy and sustainable growth.

RISK MANAGEMENT AND INTERNAL CONTROL

Board of Commissioners thinks the risk management structure in the Company is already good. Throughout 2016, the Board of Commissioners always advises Directors to consistently implement risk management **practice** in line with the structure agreed upon, and **improve** the Bank Internal Control. The Company's internal control system is in line with Bank Indonesia Regulation and the Implementation Standard for Audit Internal Function in Commercial Bank, in order to reduce financial loss risk, abuse, and violation against the prudence principles.

The risk assessment results in 2016 shown the **risk composite** rating was in the low to moderate rate.

WHISTLEBLOWING SYSTEM MANAGEMENT

The Board of Commissioners understands that the settlement of the report of violation by the stakeholders is one of the efforts of improving the protection and assurance for stakeholders' rights in establishing relation with Company. Therefore, the Board of Commissioners highly supports the implementation of Whistleblowing System mechanism. Reports received from the mechanism require attention and follow-up, including proper imposition of punishment to give deterrent effect for the violators as well as those intending to commit such violations.

In general, the Board of Commissioners has assured that the Whistleblowing System management at Company ran as expected. Company has established and improved the Whistleblowing System Policy as the guidelines for violation report handling. To encourage effectiveness in its implementation, Company established an Anti-Fraud Team to manage and socialize the system continuously. Whistleblowing System implementation is regularly monitored for its effectiveness and reported annually by the Board of Directors through the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION

The Board of Commissioners is aware that the Company as Public Bank, with The Government of the Republic of Indonesia as the biggest shareholder, is instrumental in CSR to help the public communities in need, i.e. for natural disaster, education, and/or training, health improvement, infrastructure development and/or public facilities, places of worship, nature conservation, and social helps for poverty eradication. But it should be noted that the Company has limited CSR fund, hence the disbursement will be conducted selectively and precisely. We assessed that in 2016, the Directors had realized numerous CSR program very well and in an orderly manner.

CSR Program conducted is not only to improve the Company's reputation, but also to create harmonic relationship between the stakeholders. Through CSR Program, the Board of Commissioners support fully the the Company roles in the effort to contribute the nation solution such as the economy, poverty, ad inequality, security and safety problem solving, improved quality of humanity, consideration of natural resources uses in a responsible manner and in the support to preserve the

BOARD OF COMMISSIONERS' COMPOSITION CHANGE

The change in management is the GMS authority based on the recommendation of Remuneration and Nomination Committee, with purpose to strengthen the Company's organizational structure. In 2016, there were a few changes in the Board of Commissioners' Composition.

1. Extraordinary General Meeting of Shareholders (EGMS) 2016 dated January 7th 2016 decided to change the Board of Commissioners' composition as follows:
 - To discharge honorably Ms. Catherinawati Hadiman as Independent Commissioner.
 - To appoint Mr. I Wayan Agus Mertayasa as President Commissioner/Independent and Mr. Maurin Sitorus as Commissioner.
 - To transfer Mr. Lucky Fathul Aziz H from Commissioner to Independent Commissioner
2. Annual General Meeting of Shareholders (AGMS) 2016 dated April 12th 2016 decided to change the Bank BTN Board of Commissioners' composition as follows:
 - To discharge honorably Mr. Fajar Harry Sampurno as Commissioner.
 - To appoint Mr. Iman Sugema as Commissioner

The appointment and transfer which is effective after the approval of the FSA on the fit and proper test and meet the regulations in force.

Board of Commissioners interprets the composition decided by the shareholders as the best for Company. We assessed that all Board of Commissioners have been able to maintain solidity and carry out their functions well. This is reflected in the active role of every member of Board of Commissioners in giving supervision and advices to the management, as to deliver Company's performance to achieve satisfactory level.

PERFORMANCE ASSESSMENT FOR COMMITTEE REPORTING DIRECTLY TO BOARD OF COMMISSIONERS

As a financial institution that emphasizes prudential principles, the Board of Commissioners always provides directive to improve corporate governance aspects, one of which is conducted by complying with the prevailing rules and legislations. In carrying out their functions and duties, the Board of Commissioners is assisted by 3 Committee, i.e. Audit Committee, Risk Management Committee, as well as Nomination and Remuneration Committee.

In carrying out their duties, the Committees equipped the guidelines and work program as references in the tasks implementation in the coming year. Throughout 2016, the Board of Commissioners assessed the roles, functions, and recommendations given by the Committee as effective, and has contributed to the Board of Commissioners in carrying out their supervisory function and providing advices to the Directors.

AUDIT COMMITTEE

Throughout 2016, the Audit Committee has conducted a total of 17 (seventeen) meetings attended by at least 51% (fifty-one percent) of the total members, including Independent Commissioner and Independent Party, and has carried out its functions, i.e.:

1. to supervise and evaluate the planning and execution of audit as well as to supervise the follow-up of audit result in order to assess the adequacy of Financial Reporting Process.

2. to evaluate the human resources, organization structure, planning, internal audit report, and follow-up after the findings
3. to discuss the Annual Audit Plan with IAD.
4. To review the Audited Financial Statement per December 31 st 2015, and Bank Publication Report issued every quarter.
5. to provide recommendation at the appointment of Public Accountant and Public Accountants Firm in accordance with the prevailing rules and legislations to the GMS through Board of Commissioners.

REMUNERATION AND NOMINATION COMMITTEE

Throughout 2016, the Remuneration and Nomination Committee has conducted a total of 10 (ten) meetings in a year attended by at least 51% (fifty-one percent) of the total members, including Independent Commissioner and Independent Party, and has carried out its functions, i.e.:

1. To evaluate the remuneration policy for:
 - Board of Commissioners and Directors, as well as to submit it to GMS
 - Executive Officers and Employee, submitted to Directors
2. To recommend the Board of Commissioners and/or Board of Directors candidate to be submitted on GMS
3. To coordinate the Promotion and Mutation of Employees, Human Capital Development, Employee's Training, and Employee's carrier path policies.
4. To discuss Strategic Issues and Concern Human Capital Management

RISK MONITORING COMMITTEE

Throughout 2016, the Risk Monitoring Committee has conducted a total of 12 (twelve) meetings attended by at least 51% (fifty-one percent) of the total members, including Independent Commissioner and Independent Party, and has carried out its functions, i.e.:

1. To collect data and information as well as to evaluate the Bank's risk management policy which should consists of at least: Loan Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk
2. To conduct evaluation on the conformity between the Bank's risk management policy and the implementation of the policy.
3. To monitor and evaluate, and conduct evaluation on Risk Management Committee's duties and Risk Management Unit.
4. To empower the Company's risk management function.

FREQUENCY OF DIRECTIONS AND ADVICES FROM THE BOARD OF COMMISSIONERS

In carrying out supervisory function and providing advices, as well as follow up, the Board of Commissioners shall conduct these activities in the forum of consultation meetings in between Board of Commissioners and Directors of Unit related, and in the Board of Commissioners Joint Meetings with the Directors, as mentioned above.

CONCLUSION

On this occasion, let us, as the Board of Commissioners, expressed our gratitude to the shareholders and stakeholders, for their support and trust given to us in carrying out the supervisory function and directives for the management of Company. We also appraise the Board of Directors and all employees highly for their hard work, creation, and dedication that brought the Company to achieve good performance in 2016. With stronger togetherness, the Board of Commissioners are optimistic that the Company is able to face the opportunities and challenges in the future.

On Behalf of the Board of Commissioners
Jakarta, February, 2017



I Wayan Agus Mertayasa
President Commissioner/Independent



Photo Caption (left to right)

Mr. Kamaruddin Sjam - Mr. Iman Sugema - Mr. Lucky Fathul Aziz H - Mr. I Wayan Agus Mertayasa –
Mrs. Sumiyati - Mr. Arie Coerniadi - Mr. Maurin Sitorus

BOARD OF COMMISSIONERS' PROFILES



I Wayan Agus Mertayasa

President Commissioner/Independent

First Appointment Basis:

Appointed as President Commissioner/Independent on Extraordinary General Meeting of Shareholders (GMS) 2016 PT Bank Tabungan Negara (Persero) Tbk dated January 7th 2016, and declared effective by Financial Services Authority (OJK) on April 6th 2016. He had special assignment as Member of Audit Committee, Member of Risk Monitoring Committee, and Chairman of Remuneration & Nomination Committee since April 25th 2016 – now.

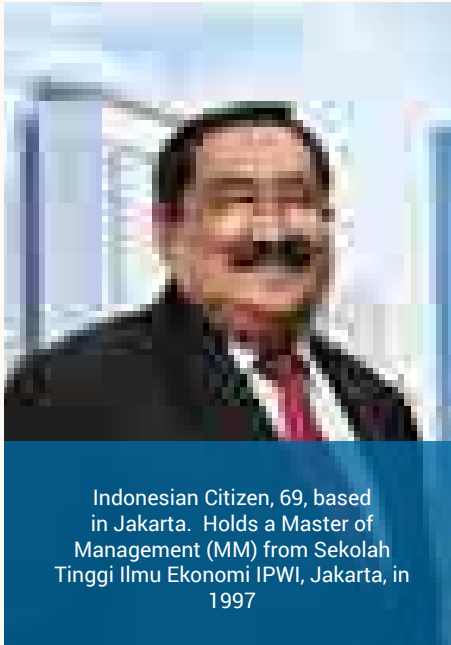
Career:

He started career in 1973 as Credit Analyst at Headquarters Bank Bumi Daya-Position Up to occupy a position as General Manager in Bank Bumi Daya Los Angeles Agency (USA) (1991-1992), Chief Executive in Bumi Daya Finance Hongkong (1992-1993), General Manager in Bank Bumi Daya New York (1993-1994), Director of Bank Pembangunan Indonesia (1994-1999), EVP and/or Director of PT Bank Mandiri (Persero) Tbk (1999-2005), Vice President Director PT Bank Mandiri (Persero) Tbk (2005-2010), Chairman Non-Executive Director, Bank Mandiri (Europe) Limited, London UK (2010-2015).

Training attended, namely:

In addition to attending various training and seminars in the country, He also attended various leadership courses including: London Business School and SRW & Co. in London, England in September 2016, Global Strategic Management (Harvard Business School) in Boston, USA in June 2009, New Challenges, New Solution (Harvard Business School) in Boston, USA in July 2008 and Game Negotiations & Competitive Decisions (Harvard Business School) in Boston, USA in August 2003, and several Management development in finance and law Hongkong, Singapore, New York and Champaign Urbana Illinois USA.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Kamaruddin Sjam

Independent Commissioner

First Appointment Basis:

Appointed as Independent Commissioner on Annual General Meeting of Shareholders PT Bank Tabungan Negara (Persero) Tbk dated March 24th 2015, and declared effective by Financial Services Authority (OJK) on June 29th 2015. He had special assignments as Chairman of Audit Committee since September 9th 2015 until now, and Member of Remuneration & Nomination Committee since November 1st 2016 – now.

Career:

He had a few strategic positions, namely, Member of Commission IX of The House of Representatives (2009-2014) and Director of Supervision Agency in Finance and Development Supervision Body (2002-2007).

Training attended, namely:

He had attended numerous training program, such as Benchmarking and Workshop Enterprise Risk Management in London, UK, on April 2016; Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration in Stockholm, Sweden, on September 2016; ECIIA European Conference Paris France & On Site Learning on September 2015, Seminar National IIA Conference on August 2015; Sekolah Pimpinan Administrasi Tingkat Tinggi (SPATI) by BPKP and LAN in 2002; Study Tour Program in Guangzhou and Shenchen, China, in 2002; and Short Term Training Programme on Auditing Objectives and Methods Applied to Public Sector (Performance Audit) in Marseille, France, 1999.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Arie Coerniadi

Independent Commissioner

First Appointment Basis:

Appointed as Independent Commissioner on Annual General Meeting of Shareholders PT Bank Tabungan Negara (Persero) Tbk dated March 24th 2015, and declared effective by Financial Services Authority (OJK) on June 29th 2015. He had special assignments as Chairman of Risk Monitoring Committee since July 3rd 2015, and Member of Remuneration & Nomination Committee since April 25th 2016.

Career:

He had a few strategic positions, such as Vice President in NISP Securities (2010-2015), Group Head Vice President in Indonesian Bank Restructuring Agency (2010-2014), and Vice President in Indonesia Central Securities Depository (1998-2000), as well as Chief Finance Officer in Sarana Global Indonesia (2011-2016).

Training attended, namely:

He had attended numerous training program such as Mobile World Congress, for Mobile Payment Solution and Mobile Banking including Mobile Ekyc on February 2016 in Barcelona, Spain; Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration on September 2016 in Stockholm, Sweden; Financial Market Operation at New York Institute of Finance in New York, 1998; Securities Lending and Borrowing in Amsterdam in 1996; and Global Custodian Services by State Street in Sydney, 1995

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Indonesian Citizen, 60, based in Jakarta. Holds a Master of Art (MA) in Development Economics from Boston University, Massachusetts, USA, in 1985. In 1991, he earned a Master of Science (MS) from Universitas Hasanuddin, Makassar

* Pass the Fit & proper Test OJK and effective as Commissioner as of July 27, 2015. Based on the result of the resolutions of the Company's Extraordinary General Meeting on January 7, 2016, he has becomes the Board of Commissioner Independent from Commissioner and effective immediately after approval from OJK for the fit and proper test, and meet the prevailing rules and legislations

Lucky Fathul Aziz H

Commissioner*

First Appointment Basis:

Appointed as Commissioner on Annual General Meeting of Shareholders PT Bank Tabungan Negara (Persero) Tbk dated March 24th 2015, and declared effective by Financial Services Authority (OJK) on July 27th 2015. He had special assignments as Member of Risk Monitoring Committee since September 9th 2015 until now, and Member of Remuneration & Nomination Committee since September 9th 2015 – now.

Career:

He had a few strategic positions, such as President Director of OJK Pension Fund (2015 – 2016 Period), Strategic Management Deputy Commissioner 1B in OJK (2012 – 2014). Prior to that, he was Chief Representative of Bank Indonesia Region VI in Bandung (2010-2012), and Chief Representative of Bank Indonesia in New York (2007-2010).

Training attended, namely:

He had attended numerous training program such as The IIA International Conference 2016 on July 2016, New York and Washington DC, USA; International Enterprise Risk Management Benchmarking in Barcelona, Spain, 2015; Leading and Managing People: Power and Relationships by Wharton Business School University of Pennsylvania in 2014; A New Era of Conduct Supervision: Consequences, Challenges, and Opportunities by OJK, AusAID dan The World Bank, in Bali, 2014; Workshop on Banking Supervision Indonesia FSA–Japan FSA by OJK and Japan FSA in 2014; and Strengthening the Asian Financial Sector Toward Sustainable and Inclusive Growth by ADB Institute in Japan, 2013.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Sumiyati

Commissioner

First Appointment Basis:

Appointed as Commissioner on Annual General Meeting of Shareholders (GMS) PT Bank Tabungan Negara (Persero) Tbk dated September 2nd 2015, and declared effective by Financial Services Authority (OJK) on February 22nd 2016. He had special assignments as Member of Audit Committee since April 25th 2016 – now.

Career:

Currently serves as Head of Financial Education and Training Agency (BPPK) of the Ministry of Finance (2015-present). Prior to that, she was the Head of Financial Planning Bureau, Secretariat General of Ministry of Finance in 2009-2015, and Commissioner of PT Jiwasraya (Persero) in 2012-2015.

Training attended, namely:

She had attended numerous training program such as London Business School and SRW & Co on September 2016 in London, UK; Enterprise Risk Management in Japan, 2015; Enhancing The Strategy Management System Forwards Obtaining Break Through Results, in Jakarta, 2014; High Performance Leadership in England, 2012.

She is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Maurin Sitorus

Commissioner

First Appointment Basis:

Appointed as Commissioner on Extraordinary General Meeting of Shareholders (EGMS) PT Bank Tabungan Negara (Persero) Tbk dated January 7th 2016, and declared effective by Financial Services Authority (OJK) on June 6th 2016. He has special assignments as Member of Audit Committee and Member of Remuneration & Nomination Committee since November 1st 2016 – now.

Career:

Currently as Director General of Financing Housing Ministry of Public Works. Previous As Secretary of Directorate General of Debt Management, Directorate General of Management Debt, Ministry of Finance of Republic of Indonesia in 2014, and Head Regional Office of the Directorate General of Treasury of Bengkulu Province, DG Treasury, Ministry of Finance.

Training attended, namely:

He had attended numerous training program such as Impact Evaluation and Use of Monitoring & Evaluation in Performance Based Planning Budgeting in Shanghai, China, 2010; Economic Development Strategy and Market in Japan and South Korea, 2002; Macro Economic Modeling in Den Haag, Netherlands, 2002.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Based on the decision of the AGM of the Company dated 12 April 2016 concerned a Commissioner, which became effective after the approval of the FSA on the fit and proper (fit and proper test) and meet the regulations in force.

Iman Sugema

Commissioner

First Appointment Basis:

Appointed as Commissioner on Annual General Meeting of Shareholders (GMS) PT Bank Tabungan Negara (Persero) Tbk dated April 12th 2016, and declared effective by Financial Services Authority (OJK).

Career:

Executive Chairman, EC-Think Indonesia (Economic Think Tank), Corp. (2010 - present); Director, Inter-CAFE (International Center for Applied Finance and Economics), Bogor Agricultural University (2005-2013); Senior Economist, Inter-CAFE (International Center for Applied Finance and Economics), Bogor Agricultural University (2005 - present); Senior Economist, INDEF (Institute for Development of Economics and Finance) (2002 - present); Senior Economist ISEI (Indonesian Economist Association) (2002 - present).

Training attended, namely:

He had attended numerous training program such as ERMA Bali International Conference On Enterprise Risk Management on December 2016 in Denpasar, Bali; Provision Test of Risk Management Level 1 and 2 in Jakarta, 2016.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



SHARIA SUPERVISORY BOARD PROFILES





Indonesian Citizen, 78, based in Jakarta. Finished his Bachelor degree from Sharia Faculty University Al Azhar, Cairo, Egypt, and Ushuluddin Faculty, IAIN Syarif Hidayatullah, had studied at Macquary University, Sydney, Australia

Ahmad Nazri Adlani

Member of Sharia Supervisory Board

Serves as Chairman of Company Sharia Supervisory Board since February 15th 2005. He was active in the military sector and he is a Veteran Brigadier General of National Armed Forces of Indonesia. He served as Rector of IAIN of North Sumatera from 1987 to 1996, Vice President of MPR RI from Group Representatives Fraction for Period 1999-2004, after being a Member of MPR RI for Period 1997-1998, General Secretary of Majelis Ulama Indonesia for Period 1995-2000, Chairman of Foreign Relations Commission of MUI for Period 2000-2005, Chairman of Inter-Religion Harmony MMUI Period 2005-2014, and Vice President General of Majelis Ulama Indonesia for Period 2010-2015; He co-founded the National Sharia Council MUI and developed the Islam economic in Indonesia. Currently, he serves as Advisory Council MUI 2016 - 2021 and as a member of the Plenary Session of National Sharia Council - MUI, Chairman of the Supervisory Board of Mega Finance Sharia and member of Sharia Supervisory Board for Sinar Mas Sharia Insurance. SUSBINMINU military education was obtained from the Department of Defence, SUSLAPA IF VII (School of Infantry Officer AD) Bandung and at SUSCADOS BINTAL ABRI (Course Lecturer Candidates for Mental ABRI) Jakarta. He attended Ijtima' Samawi (Sharia Forum held by National Sharia Council/DSN) in Jakarta, dated 8 – 9 December 2016.

He serves as Chairman of the Sharia Supervisory Board, by the Board of Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 927/DIR/2013 dated December 27th 2013 on The Extension of Sharia Supervisory Board Tenure of PT. Bank Tabungan Negara (Persero), commencing January 1st 2014 until December 31st 2016.



Indonesian Citizen, 49, based in Jakarta. Finished his Bachelor degree in Sharia Faculty IAIN Jakarta in 1991, earned an MBA from IPWI Jakarta in 2000, and MH from STIH IBLAM in the Law major in 2003, and holds a Ph.D. of Islamic Economic and Finance, from Universitas Trisakti in 2015

DR.H. Mohammad Hidayat

Member of Sharia Supervisory Board

Serves as member of Bank BTN Sharia Supervisory Board since February 15th 2005.

He is active as lecturer in several Post Graduate Colleges: Department of Middle East and Islam at Universitas Indonesia, Islamic Economic and Finance Universitas Trisakti, and is still active in Indonesia Banking School till today.

He has attended numerous training, such as BPKP-PIA Basic Internal Audit 1999, Instruktur Islamic Economic Study BI - Airlangga University - BMI 1999, Sharia Board Certification Certification by National Sharia Board of MUI and Financial Services Authority 2014, 2015 and 2016, and Ijtima Event 'Samawi (Sharia Supervisory Board Forum held National Sharia Council / DSN) in Jakarta on 8 - 9 December 2016.

Currently, he is active as an Instructor in Indonesian Banking Development Institute, Expert Council of Islamic banking, the Board of Trustees of the Association of Indonesian Islamic Insurance, Member of the Association of Islamic Economics, and Management of Sharia National Council MUI. He is known as a mubaligh and is currently listed as Khatib in the Presidential Palace of the Republic of Indonesia and the Office of the Vice President of the Republic of Indonesia since 1998 and Bank Indonesia since 2003.

He serves as a Member of the Syariah Supervisory Board by decree of the Board of Directors of PT. Bank Tabungan Negara (Persero) SK No. 927 / DIR / 2013 dated December 27, 2013 on the extension of the Syariah Supervisory Board Work Period of PT. Bank Tabungan Negara (Persero), commencing January 1, 2014 until December 31, 2016.



Indonesian Citizen, 52, based in Jakarta. Finished his bachelor from Faculty of Agriculture Universitas Padjadjaran Bandung in 1989

Muhammad Syakir Sula

Member of Sharia Supervisory Board

Serves as member of Company Sharia Supervisory Board since July 19th 2010. He is also a Member of KPJKS-OJK (Sharia Financial Services Development Committee – Financial Services Authority) 2014-Present, Chairman of V MES (2015-Present), DSN Board MUI-National Sharia Board MUI (2005-Present), and Sharia Jamkrindo Commissioner (2015-Present).

In addition, he serves as Sharia Supervisory Board (DPS) in Panin Life Sharia, Central Asia Raya Sharia, National Re Sharia, since 2007. Prior to that, he was Deputy Public Relations Indonesian Waqf Board (BWI) 2008-2014, Member of the KSP-BI (Sharia Banking Committee - Bank Indonesia) 2008-2012, CEO Batasa Tazkia Consulting (2006-2007), Advisor to the Board of Directors of Bank Muamalat (2005-2006), and Director of Marketing and Operations of Takaful Insurance (1999-2005). In the professional organizations field, he was Chairman of AASI – Indonesia Sharia Insurance Association (2003-2007), Chairman of the IIS - Islamic Insurance Society (2007-2012), Vice Chairman of IAEI – Association of Islamic Economics (2005-2010), Chairman of PKES – Communication Centre of Islamic Economics (2008-2013), Chairman of the IAEI III (2010-2015), Board of MUI (2005-2015), Secretary General of MES – Islamic Economic Society (2005-2015).

He is one of Sharia Insurance Expert in Indonesia with designated title of AAIJ (Indonesia Life Insurance Expert), FIIS (Fellow of Islamic Insurance Society), QIP (Qualified Practitioner), and CRGP (Certified in Risk Governance Professional). He has attended numerous training, such as Workshop of Islamic Banking, International Banking and Sharia Finance Training, Bank Insurance Training, Training Quality Management System Training – BNSP, Assessor Competency Training – BNSP, Ijtima' Samawi (Sharia Forum held by National Sharia Council/DSN) in Jakarta, 8 - 9 December 2016, Executive Training on Islamic Banking (KCI), Sertifikasi DPS Asuransi (OJK/DSN-MUI), Sertifikasi DPS Penjaminan (OJK), dan terakhir Sertifikat Kompetensi – Level 1 Komisararis (LSPP/BNSP), Sertifikat Kompetensi – Level II Komisararis (LSPP/BNSP).

He serves as Chairman of the Sharia Supervisory Board, by the Board of Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 397/DIR/2015 dated June 30th 2015 on The Extension of Sharia Supervisory Board Tenure of PT. Bank Tabungan Negara (Persero) Tbk, commencing July 18th 2015 until December 31st 2016.

REPORT OF THE BOARD OF DIRECTORS

COOPERATION SOLIDITY IN BETWEEN EVERY BODIES, AS WELL AS STRONG SPIRIT TO BE THE WINNER HAS RESULTED IN THE COMPANY SATISFYING PERFORMANCE IN 2016. THE COMPANY SUCCESSFULLY ACHIEVED CREDIT GROWTH AMOUNTED TO 18.34% WITH A BETTERING NON-PERFORMING LOAN ON THE LEVEL OF 2.8% IN THE MIDST OF THE SLOWNESS OF CREDIT GROWTH AND PRESSURE ON THE NON-PERFORMING LOAN FOR THE NATIONAL BANKING. THE CONTINUOUS GROWTH IS TO SUPPORT THE ACCELERATION OF "SEJUTA RUMAH" (ONE MILLION HOUSES) PROGRAM. THE CONTINUOUS GROWTH IS CONDUCTED THROUGH INTERNATIONAL STANDARD CORPORATE GOVERNANCE.

Dear Shareholders and Stakeholders,

Praise be to God Almighty, because of His abundant blessing and grace, we can lead the Company through 2016 with delightful results, even in the midst of Economic uncertainty.

2016 marks an important achievement to lead and maintain the Company's growth in the future.

We improve and refine the financial, business, and operational aspects, to ensure the achievement of continuous performance. Therefore, on this auspicious occasion, we would like to present the Directors' report on the Company's management throughout 2016.



Maryono
President Director

MACROECONOMI OVERVIEW: DOMESTIC ECONOMY GROWTH IS BETTER

Until the end of 2016, the global economy was still marred with uncertainty. In one hand, the United States economy has shown improvement with better economic growth, with stable unemployment rate and increase of inflation. But on the other hand, the economic growth of the European country and Japan are still limited. The world economic growth in 2016 was projected to be at 3.1%, or lower than the achievement in 2015, which was 3.2%.

The world economic turmoil certainly suppresses the growth of domestic economy. Nevertheless, Indonesia managed to maintain the momentum of economic growth with strong fundamental as a result of good economic policy coordination between the Government, Bank Indonesia, and other institutions.

The result is shown by the Indonesian economic growth, that successfully increased from 4.88% in 2015 to 5.02% in 2016. The achievement is supported by the controlled inflation rate amounted to 3.02%, which was the lowest inflation rate since 2010. The Rupiah exchange rate against United States Dollar was recorded amounted to IDR 13,473 at the end of 2016, or decreasing compared to the previous year, which was IDR 13,785. Current account deficit is maintained well, it decreased from USD 17.5 billion (2.0% from Gross Domestic Product/PDB) in 2015 to USD 16.3% (1.8% from PDB) in 2016. Even though Indonesia was exposed to negative market sentiment that caused the outflows of domestic capital market, overall, foreign investors still consider Indonesia as an attractive investment country. This is proven by the foreign direct investment amounted to IDR 396.6 trillion in 2016, an increase from IDR 365.9 trillion in 2015.

To add more credibility to National Budget (APBN), the Government successfully conducted tax amnesty program. In 2 (two) period of the program, the first period in 1 July - 30 September 2016; and the second period

in 1 October – 31 December 2016; the Government successfully accumulated fresh capital in the form of tax income amounted to IDR 103 trillion, which was from the asset repatriation fund of IDR 139 trillion and assets declaration amounted to IDR 3,131 trillion. The success in accumulation of fund through tax amnesty brought fresh air for the Government to strengthen the infrastructure development budget which is a priority.

The low inflation rate encouraged Bank Indonesia to lower the interest rate (BI rate) amounted to 150bps throughout 2016. This decrease encouraged the banks in the country to suppress their fund, that in the end, successfully lower the loan interest rate. In addition, on August 19th 2016, Bank Indonesia introduced new reference for interest rate, i.e. BI 7-day repo rate. This decision was made so that the interest policy can influence the money market, banking, and real sectors. The BI 7-day repo rate as a new reference has a stronger relationship with the money market interest rates, that are transactional in nature and boosts financial market deepening.

To even lower the banking financing fee, in March 2016, the Financial Services Authority (OJK) decreased the cap for third fund party interest. The interest rate cap for commercial bank in the group of business fund (BUKU) III is set at 100bps over the BI rate. Meanwhile, the BUKU IV bank is set to be maximum of 75bps over the BI rate.

Nevertheless, even though BI and OJK already implemented accommodative monetary policy by lowering the interest reference rate and maximum cap of the interest, this policy transmission on the loan growth is still slow. The banking loan growth in 2016 was only 7.87% (yoy) or lower than the previous year which was 10.44%. Meanwhile, the Third Party Fund grew, it increased to 9.60% in 2016, higher than 2015 which was 7.26%. Slow economy as well as pressure on the non-performing loan made the demand for loan extremely limited in 2016. But, the national banking condition is still solid with loan risk, liquidity, and stable market, and supported by the capital adequacy ratio

that is still able to maintain the overall banking industry.

The Government conducted relaxation on the housing sector that became the Company's business focus. One way is to publish Paket Kebijakan Ekonomi XIII, which focuses on the acceleration of house supply for Low Income Communities (MBR). Through this Paket policy, the Government simplifies the regulation, while reducing taxes imposed on the residential property developer. Therefore, numerous house permits will be eliminated, merged, or accelerated, with the purpose to increase construction and houses supply in the future.

To push the credit growth, especially house loan, Bank Indonesia eased on the Loan to Value or Financing to Value policy in August 2016. Government's economic Paket and LTV regulation from Bank Indonesia is expected to bolster the house demand in the future and drive the national economy, considering this sector has big multiplier, i.e. encouraging the growth of more than 170 industries.

STRATEGIC POLICY 2016: BIG LEAP TO SUPPORT SEJUTA RUMAH (ONE MILLION HOUSES) PROGRAM

The Company has finished its first phase of transformation, i.e. survival period in 2015, which made us as the leader on Housing Loans (KPR) market in Indonesia. Currently, the Company is going through the second phase of transformation (2015–2019), i.e. digital banking period, with expectation to bring us as the global industry leader, i.e. the leading housing bank in Indonesia with world-class service. Furthermore, on the third phase of transformation, i.e. global playership period, the Company plans to improve its position as the actor of global mortgage/KPR business.

The second phase of transformation is Company's "big leap", motorize by the appointment as a bank to conduct the Sejuta Rumah (One Million Houses) Program by the Government. Transformation is conducted through the

strengthening of 3 (three) main business pillar, i.e. Pre-KPR (industry related to housing, or upstream), KPR, and post-KPR (industry related to housing, or downstream). Inhere, the Company acts as integrator between the supply and demand of housing in Indonesia.

To achieve the target, the Company has set forth Directors General Policy in 2016, i.e. 'Bank BTN Transformation to realize the vision of becoming the leading bank in housing financing with focus on loan quality improvement, optimization of One Million Houses Program, development of Digital Banking service, as well as Human Resource quality improvement'.

The strategy implemented on each sector to implement the Directors Policy is as follows:

1. Loan and loan quality sector

The Company decided to focus on housing sector that has been its competitive excellence since 1976. KPR, both subsidized and non-subsidized, as well as construction loan has been the flagship products to optimize One Million Houses Program. Loan to other consumer segment will be improved to refine the products and services offered to the KPR customer. On the other hand, loans on non-housing commercial segment will be given selectively, considering the Company's focus to improve the loan quality on this segment.

High credit growth on housing sectors is achieved through the cooperation improvement by more than 3,000 housing developer partnering with the Company, completed with the loan promotion programs to attract the public, especially those with low income who become the biggest market for the Company. In addition, to support One Million Houses, the Company has conducted strategic alliance with the state agencies, State-Owned Enterprises, and Regional Government, both for provision of KPR for employee, and for loan construction, and land procurement for housing construction.

Even though the loan growth target was pretty high, the Company ensures the loan is disbursed with good quality. Therefore, the Company has refined the overall loan business process on every line (from end-to-end), from the loan analysis process (front-end), loan monitoring (middle-end), to loan billing (back-end).

Specifically, in order to improve loan quality, for loan collection process, the Company has bolstered its effectivity of collection management and asset recovery management. Various initiatives are conducted, such as intensification of loan monitoring of special attention collectability, and sales of collateral from non-performing loan.

2. Funding sector

Strengthening the structure of third party fund, especially small-cost fund, which is a big target for the Company every year. The increase of small cost third party fund is conducted by the utilization of KPR customer base, optimization of office network, as well as development of services and products with digital banking based.

For subsidized KPR funding, the Company keeps developing partnership with Government and big institutions with big funding. In addition, to refine the maturity profile between the loan and deposits, the Company routinely improves long-term funding (wholesale funding) through bonds issuance, Negotiable Certificate of Deposit (NCD), bilateral loans, and KPR securitization.

3. Capital sector

To support loan disbursement in the One Million Houses Program, the Company needs enough capital, taking into consideration the fulfillment of minimum capital requirement in accordance with

Basel III. Therefore, the Company has conducted assets revaluation in accordance with directive from BUMN Ministry and issued subordinated loans to strengthen the capital.

4. Fee-based income sector

The Company keeps striving to improve fee-based income contribution to the total revenue. In addition to the banking administration revenue, increase of fee-based income can be achieved through treasury activity, banking services, card business (credit and debit), wealth management, and payment point.

5. Human Capital sector

The strategy in human capital sector is to focus on achieving employee productivity with work program as follows:

- To improve the human resources quality in order to increase productivity.
- Fulfillment and allocation of human capital in pareto method to support business.
- Internalization of corporate work culture to drive behavior in supporting the business.

6. Infrastructure sector

In addition to strengthening of business and human capital sectors, the Company also pays attention on infrastructure refinement. The Company always strives to implement good corporate governance and compliance consistently. Information Technology (IT) strengthening to boost the business growth is implemented through business process automation, centralization process, information system, product innovation, and digital banking based services. Still in the infrastructure sector, the productivity increase through delivery channel both office network and e-channel, which are still developing in order to service the public more broadly.

In compiling the strategy and work program, the Company always aligns them to the Government's vision and mission in national development. The Company is determined to succeed in the nine priority agendas or NAWACITA, launched by President Joko Widodo and Vice President Jusuf Kalla, to enhance the quality of life of Indonesian public through housing construction.

As a State-Owned Enterprise (BUMN), the Company also support the roadmap of Deputy of Financial Services Business, Survey Services and Consultant of BUMN Ministry, especially related to initiative of equalizing wealth through one million houses program as well as to encourage the financial freedom through financial inclusion program by the development of Financial Services without Offices for Inclusive Finance (LAKU PANDAI) with the launching of Tabungan BTN Cermat product. The Company is also participating in improving the competitiveness and efficiency of BUMN Banks through the synergy of ATM and EDC marked with ATM Merah Putih development. The Company does not forget to participate in developing the public economy through social aid distribution, Mekaar, and BUMN creative house program.

2016 PERFORMANCE: STRONG AND SUSTAINABLE GROWTH

A MORE SOLID FINANCIAL FUNDAMENTAL

We are very grateful that the Company's performance in 2016 is very satisfactory and is well above the industry. If the domestic banking experienced slowdown in growth and the increase risk of Non-Performing Loan (NPL), the Company recorded a solid growth by still keeping the quality of growth through controlled NPL rate.

The Company's assets in 2016 reached IDR 214.17 trillion, increased by 24.66% from the previous year, which was IDR 171.81 trillion. The increase in assets

is mainly encouraged by loan increase and the third party fund. Loan and funding of the Company reached IDR 164.45 trillion or increased by 18.34% from 2015, which was IDR 138.96 trillion. In line with the Company's business focus in housing financing sector, the main push of the loan growth came from housing loan, i.e. Subsidized KPR, Non-Subsidized KPR, and Construction Loan.

The focus on housing loan is making the Company as the main contributor in One Million Houses Program. Throughout 2016, the Company disbursed 595,566 house units with credit value of IDR 63.99 trillion. This amount consists of KPR amounted to 209,395 units with the value of IDR 31.84 trillion and loan construction support to 386,171 house units with the value of IDR 32.15 trillion.

With this achievement, the Company keeps its position as the leading of KPR in Indonesia, with market share of 33.57%. As for Subsidized KPR for low-income communities, the Company keeps dominating amounted to 96.12% from the total disbursement of Subsidized KPR until 2016.

The Company's Third Party Fund per December 31st 2016 was recorded amounted to IDR 159.99 trillion or increased by 25.27% from 2015, which was IDR 127.71 trillion. In line with the Company's strategy to improve small cost fund, the third party fund growth mostly came from the demand deposit which grow to 46.15%. This achievement made the Company's CASA composition on the third party fund amounted to 50.42% an increase from 48.65% from 2015.

In addition to the third party fund, the Company got the long-term funding from capital market, in order to improve the maturity profile between the loan and the fund. Throughout 2016, the Company issued Bonds amounted to IDR 3 trillion and NCD amounted to IDR 3.23 trillion which oversubscribed, conduct a bilateral loan amounted to IDR 7.5 trillion as well as KPR securitization amounted to IDR 1 trillion.

To maintain a high level of loan expansion, the Company had a few initiatives in 2016 to strengthen capital, i.e. by asset revaluation and issued a sub-ordinated loan. The result was, the Company's equity increased by 38.03% from IDR 13.86 trillion in 2015 to IDR 19.13 trillion in 2016. With those transactions, the capital structure was stronger, the Capital Adequacy Ratio (CAR) amounted to 20.34% increased from 16.97% in 2015, and high above the Bank Indonesia regulation of 9%.

The Company's net profit in 2016 managed to grow 41.49% from IDR 1.85 trillion in 2015 to IDR 2.62 trillion. The growth was encouraged by the Company's success in improving the loan disbursement, which led to gaining interest revenue, improving the loan quality, as well as lowering the cost of fund.

The growth of net profit encouraged the improvement in numerous profitability ratios of the Company. Return on Asset (ROA) and Return on Equity (ROE) reached 1.76% and 18.35%, an increase from 1.61% and 16.84% in 2015. Net Interest Income (NIM) increased to the amount of 4.98% compared to 4.87% in 2015.

In line with the increased growth from the Company's third party fund in 2016, Loan to Deposit Ratio (LDR) experienced an improvement from 103.76% to 103.47%. Meanwhile, the efficiency ratio Operating Expenses to Operating Revenues (BOPO) experienced an improvement from 84.83% to 82.48%.

Continuing on the improvement of loan quality that has been successful in the previous year, in 2016, the Company continues to conduct initiative in order to lower the rate of non-performing loan. The repair is focused on the loan in category collectability 2 (Special Attention), to prevent further decrease in the quality of loan. Strict loan monitoring as well as loan restructuring are the key for success in this repair. Slowly, the loan on category 2 is decreasing from 12.46% in 2015 to 10.22% in 2016. The intensification on refinement is conducted on loan in category collectability 5 (standstill), by

conducting sales of the collateral from non-performing loan, through cessie, novation, and auction.

Those initiatives completed the refinement on loan business process that was started in 2015. The results, NPL (Gross) of the Company is improving, from 3.42% to 2.84%, as well as the Net NPL which decreased from 2.11% to 1.85%. The Company's NPL per December 31st 2016, amounted to 2.9% is better than the industry's NPL.

Likewise, the Company's Sharia Business Unit performance is having a very positive growth. The total assets in 2016 reached IDR 18.13 trillion or increased by 36.60% from 2015 position, which was IDR 13.27 trillion. Meanwhile, in the funding sector, it was record amounted to IDR 14.22 trillion or increased by 26.74% from 2015, which was IDR 11.22 trillion. The funding from third party was recorded amounted to IDR 15.03 trillion or increased by 35.35% from the 2015 income, which was IDR 11.11 trillion. The profit recorded by the Company's Sharia Business Unit reached IDR 377.42 billion or increased by 44.98% from the profit in 2015, which was IDR 260.33 billion.

ACHIEVEMENTS EXCEED THE TARGET

Almost every financial performance parameter of the Company per December 31st 2016 fulfills, or even exceeds the set target, which depicted the careful planning on business potential and capability of the Company. The Company's assets amounted to IDR 214.17 trillion achieved 102.18% from the target. The loan and funding reached 100.19% from target.

Only the third fund party which was a little under the target set, i.e. 99.76%, although the position of third party fund amounted to IDR 160.19 trillion has growth 25.40% from the previous year position.

Equity per December 31st 2016 amounted to IDR 19.13 trillion, reached 100.95% of the target. Meanwhile, the net profit reached 107.51% from 2016 target.

DIGITAL TRANSFORMATION TO SUPPORT BUSINESS GROWTH

In addition to growth and refinement financially, in 2016 the Company also initiated improvement in operational sides in order to support the sustainable business growth. As the transformation phase carries out, i.e. digital transformation, product development and digital and electronic services were conducted intensively throughout 2016.

This step is taken considering the tendency of the Company's customer to switch from the conventional banking activity to the use of e-channel. Banking transaction composition for e-banking uses compared to the Teller services as of December 2016 reached 87% : 13%.

In developing the digital banking service, the Company commits to give a better banking experience by prioritizing speed, accuracy, and high quality interaction. Some projects in the digital banking sectors have been developed to support the Company's performance as one of the biggest bank in Indonesia. Those are:

1. Digital outlet construction to enrich the customer's experience in conducting digital banking transaction. Through the digital outlet construction, the Company seeks to transform outlets owned, not limited to the function of branch offices, but also as products and display features for the customer (from branch to store).
2. Development of 'BTN Digital Solution', i.e. the Company's integrated application to facilitate the customer in conducting banking transaction enough in their hand. By using cellular phone through BTN Digital Solution, the Company's customer can conduct e-commerce transaction, open an account, communicate with contact center, find an ATM location, and make an ATM card.

3. Expansion of BTN property services, so the customer can purchase a house as easy as shopping online. Customer can propose KPR application online, monitor the KPR proposal, and find houses in auctions.

APPRECIATION FOR SHAREHOLDERS AND STAKEHOLDERS

As a form of our responsibility and in order to maximize the shareholder's wealth, the Company commits to maintain market's trust and bolster performance. The shareholders appreciate our very satisfactory performance in 2016, which is reflected through the increase in the Company's share value. BBTN share value per December 31st 2016 was IDR 1,740 increased by 34.36% from the 2015 position, which was IDR 1,295. This number is high above the Indonesia Composite Index (IHSG) amounted to 15.32% from 4,593 to 5,297 in 2016. The Company's Shares also listed in the 10 big share with highest growth rate in LQ45 index. With high gain in 2016, the Company is crowned as 'The Best Listed Company' for banking category in Investor magazine, 'The Best Mid Cap Company in Indonesia' from Finance Asia, as well as 'Excellence in Governance and Investor Relations Benchmarking' from The Asset Publisher and Research Limited.

The Company's strong financial fundamental is accompanied with refinements in business and operational sides, and it is also appreciated by numerous institutions by raising the Company's ratings or appraisal. The rating agency, PT Pefindo, decided to raise the Company's rating as well as Bank BTN Bonds XII 2006, Bank BTN Bonds XIV 2010, Bank BTN Bonds XV 2011, Shelf Registration Bonds I Phase I 2012, Shelf Registration Bonds I Phase II 2013, and Shelf Registration Bonds II Phase I 2015, from idAA to idAA+. Shelf Registration Bonds II Phase II 2016 issued on August 31st 2016 also obtained idAA+ rating.

Improvements in values and ratings are also obtained from the Assessment Criteria for Superior Performance (KPKU) held by Ministry of State-Owned Enterprises. The Company successfully increased the rate from 492 (good performance) in 2015 to 579 (emerging industry leader) in 2016.

Improved ratings and awards received by the Company proves the solid cooperation between all the bodies in the Company. Board of Commissioners, Board of Directors, and every level of the Company's management synergized and worked hard to achieve the target set, and brought the Company abreast with the major banks in Indonesia

OBSTACLES ENCOUNTERED AND THEIR ANTICIPATIONS

All the extraordinary achievement achieved by the Company's success in anticipating obstacles faced, both internal and external. The first obstacle was the limited Government fund in supporting the One Million Houses Program, especially in Subsidized KPR disbursement. The Company needs a low-cost funding support from the Government to be able to disburse low interest Subsidized KPR.

In the loan sector, the Company faced competition in the KPR business that became stricter, especially in the non-subsidized segment. Every commercial bank in Indonesia offers KPR products with attractive interest rates. Seeing the challenge, the Company continues to improve its services for KPR customer, supported by improvements in cost of funds so it can offer attractive interest rates.

Other obstacle faced by the Company is the limited growth in non-interest income or fee-based income. Currently, the contribution of fee-based income on total revenue is amounted to 6%. The Company seeks to gradually increase the contribution, through the development of card business, wealth management, and digital banking.

GOOD CORPORATE GOVERNANCE: INTERNATIONAL STANDARD IMPLEMENTATION

Even though financial performance is an important element in our success, the Company always prioritize the importance of balance between the business performance and good corporate governance practice.

The Company continues to adhere to high standards of governance and believes that the implementation of good corporate governance is an important factor in building and maintaining trust and credibility. Consistent conduct of Good Corporate Governance (GCG) principles are believed to guarantee the business balance completely and comprehensively. Therefore, we have formulate and implement every business actions imbued by the Company's values, ethical standards, and compliance with the prevailing rules and legislations.

Governance concepts that we develop is expected to support the business sustainability. The Company shall always commit and implement consistence and ethical corporate practice, support the healthy business competition, avoid control of the assets as to contribute to the solution on economic and imbalance problem. In addition, the Company avoid any discriminative, impartiality, and inhumane corporate practice.

The achievement of good financial performance is supported by the process of improving the GCG implementation. In the process to improve the GCG implementation, the Company has referred to various regulations, i.e. OJK regulation, and referred to international practice. The Company has successfully implemented various parameter of Asean Corporate Governance Scorecard, which was realized by the Company's success in establishing itself as the winner of 'Annual Report Award' category BUMN Listed Finance, 'The Best Overall' from Indonesian Institute for Corporate Directorship (IICD), 'The Most Trusted Company Based on Corporate Governance Perception Index' on IICG Awards, 'Best GCG for Tbk Company in Indonesia' from Economic Review, and 'Sixth Rank

in the Openness of Public Information' from Central Information Commission. On the international level, the Company achieved 5 (five) awards from League of American Communication Professionals (LACP), and 'Excellence in Governance and Investor Relations Benchmarking' The Asset Hong Kong.

The Company also received certification on the compliance implementation, risk management and audit internal, i.e. awards from PT. SGS Indonesia, respectively ISO 9001:2008 Risk Management Services, ISO 9001:2008 Compliance Assurance, and ISO 9001:2008 Internal Audit Services (General, Sharia, and IT Audits).

The focuses of Company's governance in 2016, in line with the GCG Roadmap are:

- a. Evaluation and GCG implementation improvement.
- b. Evaluation and preparation of GCG Award. Evaluation is conducted on the participation of previous year GCG Award to prepare for the participation of GCG Award on the next period.
- c. Evaluation and refinement of international certification training. Evaluation is conducted by reviewing the international certification training results for the top management, authorized officers, and chosen employees.
- d. Compilation of integrated Governance, Risk, & Compliance (GRC).
- e. SDM competence development related to GCG implementation. The management and employees have earned international certification in GCG implementation shall conduct sharing discussion, training, and seminar, to the other Company's employees.
- f. Application of ISO Governance and Compliance. The Company obtained ISO Governance and Compliance from the ISO certification agency, which reflected that the governance and compliance implementation is in accordance with standard quality. Intensive efforts to improve the Company's GCG implementation is described in

details on the Corporate Governance in this Annual Report.

- g. Review and refinement of policy and procedures. Refinement of policy and procedures is conducted to fix policy and procedures that need to be revised.
- h. Evaluation and refinement of organization structure and job description. Refinement of organization structure and job description is conducted by organization restructuring in line with roles and workload on GCG implementation.
- i. Sharing GCG practices with other companies.

Some of which are:

GCG STRUCTURE AND MECHANISM

The Company has strong and effective GCG structure, which consists of main bodies, i.e. General Meeting of Shareholders (GMS), Board of Commissioners, and Board of Directors. These three bodies of the Company have carried out their roles to fulfill their obligations to the shareholders and stakeholders.

GMS is the Company's body who has the highest authority and holds every authority that cannot be delegated or assigned to the Board of Commissioners and Board of Directors. GMS as the Company's body is a mean for the shareholders to make important decisions related to the Company's capital investment, taking into consideration the Articles of Association and the Law of Limited Liability Company. In addition, GMS functions as accountability forum for Board of Commissioners' supervision and Directors' management on their performance in the period specified.

Throughout 2016, the Company has held Annual GMS in the time that did not exceed the limit, i.e. on April 12th 2016. The Company also held Extraordinary GMS on January 7th 2016 with the agenda of Changes in Composition of the Board of the Company and Enforcement of Ministry of State-Owned Enterprises Regulation No. PER-09/MBU/07/2015 dated July 3rd 2015 on Partnership and Community Development Program for State-Owned Enterprises.

Board of Commissioners and Board of Directors have clear rights and responsibilities in accordance with what is mandated on Articles of Association and rules and legislations. In details, the guidelines and work rules of the Directors is set in the Board Manual, which stipulated the Work Guidelines for Board of Commissioners and Board of Directors, and contains instructions practice for the Directors in structured, systematic, understandable, and consistent rules, which become the reference for Directors in carrying out each of their duties in order to achieve the Company's vision and mission. With the Board of Commissioners and Board of Directors Working Guidelines, there shall be high performance standard, in accordance with GCG principles. The Guidelines for Board of Commissioners and Board of Directors is ratified through Joint Decree of Board of Commissioners No. 01/KOM-BTN/2015 and Directors No. SKB-01/DIR-BTN/2015.

The performance evaluation is conducted comprehensively, by tier, and periodically. Evaluation result of Key Performance Indicators (KPI) Directors by the Board of Commissioners is an assessment accountable by the Directors in GMS. Other assessment is conducted based on the criteria parameter of Assessment of Duties and Responsibilities of Directors in self-assessment of GCG implementation, as stipulated on OJK Regulation No. 55/POJK.03/2016 dated December 7th 2016 on GCG Implementation for Commercial Banks. The result for Self-Assessment in 2016, the Company obtained composite rate of the GCG implementation of 2, or in good category.

STRENGTHENING RISK AWARENESS CULTURE

We aware fully that banking business is closely related to risk management, and risk management cannot be separated from implementation of internal control system, which is a part of governance system in a company.

The Company implements risk management in line with prudence principles and healthy banking practices in order to achieve risk adjusted return. The risk assessment results in 2016 shown the risk composite rating was in the low to low to moderate rate.

In 2016, the Company continues to develop sustainable and integrated risk management implementation Efforts conducted are:

1. Implementation of risk management that not only focuses on the development and simulation of risk measurement and capital, but also focuses on developing a risk awareness culture among the Company employees as well as the Ex Ante function to minimize risk exposure. As a result, the risk management policies determined can be implemented in daily business and operational activities in all levels.
2. Compilation of policy and procedures of Risk Management, such as Risk Management Policy Guidelines and the implementation of stress testing.
3. Developing a risk management information system, i.e. ICR (Internal Credit Rating) for commercial loans and enhancement of the Loss Event Database (LED) for operational risk. In addition, the liquidity risk measurement application and IRRBB information system is also developed.
4. Implementation of stress testing on liquidity risk, loan risk, and market risk.

INTERNAL CONTROL

The Company's Board of Commissioners and Board of Directors realize the commitment on Internal Control System (SPIN) through Joint Decree (SKB) No. SKB-04 on Guidelines for Internal Control System, which referred to Bank Indonesia Circular Letter No. 5/22/DPNP, and in line with the internal control framework developed by Committee of Sponsoring Organizations

of the Treadway Commission (COSO). The Company is expected to be able to create adequate framework control design as early detection system on every risk faced by the Company.

Based on the SKB, the internal control component of the Company includes:

1. Control environment, i.e. fundamental component in internal control system to create nuance and atmosphere of care to every level of employees, related to the importance of effective internal control. The control environment is influenced strongly by 'Strong Tone at the Top'.
2. Risk assessment, i.e. a series of cultural awareness of the employees against the risks culture, and activities evaluation, assessment, and risk mitigation.
3. Control activities, including policy adequacy, rules, and procedures, as well as compliance with the operational activity implementation.
4. Information and communication, i.e. condition with effective network for internal and external communication, in line with their respective responsibilities.
5. Monitoring, i.e. assessment process on the activity of effectivity monitoring and internal control structure operation and management performance, whether it is properly conducted and has been fixed in accordance with the situation.

The Company always monitors continuously on the prioritized main risk and a part of the Company's daily activities, including periodical evaluation by operational work units or Internal Audit Division (IAD).

Internal control assessment aspect is conducted through Internal Control Assessment (ICA), i.e. quality assessment on internal control from auditee unit on 5 (five) internal control components of COSO Framework using criteria and methodology from the ICA questioner rating as well as auditor's professional judgement through field walkthrough.

In general, the Company ensures effective monitoring activity, through steps as follows:

1. Ensure that the monitoring function set clearly and structured properly in the Company's organization;
2. Establish unit/employee assigned to monitor the internal control effectivity;
3. Establish the right frequency for monitoring activity based on the risk inherent in Bank and nature/frequency of changes in the operational activities;
4. Integrate SPIN to the operational activity and provide routine report such as book journal, management review, and approval report on the exception/violation of policy and procedures set (justification on irregularities) that will be reviewed;
5. Review the documentation and evaluation results from unit/employee assigned to conduct monitoring;
6. Determine information/feedback in the appropriate format and frequency.

In 2016, IAD has conducted test and evaluation in order to improve and refine the adequacy of Company's SPIN effectivity, and has submitted the report to Directors and Board of Commissioners or Audit Committee to be reviewed deeper. The review on evaluation is conducted based on five main controlling components which influences each other, i.e. Control Environment, includes Management Oversight and Control Culture; Risk Recognition and Assessment; Control activities and Segregation of Duties; Accountancy, Information, and Communication System, and Monitoring Activities and Correction Deficiencies. Based on the evaluation referred to at the above paragraph, as well as review and discussion in the meetings of Directors, Board of Commissioners, the Committees, IAD, and related divisions, it is sufficed to say that the Company has adequate internal control system

WHISTLE BLOWING SYSTEM

Whistle Blowing System (WBS) is part of internal control system to prevent irregularities in practices, and aimed at early detection and prevention on the occurrence of irregularities or violations. The WBS is a part of the internal control system to prevent irregular practices and aims to:

- To detect early and prevent the event of fraud or violations;
- Gradually create an open, sincere, honest and responsible working environment at Company.

Mechanism Violation Report Submission compiled by the Company in implementing WBS is to ask the reporter to make a complaint or disclosure and send it to:

- The alleged violation report shall be directly addressed to the SPP/WBS team if the alleged violator is a staff. The report can be provided verbally or through other modes preferred by the Informant.
- The alleged violation report shall be directly addressed to the President Director of Company at the Head Office marked "CONFIDENTIAL" or "CLASSIFIED" on the cover letter if the alleged violator is a member of the SPP/WBS team.
- The alleged violation report shall be directly addressed to the SPP/WBS Team to be passed to the President Director and reported to the Board of Commissioners if the alleged violator is a member of the Board of Directors or his/her family.
- The alleged violation report shall be directly addressed to the SPP/WBS Team to be passed to the President Director if the alleged violator is a member of the Board of Commissioners or his/her family.

the Company provides the following protections to Informants with good intentions:

1. Reporting communication channel (verbally, telephone, email) that is free and confidential or an independent and confidential Ombudsman. The Informant will receive follow-up information from the communication channel on the alleged violations report submitted;
2. Guaranteeing the Informant's anonymity, unless there is a legal requirement that requires the identity to be disclosed in the presence of the judge;
3. Protection from retaliation of the Informant or the organization reported. This protection may include:
 - a. Physical protection either against himself/herself or his/her family;
 - b. Protection of his/her property and his/her family against terror or retaliation;
 - c. Administrative protection in the form of promotion delays, dismissal, exclusion in the workplace, infeasible transfers, including job security, etc;
 - d. Legal protection, in the litigation process in the District Court, including the cost, and if necessary, including protection through the Witness and Victim Protection Agency (LPSK).

In 2016, 101 reports were submitted, consisting of 20 reports via letter/PO BOX, 38 reports via SMS/Mobile/Direct Visit and 43 reports via Email. Based on the reports received, 95 reports were settled without further audit (audit clarification and/or special audit) and 8 reports were passed for audit process (audit clarification and/or special audits).

HUMAN RESOURCES DEVELOPMENT THROUGH NEW CORPORATE CULTURE

In the organization strategy aspect and human resources (SDM), the Company has evaluated the corporate culture and conducted refinement in every aspect. The Company is very serious in utilizing human

resources within the organization and keep it within the provisions of the law in the conduct of industrial relations. Productivity and high professionalism are always achieved through the optimization function of SDM planning, recruitment and selection, human resource development, career development, compensation and welfare, as well as occupational safety and health. As the Company achieved the predicate as Best BUMN Bank in managing SDM in the banking environment on BUMN Award 2016, the Company is assessed as qualified in the good SDM banking management. We are grateful for the appreciation, and it pushes us to be more passionate in managing our SDM better.

In 2016, the Company launched a new corporate culture, i.e. SIIPS. The corporate culture has 5 (five) values as the foundation for every person to behave in order to achieve the Company's vision and mission.

CSR ALL OVER THE COUNTRY

The Company interprets Corporate Social Responsibility (CSR) program as a form of moral responsibility to the stakeholder, and an awareness that the Company's operation exists in the order of society. Good CSR implementation is believed to increase the profit and other long-term benefits.

In 2016, the Company has realized various CSR program. CSR Program and activities has long-term orientation, i.e. to realize the Company's sustainability oriented in the social and environmental aspects. The Company's CSR Program is not merely a charity, but also to support the sustainable construction program with the principle of taking care today's needs without sacrificing the needs of the future generation.

Execution of humanitarian and environmental programs are expected to contribute in order to solve the nation's problem such as economic problem, poverty and equality, problem solving on safety and security, as well as an improvement on the humanity quality. The

Company's business always observes the use of natural sources in a responsible manner and supporting the preservation of the environment.

Directors has increased the disbursement of CSR fund amounted to 1.92% which in 2015 was only IDR 14.52 billion, increased to IDR 14.8 billion in 2016. Various programs are realized in 2016. One of which was the housing rehabilitation of Rumah Susun Cipinang Besar Selatan building amounted to IDR 2 billion to the Department of Housing and Residential of Government of DKI Jakarta Province.

Because we understand that the national development purposes is for the welfare of all Indonesian public, the Company's CSR help did not only reach the big cities in Indonesia, but also to all corners of the country. CSR activities are not conducted alone, but by collaborating with BUMN Ministry and other BUMN, in the program 'BUMN Hadir Untuk Negeri'. This activity is the BUMN commitment to cultivate and foster the sense of pride as Indonesian citizen, as the embodiment of slogan 'Bhinneka Tunggal Ika'. Some activities are Program Siswa Mengenal Nusantara (SMN), BUMN Mengajar, and Bedah Rumah Veteran. The Company is assigned as the coordinator for North Maluku Province, and has conducted numerous activities dedicated for the public especially the people in North Maluku Province.

PERFORMANCE ASSESSMENT FOR COMMITTEE REPORTING DIRECTLY TO DIRECTORS

In line with the business needs, and the prevailing rules and legislations, in conducting the duties, Directors is supported by 6 (six) committee, who reports directly to the Directors, i.e. Risk Management Committee, Credit Policy Committee, Asset and Liability Committee (ALCO), Information Technology Directive Committee (KPTI), Personalia Committee, and Product Committee. The Board of Directors assesses that the support committees have played an effective role and were able to function well in assisting the implementation of the duties of Directors.

Risk Management Committee is an executive committee who supports Directors in compiling the policy and strategy related to risk management, refinement and improvement of risk management implementation, as well as things related to the business decisions that is not in line w normal procedures. In 2016, the risk management committee compiled self-assessment risk profile every quarter, gave recommendation on the risk profile refinement, as well as conducted review on Risk Management Policy Guidelines (PKMR).

The Credit Policy Committee assists the Board of Directors in formulating policies, overseeing the implementation of policies, monitoring progress and credit portfolio and provides recommendations for improvements in the field of credit. In 2016, the Credit Committee has conducted their duties, i.e. reviewing the Loan Management Policy, and authorization to decide to grant the loan, compiling strategy for loan growth and loan quality refinement, as well as developing new loan products and services.

ALCO Committee compiles and sets strategy for liquidity management, risk market management strategy, and assets and liabilities management strategy, in order to maximize profitability and maintain the Company's balance structure. Throughout 2016, ALCO has produced wide range of policies in the asset and liability sectors, such as interest rate and liquidity.

Information Technology Directive Committee functions, among others, are to provide recommendation on strategic plan of Information Technology (TI), formulate TI policy and procedures, monitor the suitability of TI projects with TI strategic plans, as well as to monitor TI performance. In 2016, KPTI has compiled Information Technology Strategic Plan for 2016-2018.

Personalia Committee functions as to recommend strategies, policies and Human Capital management systems in line with the Bank's Business Plan. Throughout 2016, the Personalia Committee has conducted duties of employees performance

assessment, remuneration program based on POJK No. 45/POJK.03/2015 and other human capital problems.

Product Committee functions to ensure the suitability between the products development with the needs and purposes of the Company, to make decisions related to products development and long-term implementation, as well as to decide the Company's policies related to product development. Throughout 2016, the Product Committee has established some policies related to products issuance and new services.

BUSINESS PROSPECT: HOUSING DEMAND ARE STILL HIGH

Entering 2017, the uncertainty of global economic is still looming Indonesia. As an example, Federal Reserve of the United States are planning to increase the Fed Funding Rate (FFR) by 50-75 bps. But, the Government and Bank Indonesia are optimistic that the Indonesian economic foundation is strong enough to face the negative sentiment of global economy, and the domestic economy recovery can continue.

The Government targets the Indonesian economic growth in 2017 by 5.1%, an increase from 5.02% from the previous year. Inflation was set in the range of 3-5% in National Budget 2017. In line with controlled inflation and adequate liquidity, the interest rates is expected to be stable, so the interest rate may be able to decrease. In 2017, BI predicted the loan growth will reach 10-12%, higher than 7.87% in 2016. Meanwhile, the third party fund will grow about 9-11% or increased by 9.60%.

The Company is optimistic that the property industry in 2017 is improving, because of positive economic growth, low interest rates reference, demography bonus, and infrastructures construction that are still growing. The housing business sector is still very broad to be developed. By September 2016, the housing sector contributes 2.5-2.8% for Gross Domestic Product (GDP). Some reasons as to why the housing business Indonesia has prospects are: (a) Indonesian economic condition in a very healthy condition, and the market

for housing financing is far from saturated (b) middle class citizen grew significantly (c) Backlog on housing supply per year is high and (d) House sales mostly are done through loan.

Therefore, the Company has a role to reduce backlog as well as to capture opportunity in housing business development. The Company's credit growth in 2017 will reach 21-23% or still higher than the national banking industry credit growth. The market potential from loan disbursement increase is from the commitment to continue One Million Houses Program launched by the government.

KPR disbursement potential in the One Million Houses Program is predicted to be realized. In 2017, the potential will increase along with the supporting infrastructures provided by the Government, which will increase from year to year. The Company will improve partnership with housing developer association in Indonesia, i.e. APERSI and REI, as the housing supply supplier, and institutions with funds that could provide low cost fund for housing.

Supported by the KPR disbursement of more than 3.8 million units, and competence as the Bank focuses on housing, the Company has a strategic role in the national development, especially in the housing sector as well as future business opportunities. In addition, with more than 40 years of experience in housing financing (since the first KPR in 1976), the Company continuously improve the core competency that other banks do not have.

The Company's core competency, i.e. 1) Supremacy KPR, i.e. the dominant Company in market share of national housing financing, 2) mortgages industry integrator, in which the Company has strong relationships with stakeholders of housing business that makes it possible for the Company to be the integrator of supply and demand in housing business, 3) easily accessible services, i.e. the Company provide easy access in housing business services for the public, 4) world class service level, in which the Company has standard world

service both from the operational excellence (speed and accuracy of KPR process), wide network and products supported by reliable information technology, and 5) housing finance expertise, i.e. the Company has SDM with expertise in the housing financing sector.

CORPORATE POLICY DIRECTION

Taking into accounts the current development, the Company's continuous transformation will be developed to achieve Transformational Enterprise with Global Mindset by 2025. On this level, the Company will act globally in the housing financing business, which makes it possible to do KPR borderless business.

The Company strives to leap in line with the transformation roadmap, with focus on stronger business. Business strengthening in the Company's transformation is loan sector strengthening, funding sector strengthening, infrastructure sector strengthening, increasing fee-based income, and human resources sector strengthening.

Loan sector strengthening is directed at the Company's main business i.e. housing sector completed with expansion stage of business property and basic infrastructures. The Company's direction will focus on 3 main pillar. The first pillar is housing financing that is focus on financing perumahan tapak, vertical housing, and infrastructures. Second pillar is to deepen the industry funding related to the upstream side (value chain of housing, such as cement factory, bricks, tiles, etc.). The third pillar is funding the industry related on the downstream (related the housing users, such as household operation, vehicles ownership, furniture, etc.).

Funding sector strengthening is focused on the development of long term and low cost fund. The Corporate policy direction is to fund institutional related to credit cooperation, strengthen the low cost retail

funds segment, and to strengthen long-term financing such as capital market, lending institutions, foreign loans, and asset securitization.

The increase on fee-based income will be achieved through increased revenue from transaction services, digital banking, wealth management, and bank guarantee; management of credits that have been written off (off balance sheet); and to establish a subsidiary to support the Company's business.

Infrastructures strengthening is focused on the digital banking system development, improvement of process quality, as well as delivery channel development. The people transformation will focus on the new corporate culture and SDM competence development.

CHANGE IN BOARD OF DIRECTORS' COMPOSITION

In 2016, there was change in the composition of Company's Board of Directors. Annual General Meeting of Shareholders (AGMS) dated April 12th 2016 has confirmed the discharge of Mr. Sis Apik Wijayanto as the Company's Director and discharge honorably Mr. Irman Alvian Zahiruddin as the Company's Director. We are grateful for their contribution and energy and thought provided to the Company.

Directors are welcoming Ms. Handayani and Mr. Catur Budi Harto who have been appointed as the member of the Company's Board of Directors on AGMS dated April 12th 2016. The Company needs the change to fulfill the business demand, to realize the vision, mission, and strategic targets as stipulated in the transformation program, including to ensure the success of Sejuta Rumah (One Million Houses) Program. Appointment of new Directors is conducted based on evaluation and/or fit and proper test from independent consultant, recommendation of the Board of Commissioners,


Remuneration and Nomination Committee, as well as controlling shareholder and OJK.

CLOSING

As closing, we, representing all members of the Board of Directors, expressed the highest appreciation and gratitude to all our stakeholders - shareholders, customers, business partners, and all members of the Company's community, for the tremendous support that has been given. We would like to appraise Board of Commissioners for their advices and directive for the Company's Directors throughout 2016. We believe we will continue to evolve and grow to achieve prosperity.

With good governance implementation, right strategies, and overall risk management, we believe we can achieve best performance not only in this year, but also in the years to come.

On behalf of the Board of Directors
Jakarta, February 2017



Maryono
President Director



Photo Caption (left to right)

Mr. Oni Febriarto Rahardjo - Mr. Iman Nugroho Soeko - Mr. Catur Budi Harto -
Mr. Maryono - Mr. Mansyur Syamsuri Nasution - Mr. Sulis Usdoko -
Mr. Adi Setianto - Mrs. Handayani

BOARD OF DIRECTORS' PROFILES



Maryono

President Director

First Appointment Basis:

Appointed as President Director of Bank BTN on Extraordinary General Meeting of Shareholders (EGMS) Bank BTN dated December 28th 2012, and declared effective by Financial Services Authority (OJK) on March 18th 2013. Currently he is not serving as other Director in other company.

Career:

He was a President Director in Bank Mutiara from November 2008 until December 2012. Career in the Banking industry in Bank Pembangunan Indonesia since 1982 until 1999. In 2008, he was a President Commissioner in PT Mandiri Manajemen Investasi and he once served as Group Head Jakarta Network in PT Bank Mandiri (Persero) Tbk. Currently, he serves as Regional President of WSBI (World Saving Bank Institute) for Asia Pacific Region.

Training attended, namely:

He had attended numerous training program, such as Regional Conference on Postal Saving System in Asia 2016, in Tokyo, 2016; 24th World Congress of Saving and Retail Banks in the USA, 2015; 21st Meeting of the WSBI Asia Regional Group in Spain, 2015; Executive International Conference in Moscow, 2014; Refreshment of Risk Management Certification in Moscow, Russia, 2014; Negotiation Dynamics Programme, INSEAD, Fontainbleau, France, 2004; and Senior Executive Programme In Asia, Michigan Business School, in Hongkong, 2004.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Mansyur Syamsuri Nasution

Director

First Appointment Basis:

Appointed as Director of Bank BTN on Extraordinary General Meeting of Shareholders (EGMS) Bank BTN dated December 28th 2012, and declared effective by Financial Services Authority (OJK) on March 18th 2013. Currently he is not serving as other Director in other company.

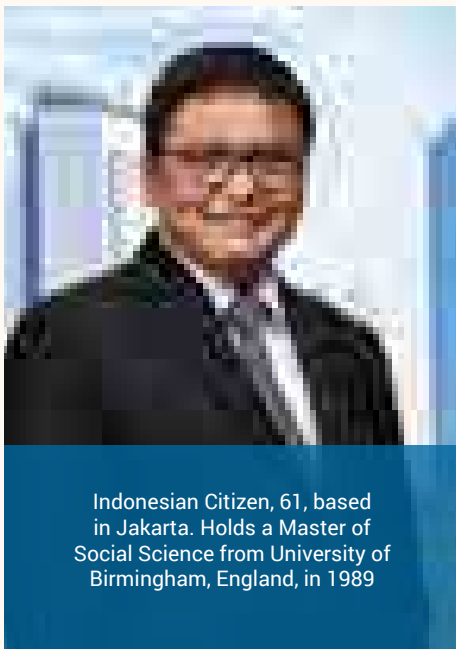
Career:

He served as EVP Coordinator–Consumer Finance, Bank Mandiri (2008-2012). Career in the Banking industry in Bank Bumi Daya since 1983 until 1997. From 2005 until 2008, he served as Group Head in Bank Mandiri.

Training attended, namely:

He had attended numerous training program, such as Integrated Risk Management in Swedia 2016; Bank Risk Management Program Executives, IBI, and LSPP in Hong Kong, 2014; Aligning Strategy and Sales, Harvard Business School, Boston, USA, in 2012; Competitive Strategy Programme, INSEAD Business School, Fontainebleau, France, in 2011; and Creating Growth Opportunities, Wharton Business School, Philadelphia, USA, in 2010.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Iman Nugroho Soeko

Director

First Appointment Basis:

Appointed as Director of Bank BTN on Annual General Meeting of Shareholders (GMS) Bank BTN dated February 25th 2014, and declared effective by Financial Services Authority (OJK) on June 16th 2014. Currently he is not serving as other Director in other company.

Career:

He served as Senior Recovery Manager Asset Management and Disposal Department (2006), Group Head IBCMS Group Bank Mandiri (2009–2010), and Chief Executive Bank Mandiri (Europe) Ltd. (2010–2013).

Training attended, namely:

He had attended numerous training program, such as Risk Governance Master Class Training & Certification di Jakarta 2016; Real Estate Management Program; Finance, Design and Leadership, at Harvard Business School, HBS Campus, Boston, USA, in 2014; Manager's Certification on the 4th Disciplines of Execution, Jakarta, 2010; Internalizing Best Practices of Good Corporate Governance and Directorship, in Bali, 2009.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Adi Setianto

Director

First Appointment Basis:

Appointed as Director of Bank BTN on Annual General Meeting of Shareholders (GMS) Bank BTN dated March 24th 2015, and declared effective by Financial Services Authority (OJK) on June 8th 2015. Currently he is not serving as other Director in other company.

Career:

Career in the Banking industry since 1993 He had a few strategic positions, namely, Director of Networking and Service (2014-2015), and Director of Treasury and Financial Institution in PT Bank Negara Indonesia (Persero) Tbk. (2010-2014).

Training attended, namely:

He had attended numerous training program, such as Internasional Risk Management Refreshment Program for Executives – Europe Class 2016 in Milan 2016, Liquidity Risk Management in Banks by Fitch Learning in London, 2014; Marketing Financial Solution by LPN Division and Thierry Fuller (Blue Mountain Incorporated) in 2009; and Malcolm Baldrige Criteria for Executive Workshop in 2007.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Sulis Usdoko

Director

First Appointment Basis:

Appointed as Director of Bank BTN on Annual General Meeting of Shareholders (GMS) Bank BTN dated March 24th 2015, and declared effective by Financial Services Authority (OJK) on June 1st 2015 – now.

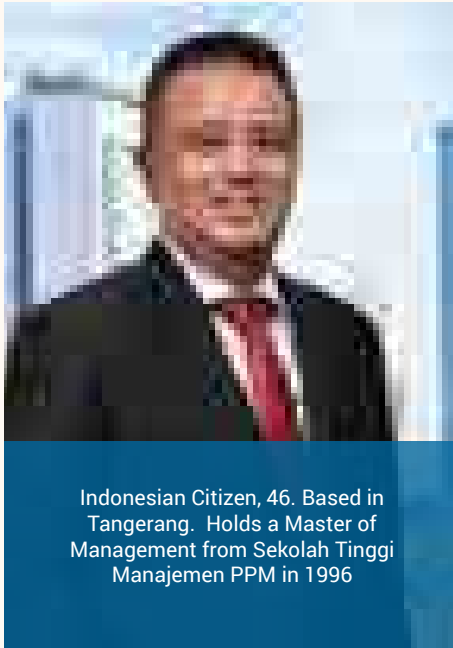
Career:

He has been with PT Bank Tabungan Negara (Persero) Tbk since 1986. He was serving as Retail Funding and Services Division Head (2013–2015). Currently he is not serving as other Director in other company.

Training attended, namely:

He had attended numerous training program, such as Learning & Leadership Development Conference in Massachusetts 2016; Asia Regional Group Meeting Program by The World Savings Banks Institute in Hanoi, Vietnam, 2014; Fewer, Bigger, Bolder, from Mindless Expansion to Focused Growth by MarkPlus, Inc. in 2014; Effective Leadership Through Social Intelligence by Stefan Ciesielski - Jakarta Post, in 2013; and The Annual McAfee Executive Summit by McAfee in Melbourne, Australia, 2010.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Oni Febriarto Rahardjo

Director

Training attended, namely:

He had attended numerous training program, such as ASEAN Global Leadership Program di Berkeley tahun 2016;

Certified Risk Management Level 5 in 2015; Staff and Bank Leaders School (SESPIBANK) 60th Graduate Year by LPPI in 2014; Housing Development Finance Corporation Work Visitation Program in India, 2010; and Smart Merger and Acquisition by Indonesian Risk Professional Association (IRPA) in 2008.

Career:

He has been with PT Bank Tabungan Negara (Persero) Tbk since 1997. Prior to being a Director, he served as Small and Medium Lending Division Head (2013–2015). Currently he is not serving as other Director in other company

First Appointment Basis:

Appointed as Director of Bank BTN on Annual General Meeting of Shareholders (GMS) Bank BTN dated March 24th 2015, and declared effective by Financial Services Authority (OJK) on May 19th 2015. Currently he is not serving as other Director in other company.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Handayani

Director

First Appointment Basis:

Appointed as Director of Bank BTN on Annual General Meeting of Shareholders (GMS) Bank BTN dated April 12th 2016, and declared effective by Financial Services Authority (OJK) on September 16th 2016. Currently she is not serving as other Director in other company.

Career:

Prior to being a Director, she was Director of Commercial Garuda Indonesia, Director Marketing & Alternate Distribution AXA Mandiri, Senior VP Group Head, Consumer Cards Group Bank Mandiri

Training attended, namely:

She had attended numerous training program, such as Risk Management Competency Certification Level 5 in Jakarta 2016; the Supervisory Board of Sky Team in 2015, 2015 IMA Board Members; Certified Financial Planning Program (CFP) in Jakarta, 2013; Leadership Senior Training, in Singapura, 2013; Sky Team Supervisory Board in 2015; IMA Members Board in 2015.

She is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.



Catur Budi Harto

Director

First Appointment Basis:

Appointed as Director of Bank BTN on Annual General Meeting of Shareholders (GMS) Bank BTN dated April 12th 2016, and declared effective by Financial Services Authority (OJK) on August 23rd 2016. Currently he is not serving as other Director in other company.

Career:

Prior to being a Director, he was Senior Executive Vice President Network and Services Bank BRI, Head of Mass Banking Division Bank BRI, Regional Leader in the Regional Office Banjarmasin, Bank BRI.

Training attended, namely:

He had attended numerous training program, such as Payment & Distribution in London, 2016; Payment System & Technology in Mauritius, 2012; Training Trade Finance in Bandung, 2008; Risk Management Certification Level III in Jakarta, 2007.

He is not affiliated with Directors and other member of Board of Commissioners, or main shareholder and/or controlling shareholder.

ANNUAL ACCOUNTABILITY REPORT

LETTER OF STATEMENT OF THE MEMBERS OF BOARD OF COMMISSIONERS ON 2016 ANNUAL ACCOUNTABILITY REPORT OF PT BANK TABUNGAN NEGARA (PERSERO) TBK

We, the undersigned below, declare that all information in the 2016 Annual Report of PT Bank Tabungan Negara (Persero) Tbk has been completely disclosed and we are fully accountable for the truthfulness of its content. We also declare that the company risk management and internal control system is adequate. This statement is made truthfully.

Jakarta, February 2017



I Wayan Agus Mertayasa
President Commissioner/
Independent



Lucky Fathul Aziz H
Commissioner



Kamaruddin Sjam
Independent Commissioner



Arie Coerniadi
Independent Commissioner



Sumiyati
Commissioner



Maurin Sitorus
Commissioner

LETTER OF STATEMENT OF THE MEMBERS OF BOARD OF DIRECTORS ON 2016 ANNUAL ACCOUNTABILITY REPORT OF PT BANK TABUNGAN NEGARA (PERSERO) TBK

We, the undersigned below, declare that all information in the 2016 Annual Report of PT Bank Tabungan Negara (Persero) Tbk has been completely disclosed and we are fully accountable for the truthfulness of its content. We also declare that the company risk management and internal control system is adequate. This statement is made truthfully.

Jakarta, Februari 2017



Maryono
President Director



Mansyur Syamsuri Nasution
Director



Iman Nugroho Soeko
Director



Adi Setianto
Director



Sulis Usdoko
Director



Oni Febriarto Rahardjo
Director



Handayani
Director



Catur Budi Harto
Director

STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH,
SUPPORTING THE ACCELERATION OF **ONE MILLION HOUSES PROGRAM**



COMPANY PROFILE

The Company continues the transformation agenda in order to strengthen the foundation of sustainable growth with remain focused on strengthening the housing business with speed of service, technological improvement, speed of credit approval and optimization of human capital and development of business through service and service development based on digital banking

STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH,
SUPPORTING THE ACCELERATION OF **ONE MILLION HOUSES PROGRAM**



CORPORATE PROFILE

Name	PT Bank Tabungan Negara (Persero) Tbk.
Company Call Name	Bank BTN
Field of Business	Commercial Bank
Company's Status	State Owned Enterprises (BUMN)
Shareholdings	<ol style="list-style-type: none"> 1) The Government of the Republic of Indonesia 60.00% 2) Foreign Public: 29.57% 3) Domestic Public : 14.03
Date of Incorporation	February 9, 1950
Deed of Incorporation	Emergency Law No. 9 Year 1950 State Gazette Of The Republic Of Indonesia No. 12 of 1950
Authorized Capital	<p>IDR 10,239,216,000,000, divided into:</p> <ol style="list-style-type: none"> a. 1 (one) share Bicolor Series A with IDR 500 (five hundred rupiahs) per share rate; and b. 20,478,431,999 (twenty billion four hundred and seventy-eight million four hundred thirty-one thousand nine hundred and ninety-nine) shares Series B with nominal rate per share of IDR 500 (five hundred rupiahs).
Issued and Fully-Paid Capital	<p>IDR 5,295,000,000,000, divided into:</p> <ol style="list-style-type: none"> a. 1 (one) share Bicolor Series A with IDR 500 (five hundred rupiahs) per share rate; and b. 10,589,999,999 (ten billion five hundred eighty-nine million nine hundred ninety-nine thousand nine hundred ninety-nine) shares Series B with nominal rate per share of IDR 500 (five hundred rupiahs)
Stock Exchange	Listed on Indonesia Stock Exchange
Share Listing Date	December 17, 2009
Share Code	BBTN
Number of Employees	9.380 people
Head Office	Menara Bank BTN Jl. Gajah Mada No. 1 Jakarta 10130, Indonesia
Phone	62-21 6336789, 6332666
Fax	62-21 6346704
Email	csd@btn.co.id



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THE COMPANY MILESTONES

1897

The Company was established under the name "Posts spaarbank" during the Dutch Era

June, 22
1963

Name changed to Bank Tabungan Negara

Appointed by the government as the only institution to disburse KPR to lower middleclass society

February 9
1950

Name changed to "Bank Tabungan Pos" by the Government of the Republic of Indonesia

The first KPR BTN Realized in Perumahan Tanah Mas Kota Semarang

1976

1974

1989

Started operating as commercial bank and issued first bond

1994

Obtained a license to operate as Foreign Exchange Bank

The Company transformed to a leading bank in housing and world class banking

2013

2012

The Company executed Right Issue

2015

The Company participated in One Million Houses Program for Public

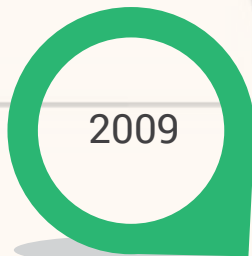




Designated as a commercial bank focuses on commercial house financing



KPR securitization through the first Asset Backed Security Collective Investment Contract (KIK EBA) in Indonesia



The Company did an Initial Public Offering (IPO) and listing on Indonesia Stock Exchange



The Company continues the transformation agenda in order to strengthen the foundation sSustainable growth with rRemain focused on strengthening the housing business with speed of service, technological improvement, Speed of credit approval and optimization Human capital and development Business through service and service development based on digital banking



THE COMPANY BRIEF HISTORY

THE COMPANY FOCUSES ON FINANCING HOUSING SECTOR THROUGH THREE MAIN PRODUCTS, NAMELY CONSUMER BANKING, COMMERCIAL BANKING, AND ISLAMIC BANKING

PT Bank Tabungan Negara (Persero) Tbk., commonly known as Bank BTN (herein after referred to as 'the Company') has a long history in banking industry in Indonesia. Bank BTN was established since 1897 under the name Postspaarbank. In the independence era, precisely in February 9, 1950, the Government of the Republic of Indonesia changed Postspaarbank into Bank Tabungan Pos, which finally changed into Bank Tabungan Negara in June 22, 1963.

In 1974, the Company was appointed by the Government as the only institution to disburse Home Ownership Loans (KPR) to the lower middle class society, in line with the Government's initiative to promote its housing program for its people. In 1976, the Company first realized the KPR in Perumahan Tanah Mas Kota Semarang. 2009 was the beginning of the Company to operate as commercial bank and it issued bond for the first time. In 1994, the Company obtained permit to operate as Foreign Trade Bank. In 2002, the Company was appointed as commercial bank that focuses on housing finance.

The Company listed its first share on December 17, 2009 on Indonesia Stock Exchange and became the first bank in Indonesia to securitize assets through Asset Backed Security Collective Investment Contract (KIK-EBA). As a bank focused on housing loan, the Company wants

to help Indonesian public to actualize their vision of a dream house into reality.

This vision is showed by more than six consistent decades in providing various products and services in housing, especially through KPR, both Subsidized KPR for lower middleclass segment and Non-Subsidized KPR for upper middleclass segment. As a Bank focusing on housing finance, the Company has also succeeded elevating its position into the tenth biggest bank in Indonesia in terms of assets and loan disbursement. With the aim to deliver the best result for the stakeholders, the Company consistently puts the focus on being the leader on housing finance, and aspires to be The Leading Housing Bank in Indonesia with World Class Service. Currently, the Company focuses on financing housing sector through three main products, namely consumer banking, commercial banking, and Islamic banking. In 2015, the Company played an important role in helping the Government program: One Million Houses for People, the Company was appointed as one of the Banks who support the government program through KPR financing.

As an effort to accelerate the One Million Houses Program, in 2016 the Company keeps pushing the supply and demand of KPR. This is conducted by





facilitating the funding for developer in a form of construction loan, or disbursement of KPR, and providing funding facilitation to the developer in the form of acceleration of Subsidized KPR, Non-Subsidized KPR, and Micro KPR.

The year 2016 is the beginning of the Phase II Transformation, i.e. Digital Banking Period. The Company has developed digital based products and services, such as mobile BTN, internet banking, and cash management by launching the opening of

the future service office “Bank BTN Digital Lounge” intended to improve the service time as well as the business volume of the Company. Digital lounge is a technology based service concept that integrates and push technology forward in order to create a fast and simple customer experience, as well as facilitate and giving solution to the customer.

VISION, MISSION AND CORPORATE CULTURE AND VALUES

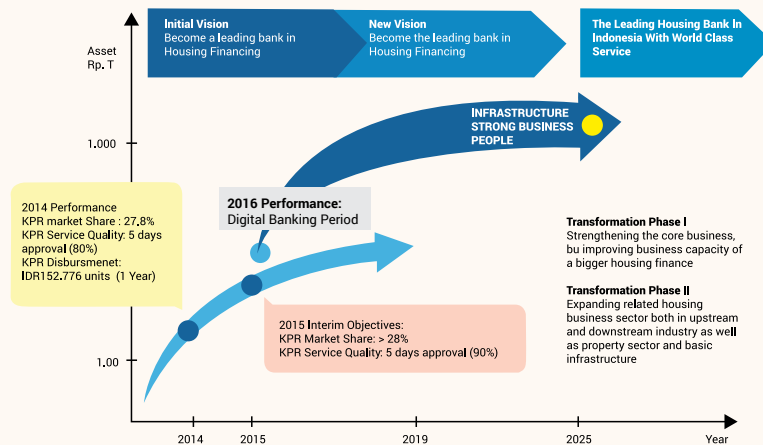
VISION

To be the Leading bank in Housing Finance



The most recent vision is established on Leadership Forum workshop attended by the Board of Commissioners and Board of Directors on December 4-5, 2015. (Board of Directors' Resolution on Reviewing Vision and Mission)

The Company set the company's transformation toward "The Leading Housing Bank in Indonesia with World Class Service" by 2019.

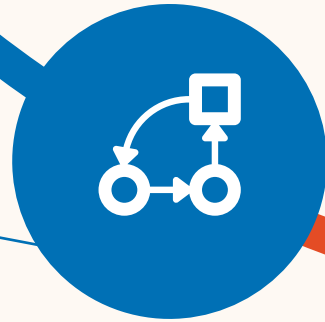


MISSION



1. To provide excellent service in housing finance and the industry related, consumer finance, as well as small-middle enterprises finance.
2. To increase competitive excellences through innovative product development, services, and the latest technology-based strategic network.
3. To prepare and develop qualified and professional Human Capital of high integrity.
4. To perform banking management in accordance with prudence principle and Good Corporate Governance to increase Shareholder Value.
5. To care for public's needs and environment.

CORPORATE CULTURE AND VALUES



The true values and principles in working is the core building of corporate culture. This values and principles are also the base of every human being in behaving, acting, and decision-making in order to achieve the best results together. The corporate culture values direct the behavior of members of organization and are the basis in rules, policies, and organization system (“the way we do things around here”).

To support the achievement of vision and mission, as well as the success in the strategies, on March 3rd 2016, The Company has conducted review of corporate

culture called “SIIPS”, and it has been implemented. Establishment of the Corporate Culture Values is done periodically based on the mechanism of the Bank’s Long Term Plan (RJP) in accordance with Board of Directors Circular Letter No. 39/DIR/CMO/2012 on BTN Strategic and Performance System (BTN STORMS).

The Company Corporate Culture has Corporate Culture Values that are the foundation for every bitniz to behave in order to achieve Company’s vision.

5 Corporate Culture and Values of The Company:



Sinergy

Building synergy teamwork with genuine, open relationship and productive collaboration with fellow BTN employees and other parties based on mutual trust and respect to achieve a common goal.



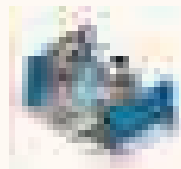
Professionalism

Visionary, competent and continuous self development with the latest technology to deliver the best performance.



Integrity

Consistency between thoughts, words and actions in accordance with the company regulations, professional code of ethics and the principles of commendable truth.



Strive For Excellence

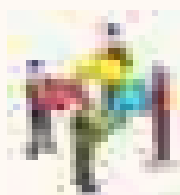
Show enthusifrms and strong commitment to put quality into everything we do and provide services beyond customer expectations (internal and external) with calculated risks.



Innovation

Constantly developing new ideas and creating value-added improvements for the company.

Each Corporate Cultural Values has 2 (two) Top of Conducts as a reference for every the Company individual (Bitniz). Those ten main points of behavior are:



1. Sincere, open, and productive collaboration
2. Mutual trust and respect



7. Competent, intrapreneurship, and responsible
8. Working intelligently and results-oriented



3. Consistency and discipline
4. Honest and dedicated



9. Enthusiastic, proactive, and unyielding
10. Effective, efficient, and prioritizing customer satisfaction



5. Perceptive to change
6. Creative and innovative in refining the added-value

INTERNALIZATION OF CORPORATE CULTURE

Corporate value that supports the transformation prepared with the aim to make the corporate cultural value as the life of the organization n carry out by all the Company's employees. Every level gives their commitment in the form of time and resources governed effectively and gradually. The transformation of Corporate Cultural Value begins from the phase of awareness, engagement, acceptance, and ownership.

The implemented work program is aimed to strengthen the intrapreneurship oriented work culture (service and sales), performance, innovation, and efficiency so there shall be improvement in the business performance and

business process. The implementation of the work program includes:

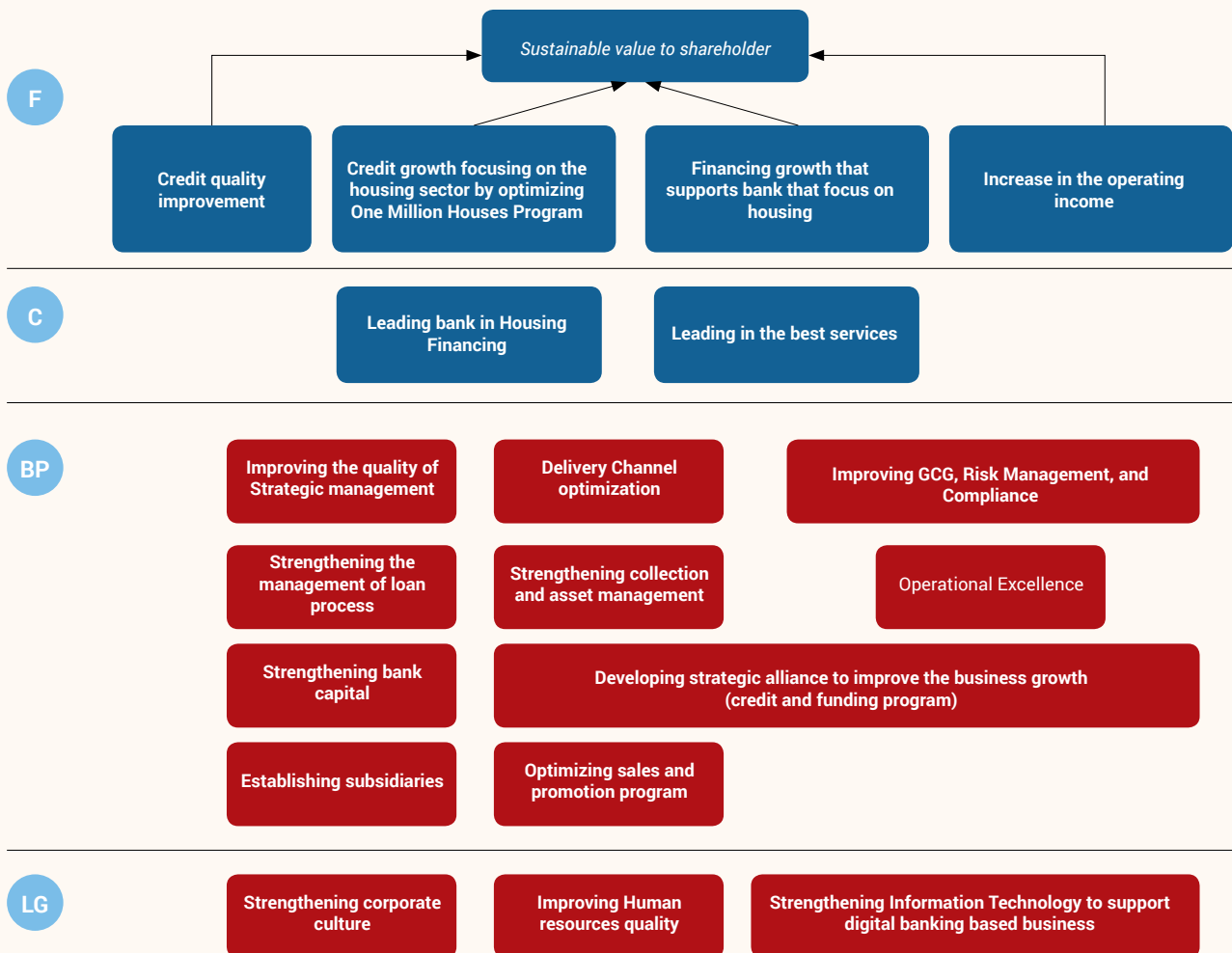
- a. Socialization and communication of corporate culture values.
- b. Internalization of corporate culture values.
- c. Effectivity improvement of the leaders' roles as driving force of the transformation.
- d. Appointment of change agent team.
- e. Aligning the organization system and human resources.
- f. Implementing the program effectiveness measurement.

STRATEGIES TO ACHIEVE THE COMPANY'S VISION AND MISSION

As a bank that focuses on housing financing business, the Company has set the groundwork in 2016, to achieve the Company's vision and mission by setting the direction of the General Policies as follows:

"BANK BTN TRANSFORMATION TO REALIZE THE BANK'S VISION AS THE LEADING BANK IN HOUSING FINANCE WITH FOCUS: OPTIMIZATION OF PROGRAM SEJUTA RUMAH (ONE MILLION HOUSES PROGRAM), DIGITAL BANKING SERVICE DEVELOPMENT, AS WELL AS QUALITY IMPROVEMENT FOR SDM (HUMAN RESOURCES MANAGEMENT)"

To support the direction of the general policies, Grand Strategy for Corporate Level has been compiled as follows:



To support the achievement of vision and mission, as well as the success in the strategies, the Company has implemented corporate culture called "SIIPS".

CORPORATE BRAND



Sahabat Keluarga Indonesia



- The house roofs illustrate the main vision and mission of the Company as a provider of Home Ownership Loan (KPR) for Indonesian public.
- Two hexagons, one large and one small, symbolize “the large protects and develops the young.”
- Three dimensional room-shaped print of the house roof symbolizes the Company’s freedom as a forum for the community in conducting banking activities.
- The three dimensions’ logo formed 4 Sturdy Pillars indicating the Company’s security and flexibility.



Red line under the BTN word symbolizes confidence.



The color blue symbolizes the Company’s maturity, experienced in managing banking business and wisdom in carrying out primary mission of national development.



The color gold symbolizes the Company’s solid credibility in proving itself as a bank that has public’s trust.



The color red symbolizes confidence as a strong bank in running banking industry in Indonesia.

FIELD OF BUSINESS



According to the Deed of the Representation of Annual General Meeting of Shareholders Resolution on the Articles of Association Amendments of PT Bank Tabungan Negara (Persero) Tbk. No.51 dated March 24th 2015, the Company's business activities are:

- a. Collect funds from public in the form of demand deposit, time deposit, deposit certificate, savings, and/or other equivalent form;
- b. Disburse loan;
- c. Issue an acknowledgement of debt and do borrowings with earning assets as warranty;
- d. Buy, sell, or guarantee the Company's risk or for the Company's benefit and at the behest of its customer:
 1. Drafts including draft accepted by Bank with expiration date not longer than the practice of said securities trading.
 2. Acknowledgement of debt and other trading papers with expiration date no longer than the practice of said trading.
 3. Treasury Bonds and Government Securities.

4. Bank Indonesia Certificates (SBI).
 5. Bonds.
 6. Futures with maturity in accordance with rules and legislation.
 7. Other valuable instruments with maturity in accordance with rules and legislation.
- e. Transferring money both for the Company's good interest or customer's;
 - f. Place funds on, or borrow from, or lend funds to another bank, using mail, communication, or sight draft, check, or any other means;
 - g. Receive bill for securities and perform calculations for or with third parties;
 - h. Provide place to store goods and securities;
 - i. Perform custody activities for the interests of other parties pursuant to a contract;
 - j. Make placements from client to another client in the form of securities not listed on stock exchange;
 - k. Purchase part or all of collaterals, either through auction or outside the auction, by the authority from the collateral's owner to sell outside the auction, in case the debtor fails to meet its obligation to the Company, provided that the collateral shall be liquidated as soon as possible;
 - l. Conduct factoring, asset securitization, credit card business, and trustee activities;
 - m. Perform foreign exchange in accordance with provisions set forth by the authorities;
 - n. Conduct temporary investments on bank or other company on financial matter in accordance with rules and legislations;
 - o. Conduct temporary investments to overcome credit failure, including failure of financing based on the Islamic principle, on the terms that the Company shall withdraw its investment, in accordance with the provisions set forth by the Company based on rules and legislations;
 - p. Act as the founder and the trustee in accordance with rules and legislations;
 - q. Conduct financial services, commercial banking, and other investment banking;
 - r. Conduct business based on Syariah principles, in accordance with provisions set forth by Bank Indonesia and rules and legislations;
 - s. Conduct other activities commonly undertaken by banks with regard to the provisions of rules and legislations.

In addition to the main business activity, the Company shall provide supporting business activity to support main activity as long as it complies with the prevailing rules and legislations.

PRODUCTS AND SERVICES

A. CONSUMER BANKING

1. LOAN PRODUCTS

1.1. Housing Loan

1.1.1. Subsidized KPR

Loan cooperation program with the government to facilitate subsidized housing loans for the Indonesian people, especially for the Low-Income Communities (MBR)

a) KPR BTN Sejahtera FLPP Tapak

Housing loan facility with funding from the sharing between government portion and the bank portion to purchase tapak house from developer, with fixed interest rates throughout the term of the credit and Down Payment Subsidy for IDR 4 million.

b) KPR BTN Sejahtera FLPP Susun

Housing loan facility with funding from the sharing between government portion and the bank portion to purchase flats (susun) from developer, with fixed interest rates throughout the term of the loan.

c) KPR Subsidi Selisih Bunga (SSB) Tapak

Housing loan facility in which Government subsidized the interest margin for people who qualify for KPR SSB Tapak, by purchasing a house from the developer with fixed interest rate for the term of the loan, and Down Payment Subsidy for IDR 4 million.

d) KPR Subsidi Selisih Bunga (SSB) Susun

Housing loan facility in which Government subsidized the interest margin for people who qualify for KPR SSB Susun, by purchasing a flat from the developer with fixed interest rate for the term of the loan.

1.1.2. Non Subsidized KPR

Housing loans for clients in the upper middle segment. Non subsidized KPR services consists of KPR BTN Platinum, KPA BTN, and Kredit Ruko.

a) KPR BTN Platinum

Loan facility to buy a new or an old house, in an indent process, or a takeover from other bank, with fast and easy service.

b) KPA BTN

Loan facility to buy a new or an old apartment or condominium, in an indent process, or a takeover from other bank, with fast and easy service.

c) Kredit Ruko BTN

Loan facility to buy a unit of shop house, business house, office house, or a stall with fast and easy service.

1.1.3. Other Housing-Related Loan

a) Kredit Agunan Rumah BTN

Multifunction loan facility for house renovation, purchasing of the contents of the house, education fund, and other necessity, by putting the house/apartment/shop house as the collateral.

b) Kredit Bangun Rumah BTN

Loan facility to build the dream house on the customer's owned land.

c) Bantuan Perumahan PNS

Facility to ease the PNS who proposes BTN Subsidized KPR with choices as follows:

- Saving Assists for houses, i.e. funding assists intended to fulfill the need of down payment purchase for rumah sejahtera through Subsidized KPR BTN, including to fulfill the costs for loan/purchasing ownership of the house; or
- Assist in Down Payment (TBUM) that is a facility to get a down payment loan for a purchase of rumah sejahtera through BTN Subsidized KPR, with interest rate of 6 – 7% and a loan term of at most 15 years, or not more than the maximum term of what the BTN Subsidized KPR proposed.

1.2. Non-Housing Loan

Consumer Non-Housing Loan is one of the Company's main focus in improving the business growth, because this potential market can survive the global financial crisis. This loan also has many spread around customer base. Consumer Non Housing Loan products includes Ringan BTN Loan (Kring BTN), Pension Ringan BTN Loan (Pension Kring), Self-financing Loan BTN, Employee Loan.

1.2.1. Kredit Ringan BTN (Kring BTN)

Loan facility that is targeted for company/institution employee to fulfill their needs without collateral only by proposing Employee's Statement of the applicant.

1.2.2. Kredit Ringan BTN Pensiunan (Kring BTN Pensiun)

Loan facility that is targeted for PNS Pensioner, TNI/POLRI, and their widow/widower who receives pension benefit through Bank BTN.

1.2.3. Kredit Swadana BTN

Loan facility that is targeted for customer with guarantee of the savings or deposits in the bank, with the maximum loan 90% of the fund saved by

the customer, including the competitive interest rate, easy and quick process, flexible term time from 1 year and can be prolonged.

1.2.4. Kredit Pegawai

Soft loan facility for employee who has meet requirements.

2. CONSUMER SAVING PRODUCTS

2.1 Consumer Savings

2.1.1. Tabungan Batara

Multipurpose saving completed with transaction facilities to support the customer's financial activities. Tabungan BTN Batara is classified based on the segment targeted, which is:

a) Tabungan BTN Batara Payroll

Saving segmented for customer who receives their salary or credit through Bank BTN.

b) Tabungan BTN Batara Pensiun

Saving segmented for pensioners as facility to receive the pension fund every month, paid by PT Taspen (Persero) and PT Asabri (Persero).

c) Tabungan BTN Batara Pendidik

Saving segmented for customer whose profession is cooperators educators.

2.1.2. Tabungan Batara Prima

Investment saving with benefits to lead the customer to a better life.

2.1.3. Tabungan BTN Junior

Saving Education for children until 12 years old.

2.1.4. Tabungan BTN Juara

Saving for financial education and transaction in line with the needs of young generation.

2.1.5. Tabungan BTN Haji Reguler

Saving targeted for prospective pilgrims Regular preparing for Haji Pilgrimage organized by the office of Ministry of Religion.

2.1.6. Tabungan BTN Haji Plus

Saving targeted for prospective pilgrims Plus preparing for Haji Pilgrimage organized by the office of Ministry of Religion.

2.1.7. Tabunganku

Personal saving with convenience and easy requirements to promote a culture of saving as well as to improve the welfare of society.

2.1.8. Tabungan BTN Simpanan Pelajar

Saving for students with convenience and simple requirements as well as interesting features, in order to educate and include finance to promote the saving culture since early stage.

2.1.9. Tabungan E'Batara Pos

Saving that is nearer and easier for the public because they can do the transaction online in every Kantor Pos in Indonesia.

2.1.10. Tabungan Cermat Laku Pandai

Saving that gives access and easiness of banking transaction through EDC and phone account throughout the country without having to go to Bank.

2.1.11. Tabungan BTN Perumahan

Saving targeted for the public in order to help people in Indonesia save the money to buy a house, especially their first house.

2.1.12. Tabungan Rekening Dana Nasabah (RDN)

A savings account held by the Bank and is intended for investors for the purposes of settlement of capital market transactions.

2.2. Deposito

Bank BTN Deposits are time deposit nominated in Rupiah or foreign currency. The benefit from Bank BTN Deposits are attractive interest rates, deposit interest that can be capitalized to the principal deposit, deposit interest that can be allocated to the home installment payment, electricity and telephone bill payment, with various placement period, from 1 month, 2 months, 3 months, 6 months, 12 months, and 24 months, as well as collateral loan (Self-financing Loan)

2.1.2. Deposito BTN

Facility to save money for investment that is secure and reliable in a certain period of time, with attractive interest rate that can be allocated as collateral for the loan.

2.1.2. Deposito BTN Valas

Facility to save money for investment that is secure and reliable in a certain period of time, with attractive interest rate in the foreign currency.

B. COMMERCIAL BANKING

1. COMMERCIAL LOAN PRODUCTS

1.1. Kredit Perumahan

Loan facility that is targeted for Developer. This loan functions as working capital to fund the construction of horizontal building (houses, shop houses, office houses, kiosk, etc.) or high rise building (flats, apartments, condominiums, office buildings, etc.) as well as the facilities and infrastructures if it deems feasible by the Bank to give loan. the Company provides facility of 80% maximum from the total cost of construction. In deciding to fund construction loan, the Company considers the loan tenor period based on the estimated construction time and income generated after the project is finished. As a collateral, Kredit Konstruksi BTN will ask the land and property constructed as collaterals.

1.2. Non Housing Loans

Bank BTN Non Housing Loan products consist of Kredit UMKM, Linkage Program, and Kredit Korporasi. Kredit UMKM includes KUR BTN, KUMK, Kredit Investasi, KMK, and KMK Kontraktor. Linkage Program includes loan to Community Bank and Saving and Loan Cooperatives. Whereas Kredit Korporasi consists of Kredit Investasi, Kredit Modal Kerja BTN, Kredit Modal Kerja Kontraktor, dan Kredit Sindikasi.

1.2.1. Kredit UMKM

Kredit UMKM is targeted for micro, small and medium enterprises. In UMKM loan disbursement, the Company categorized customer of micro enterprises as those who has assets of maximum IDR 50 million, with maximum sales of IDR 300 million per year. For this segment, the Company shall disburse loan of maximum IDR 100 million.

Small Enterprises customer are businesses with assets of maximum IDR 500 million or sales of maximum IDR 2.5 billion per year. For this segment, the Company shall disburse loan of maximum IDR 500 million.

Middle Enterprises customer are businesses with assets of maximum IDR 10 billion or sales of maximum IDR 50 billion per year. The Company shall disburse loan of maximum IDR 5 billion.

1.2.2. Kredit Linkage BTN

The Company provides loan facility to legal entity business i.e. Community Bank (BPR) and Cooperatives to then disburse to the productive Small and Micro Enterprises as well as consumptive sectors. One of the Company's biggest partner in Kredit Linkage BTN is Permodalan Nasional Madani (PNM).

1.2.3. Kredit Korporasi

a) (Kredit Modal Kerja (KMK)

Loan targeted for customers to fund their business in commerce or service industry, or related to procurement or production services, until the goods are sold with maximum loan of 80% from the total costs of working capital. The loan term period can be up to 36 (thirty-six) months and may be extended.

b) Kredit Investasi

Loan to facilitate long term project with a maximum loan of 70% from the total costs of said project. Loan maturity is based on the completion date and cash flow forecast, provided that the loan term does not exceed 15 years. The projects that are being funded usually are the collateral for this loan, and the disbursement of the loan is based on the project construction achievement. If in the investment, working capital loan is needed, then working capital loan given will be a maximum of 75% from the total costs of working capital.

- c) **Kredit Modal Kerja Kontraktor (KMK Kontraktor)**
Loan to facilitate working capital to help contractor finished their job based on specified contract with the amount up to 60% from the value of the contract. The loan maturity will not exceed the contract period, and the contract value and the fixed assets are used as collaterals. This loan generally is subject to floating interest rate which is higher than Non Subsidized KPR.
- d) **Kredit Sindikasi**
Loan or credit given simultaneously by more than one bank to certain debtor.

2. SAVINGS PRODUCTS

2.1. Giro BTN

Giro BTN is a saving provided by the bank, that can be withdrawn at any time by check, demand deposit, ATM, and Purchase Order, book-entry settlements, and other withdrawal medium.

A. Type of Giro BTN based on Ownership

2.1.1. Personal Giro

Personal Giro is an account in the name of an individual, opened by an individual including those who has a business.

2.1.2. Institution Giro

Institution Giro is an account on the name of government institution, public organization or similar organization, business/legal entities (including Bank and Community Bank), and every business or legal entities regulated in the Commercial Law.

2.1.3. Giro Gabungan (*Joint Account*)

Giro Gabungan (Joint account) is an account that is owned by more than one person, which can be a combination of institution, individual, and/or combination of both.

B. Type of BTN Current Account based on Currencies

2.1.4. Giro BTN Rupiah

Giro BTN Rupiah is a third party saving in rupiah currency which may be withdrawn by using check, demand deposit, ATM, and Purchase Order.

2.1.5. Giro BTN Valas

Giro BTN Valas is a third party saving in foreign currency (USD) which may be withdrawn by using a Purchase Order.

2.2. Institutional Time Deposit

This deposit is a term deposit for investment in rupiah or other currencies that could only be withdrawn at certain period, under agreement between the customer and the bank. Bank BTN Deposit benefits are attractive interest rate; interests from the deposit can be capitalized to the principal, book-entry settlement; various placement term, 1 month, 2 months, 3 months, 6 months, 12 months, and 24 months, as well as loan collateral (Self-Financing Loan).

2.2.1. Deposito BTN Rupiah

Deposito BTN Rupiah is a term savings for investment in rupiah with placement period of 1, 2, 3, 6, 12, and 24 months that can only be withdrawn at certain period, under the agreement of the customer and the bank.

2.2.2. Deposito BTN Valas

Deposito BTN Valas is a term savings for investment in foreign currency (USD) with placement period of 1, 2 3, 6, 12, and 24 months that can only be withdrawn at certain period, under the agreement of the customer and the bank.

2.2.3. Deposito *On Call* Lembaga

Deposito On Call BTN is a term savings for investment in rupiah and foreign currency (USD) with placement period of minimum 1 day and maximum 35 days, that can only be withdrawn at the maturity date, under the agreement of the customer and the bank.

C. SHARIA BUSINESS UNIT

1. SHARIA FINANCING PRODUCTS

Sharia Financing Products are categorized into Consumer Finance and Commercial Finance. Description for Sharia Financing Products is as follows:

1.1. Consumer Finance

1.1.1. KPR BTN Sejahtera iB

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

1.1.2. KPR BTN Platinum iB

Funding for individual customer with “Murabahah” (deed of sale), with fixed installments throughout the loan term, in order to own a House, Business House, Office House, Flat House, or Apartment in a new or second condition.

1.1.3. Pembiayaan Bangun Rumah BTN iB

Funding for individual customer with “Murabahah” (deed of sale), in order to build or renovate residential buildings.

1.1.4. KPR BTN Indent iB

Funding product in order to buy a house, shop house, office house, flat house, or apartment based on orders, for individual customer with the principle of *istishna'* (deed of sales based on orders), with monthly installments in a certain period.

1.1.5. Pembiayaan Kendaraan Bermotor BTN iB

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

1.1.6 Pembiayaan Tunai Emas (Tunas) BTN iB

Funding for customer in order to meet the customer's financial needs based on Qardh, Rahn, and Ijarah, given to the Bank by the customer based on agreement and completed with Circular Letter.

1.1.7. Pembiayaan Multijasa BTN iB

Funding with “Kafalah bil Ujroh” letter that can be used for the purposes of funding various needs of services for the customer, such as: Education fund package, wedding fund package, travelling fund package, pilgrimage (umroh/haji plus) package, medical fund package, other services package that is in line with Sharia principles.

1.1.8. Pembiayaan Multimanfaat BTN iB

Consumptive individual funding with “Murabahah” that can be used for purchasing purposes for useful goods according to the needs and is in line with Sharia principles, such as electronic, furniture, household appliances, and other goods.

1.1.9. Pembiayaan Talangan Haji dan Umrah BTN iB

Investment saving product with Mudharabah Mutlaqah letter with the purposes of planning and executing pilgrimage Haji and Umrah

1.2. Commercial Funding

1.2.1. Pembiayaan Konstruksi BTN iB

Funding product provided to meet the needs of developer work capital in order to build the housing projects and the industry, with the principles of “Musyarakah” (Cooperation), and the installment plan is in line with customer’s cash flow forecast.

1.2.2. Pembiayaan KUR BTN iB

Purchase with the principles of Musyarakah (cooperation) or Murabahah (deed of sales), provided for productive business in the category of micro, small, and middle enterprises in the form of individual and Linkage Institution to meet the need of working capital and investment, and the installment plan is in line with customer’s cash flow forecast.

1.2.3. Pembiayaan Modal Kerja BTN iB

Funding with the principles of “Mudharabah” (Profit Sharing), or “Musyarakah” (Cooperation) provided for institution, organization, or company to meet the need of business working capital for commerce and services industry, with the installment plan based on the customer’s cash flow forecast.

1.2.4. Pembiayaan Investasi BTN iB

Funding with the principles of “Murabahah” (deed of sales) or “Musyarakah” (Cooperation) provided for institution, organization, or company to meet the needs for capital expenditure in order to rehabilitate, modernize, expand, or increase of business capacity, with installment plan based on the customer’s cash flow forecast.

1.2.5. Pembiayaan Sindikasi BTN iB

Funding in the form of syndication and or Club Deal by more than one Bank, given to one Customer that the funding needs is too big to be disbursed by one financial institution such as Bank / Non-bank Financial Institutions (LKBB), with the choice of “Mudharabah” (Profit Sharing), “Musyarakah” (Cooperation), “Murabahah” (Profit Sharing), or “Ijarah” (Rent).

2. SHARIA SAVING PRODUCTS

2.1. Sharia Giro

2.1.1. Giro BTN iB

Saving product with the principles of “Wadiah” (Entrusted), for the purpose of financial operational needs for the customer, by giving lucrative bonus for the customer for the savings, in order to facilitate the business activities.

2.1.2. Giro BTN Prima iB

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

2.2. Sharia Savings

2.2.1. Tabungan BTN Batara iB

Saving product with a “Wadi’ah” (Entrusted) principle, provided for everyday financial transactions, by giving many benefits for the customer, and administration fee does not reduce the principal saving.

2.2.2. Tabungan BTN Prima iB

Saving product with a “Mudharabah Mutlaqah” (Profit Sharing) principle, intended for the purposes of investment by providing a lucrative and competing outcome for customers, and administration fee does not reduce the principal saving.

2.2.3. Tabungan BTN Haji iB dan Umroh iB

Saving product intended for realizing the dream of Ibadah Haji and Umroh to the customer, with Mudharabah (Profit Sharing), by giving a lucrative and competing outcome.

2.2.4. TabunganKu iB

Saving product with Wadi’ah (Entrusted) principle, by giving attractive bonus. Issued simultaneously by banks in Indonesia in order to foster the culture of saving and to improve the public welfare.

2.2.5. Tabungan BTN Qurban iB

Saving product intended for realizing the dream of Ibadah qurban, with Mudharabah Mutlaqah (Profit Sharing), by giving a lucrative and competing outcome.

2.2.6. Tabungan BTN Sempel iB

Saving product destined for Students under 17 years old without KTP with light initial deposit while providing lucrative bonus.

2.3. Sharia Deposits

2.3.1. Deposito BTN iB

Saving facility to invest safely, comfortable, and reliably in a certain period of time, based on “Mudharabah Mutlaqah” (Profit Sharing) principle. This deposit can be individual or institutional

2.3.2. Deposito On Call iB

Saving facility to invest safely and reliably in a shorter period of time, based on “Mudharabah Mutlaqah” (Profit Sharing) principle.

D. BANKING SERVICES

The Company provides numerous Banking Services, such as consumer card, wealth management, electronic channel, and other banking services. Consumer card services provided is debit card and credit card. Wealth management services offered are saving products, securities (ORI, Sukuk, and SBR), Mutual Funds, and Bancassurance. Electronic channel services provided are ATM and Kiosk, CDM, Internet Banking, Cash Management, SMS Banking, and MobileBanking. Other banking services provided are trading services, administration services, and other services.

The services provided by Bank BTN based on the Consumer Banking business activities are as follow.

1. CONSUMER CARD

1.1. Kartu Debit / Kartu ATM

Kartu ATM BTN functions as debit card that facilitate customer to do transaction and shopping needs in shop with Visa logo in stores around the world easily,

securely, and quickly, as well as to shop online in many online merchants. Kartu ATM Debit BTN now has many variants, tailored to savings segment. The various cards for ATM Debit BTN include Kartu ATM Tabunganku, Kartu ATM Institusi, Kartu Debit BTN Visa Regular, Kartu Debit BTN Visa e'Batapos, Kartu Debit BTN Visa Juara, Kartu Debit BTN Visa Syariah, Kartu Debit BTN Visa Gold, and Kartu Debit BTN Visa Platinum for Bank BTN priority customers.

1.2. Kartu Kredit BTN

Kartu Kredit BTN helps to fulfill the customer's needs and can be used for transaction in stores with Visa logo all around the world easily, securely, and quickly.

1.3. Kartu Suka-suka BTN

The first and only Kartu Debit Syariah Visa with a card design that is tailored to the wish of each customer or community, and it can be used throughout the VISA network worldwide.

1.4. Debit BTN Online VBV (Verified by Visa)

With Debit BTN Online VBV (Verified by Visa), customer can easily conduct online transactions with Kartu Debit BTN Syariah (e-Commerce)

2. WEALTH MANAGEMENT

The existence of the Company's wealth management is more complete, providing increase on the fee based income, especially through the sale of non-banking product. With the opening of BTN Prioritas service, the Company will develop the service and product which can complement the wealth management business. This is marked by the launching of Bancassurance product sales and Mutual Funds partnered with insurance and investment manager professional in their fields.

The Company partners with PT Zurich Topaz Life, PT Asuransi Jiwasraya (Persero), and PT Asuransi Jiwa Generali Indonesia for Bancassurance sales products. For Mutual Funds, the Company partners with PT Trimegah Aset Manajemen, PT Bahana TCW Investment Management, PT Manulife Asset Management Indonesia, and PT Schroder Investment Management Indonesia. The Company became sales agent for Government Securities completely, starting from the product Sukuk Negara Ritel Seri SR 006, Saving Bonds Ritel Seri SBR 001, Obligasi Negara Ritel Seri ORI 011, Sukuk Negara Ritel Seri SR 007, and Obligasi Negara Ritel Seri ORI 012. Sukuk Negara Ritel Seri SR008, saving Bonds Ritel seri SBF002, Sukuk Tabungan Seri ST001 and Obligasi Negara Ritel Seri ORI013.

3. ELECTRONIC CHANNEL ATM

Automatic Teller Machine (ATM) services to provide the cash withdrawal facility of IDR 50,000 and IDR 100,000 denomination spread across the Company's Branch Offices area, and in premium location such as Gallery ATM in Mall, shopping centers, offices, markets, and residential, thus making it easier for the customer to carry out transactions with the support of 24 hours online network.

4. CDM (CASH DEPOSIT MACHINE)

ATM services that is able to receive cash deposit hence making it easier to facilitate real-time and fast transactions. It can accept money with denomination of IDR 20,000, IDR 50,000, and IDR 100,000.

5. ATM NON TUNAI (KIOSK)

A machine with compact dimension that looks modern, has touchscreen, and similar to an ATM but cannot provide cash withdrawal. The machine functions as promotion media and provides non-cash financial transactions.

6. SMS BANKING

Banking application service for individual customers in order to provide convenience during non-cash financial transactions and non-financial everywhere and every time by using cellular phone (HP) accessible through text to access number 3555 or through command USSD (Unstructured Supplementary Service Data). Customer can register through ATM BTN or by contacting Customer Service in Bank BTN branch offices.

7. MOBILE BANKING

Banking application service for individual customers in order to provide convenience during non-cash financial transactions and non-financial everywhere and every time by using cellular phone (HP) accessible through iMobile BTN application, downloadable from Google Play, Blackberry World, and Apple Store. The connection uses internet data so it is cheaper and more efficient. Internet data rates is in accordance with every network providers' policy.

8. INTERNET BANKING

Banking service for individual customers to obtain financial information and carry out self-management banking transaction through internet. Website: <https://internetbanking.btn.co.id>. Customer can register through ATM BTN or by contacting Customer Service in Bank BTN branch offices. Internet data rates is in accordance with every network providers' policy.

9. VIRTUAL ACCOUNT

Service identification number for customers of a company (end user) who have cooperated with the Company, both individual and non-individual customers as an identification to receive fund.

10. ELECTRONIC DATA CAPTURE (EDC)

This service is similar to mini ATM, and serves as a facility to provide transaction and as instrument of payment. The user will insert or swipe the ATM card (Kartu Debit or Kartu Kredit) in the bank's machine, and this is facilitated with other payment methods, connected to the internet in real-time.

11. CASH MANAGEMENT

Special service for the customer's family to self-manage the banking transaction through internet connection. Website: <https://cashmanagement.btn.co.id>. Customer can register by visiting the nearest Bank BTN branch offices. Internet data rates is in accordance with every network providers' policy.

12. BRANCHLESS BANKING

Banking services for the bank customers done outside the bank offices' coverage area through the cooperation of information technology network utilization with telecommunication company; and or cooperation with agents acting on behalf of the bank, in order to expand the range of banking services and encourage the establishment of financial services without an office in the context of inclusive finance. It is called LAKU PANDAI.

13. OTHER BANKING SERVICES

In addition to loan disbursement and third party fund collection, the Company also provides other consumer services to improve fee based income, such as: Domestic and international remittance, foreign currency exchange, safe deposit box, bill payment (telephone, electricity, and water), internet and TV cables payment, purchases of airline tickets and train tickets, as well as topping up mobile phone credit.

In addition to that, as a provider of total banking solution to the institutional customer, the Company provides services for the institutional customer such as:

13.1. Garansi Bank

Service in the form of a statement issued by the bank at the request of the customer to guarantee certain risks that may arise if the customer cannot perform their duties well to the person receiving the guarantee.

13.2. BTN Cash Management

BTN Cash Management is a financial management service for giro institutional customer to self-manage banking transaction (monitoring of mutation and balance, employee payroll, multi debit, cash pooling, and cash distribution) through internet connection so it is easier, more effective, and more efficient.

13.3. Virtual Account BTN

Service for BTN giro institutional customer in the form of virtual account that can be used for the customer/partner of the customer to carry out bill payment through any bank cards and the institutional customer can monitor the receipt of payment in real-time.

13.4. Transfer Management

Transfer management is a bank service for the institutional customer in order to help the customer carry out online fund transfer, be it Inhouse Transfer (between accounts), Domestic transfer (LLG/Clearing and RTGS), and International Fund Transfer (transfer to other domestic or international bank in foreign currency). The transfers can be made in a single currency (the currency code of the money sent is the same as the money received) or multi-currency (the currency code of the money sent is not the same as the money received).

13.5. Payment Management

Payment management is a form of cooperation between the bank and the customer to help customer manage the bill and payment such as:

- Edu Payment / SPP Online BTN
- Edu payment is a service for education institution in the form of deposit of tuition fees and other costs associated related with the education implementation, in online and real-time.
- Bill Payment (Payment of phone, electricity, water, gas, etc.)
- Tax Payment
- Purchase of payment for Pertamina products
- Payment of BPJS Ketenagakerjaan Subscription
- Payment of BPJS Kesehatan Subscription
- Pension Payment (Taspen dan ASABRI)
- Hospital Bill Payment
- Bank Operational I and II

13.6. Payroll Service BTN

Payroll Service is a form of cooperation between the bank and the customer to help the customer pay for their employee's honor or salary.

14. SHARIA BUSINESS UNIT SERVICES

14.1. Kartu Debit Visa BTN Syariah

Card service facility to give ease for the customer through ATM such as cash withdrawal and transfer, and it can be done in every network of ATM Bank BTN, Link, ATM Bersama, Prima, Visa, and Plus, as well as to shop in store with Visa logo domestic and international.

14.2. Kiriman Uang

Service facility to send money real-time with other Bank BTN and BTN Sharia, as well as to send money to other Bank using the facility of SKN, RTGS, Link, ATM Bersama, and Prima.

14.3. BTN Cash Management

Internet-based service that uses web-browser application, in order to help the customer to manage their banking activities independently, effectively, and efficiently.

14.4. Payment Point BTN iB

Service facility for customer to facilitate the payment of routine and fixed bill such as education payment.

14.5. Payroll BTN iB

Service for company, institution, and individual in managing payroll, THR, bonus, and other financial needs routinely for the employee.

14.6. Penerimaan Biaya Perjalanan Haji

Facility that gives certainty and easiness to make sure they get the portion of ibadah haji departure with online system from Siskohat.

14.7. SPP Online BTN iB

Service for University/School to provide delivery channel to receive the education payment real-time and online.

14.8. Program Pengembangan Operasional BTN iB

The Bank provides this program for institutional customer in the form of fund, goods, or other facilities, in order to support the customer's operational fluency with certain conditions agreed by the Bank and Customer, by still holding up the prudence principles and Good Corporate Governance (GCG).

14.9. Garansi Bank BTN iB

Service provided by the Bank in the form of a guarantee payment for a certain amount of money given to the party who received the collateral, in the interest of transaction / specified projects to be executed with the Customer's "Kafalah" (Guarantee) contract.

14.10. Safe Deposit Box BTN iB

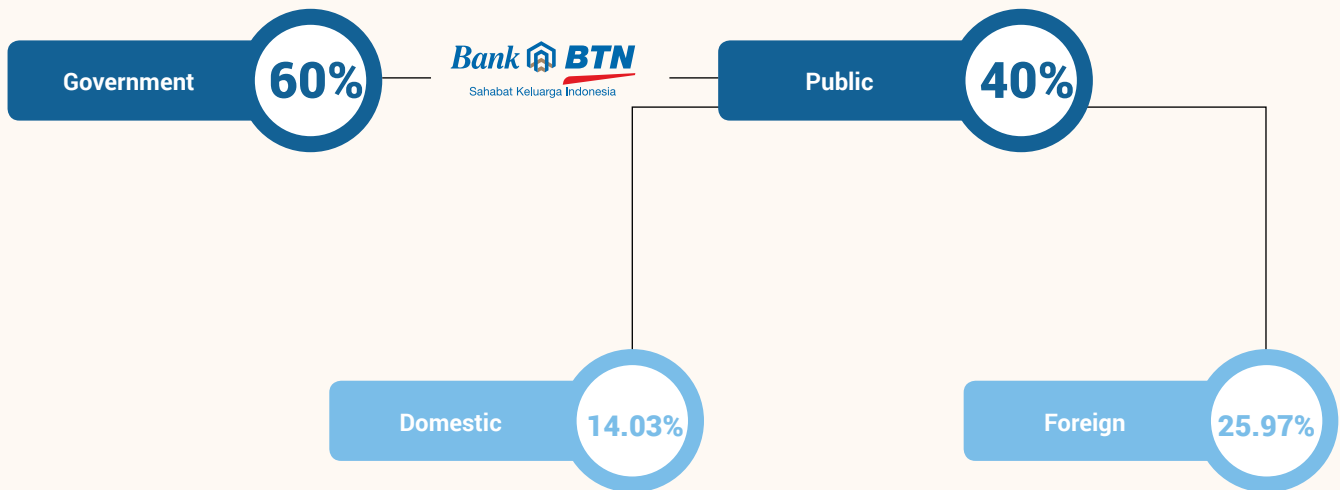
A deposit in the form of Box, designed specifically with certain dimension, and equipped with safety system to guarantee the security of valuables or important documents deposited away from fire, theft, and others. The contract used is "Ijarah" (Rent).

SHAREHOLDERS' COMPOSITION AND STRUCTURE

The Republic of Indonesia has one share of Bicolor Share Series A. Bicolor Share Series A gives the shareholder a special right which is not owned by any other shareholders. Namely by approving the appointment and termination of Board of Commissioners and Directors, approving amendments in Articles of Association including changes in the capital, approving merger, acquisition and dissolution of Bank, filing a petition of bankruptcy and liquidation as well as asking a report

on certain matters to the Board of Directors and Board of Commissioners, with regards to the prevailing rules and legislations, especially in the Capital Market sector.

On December 31st 2016, the Republic of Indonesia has 6,354,000,000 Common Shares, and 1 Bicolor Share Series A which have special voting rights, so that the shareholding is 60.00%.



No	Public Shareholder	31-Dec-16		
		Total	Stocks	
			Shares	%
1	The Republic of Indonesia	1	6.354.000.000	60,00%
2	Public			
	Local public	11.142	1.486.159.283	14,03%
	Foreign public	437	2.749.840.717	25,97%
	TOTAL	11.580	10.590.000.000	100,00%

In details, the Company's shareholding is as follows:

No	Shareholders	31-Dec-16		
		Total	Stocks	
			Shares	%
1	The Republic of Indonesia	1	6.354.000.000	60,00%
2	Public			
	Local public			
	Individual	7.781	284.586.677	2,69%
	Employee	2.959	64.804.400	0,61%
	Cooperatives	3	2.172.700	0,02%
	Foundation	18	24.415.133	0,23%
	Pension Fund	91	131.146.111	1,24%
	Insurance	61	404.998.181	3,82%
	Limited Liability Company	50	50.964.507	0,48%
	Mutual Funds	179	523.071.574	4,94%
	Sub Total	11.142	1.486.159.283	14,03%
	Foreign public			
	Foreign Individual	33	10.993.640	0,10%
	Foreign Corporation	404	2.738.847.077	25,86%
	Sub Total	437	2.749.840.717	25,97%
	TOTAL	11.580	10.590.000.000	100,00%

20 BIGGEST SHAREHOLDERS DETAILS

The 20 biggest shareholders after the Government of the Republic of Indonesia is:

No	Name	Shares	%	Status
1	NT TST CO S/A THE CARAVEL FUND (INTERNATIONAL) LTD	146,325,000	1.38	Foreign Corporation
2	JPMCB NA UCITS CLT RE-HANDELSBANKEN TILLVAXTMARKNAD TEMA	129,500,000	1.22	Foreign Corporation
3	PT AIA FINL - UL EQUITY	104,581,100	0.99	Insurance

No	Name	Shares	%	Status
4	NT TST CO S/A LSV EMERGING MARKETS EQUITY FUND, LP	92,008,000	0.87	Foreign Corporation
5	PT. PRUDENTIAL LIFE ASSURANCE - REF	91,045,700	0.86	Insurance
6	CITIBANK NEW YORK S/A DIMENSIONAL EMERGING MARKETS VALUE FUND	79,335,127	0.75	Foreign Corporation
7	RBC ISB S/A ROBECO CAPITAL GROWTH FUNDS	69,451,100	0.66	Foreign Corporation
8	BP2S LUXEMBOURG S/A FULLERTON LUX FUNDS/ ASIAN SMALL CAP EQUITIES	68,800,000	0.65	Foreign Corporation
9	RD PREMIER ETF INDO STATE- OWNED COMPANIES-889064000	64,183,840	0.61	Mutual Funds
10	CITIBANK NEW YORK S/A EMERGING MARKETS CORE EQUITY PORTFOLIO OF DFA INV DIMENSIO	62,063,835	0.59	Foreign Corporation
11	CITIBANK NEW YORK S/A THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT	62,044,649	0.59	Foreign Corporation
12	PT. JASA RAHARJA (PERSERO)	56,223,800	0.53	Insurance
13	BBH BOSTON S/A BLACKROCK GLOBAL SMALLCAP FUND, INC	54,826,800	0.52	Foreign Corporation
14	BBH LUXEMBOURG S/A FIDELITY FD, SICAV- INDONESIA FD	52,272,500	0.49	Foreign Corporation
15	REKSA DANA BNP PARIBAS INFRASTRUKTUR PLUS	50,984,100	0.48	Mutual Funds
16	UBS AG LDN BRANCH A/C CLIENT-2157234000	46,677,203	0.44	Foreign Corporation
17	SG/SGBTLUX/PIO FD GLB	43,320,900	0.41	Foreign Corporation
18	SSB EBY5 S/A ACF LORD ABT SEC TR LAIO FD- 2144605679	41,822,204	0.39	Foreign Corporation
19	JPMCB NA RE-VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	41,109,797	0.39	Foreign Corporation
20	SSB SWUF S/A CALIFORNIA PUBLIC EMP RET SYSTEM-2144614535	39,650,113	0.37	Foreign Corporation

SHAREHOLDERS HOLDING EQUAL TO OR MORE THAN 5% OF SHARES

With the exception of the Government of the Republic of Indonesia, there is no shareholder with shareholding more than 5%.

SHAREHOLDINGS OF DIRECTORS AND BOARD OF COMMISSIONERS

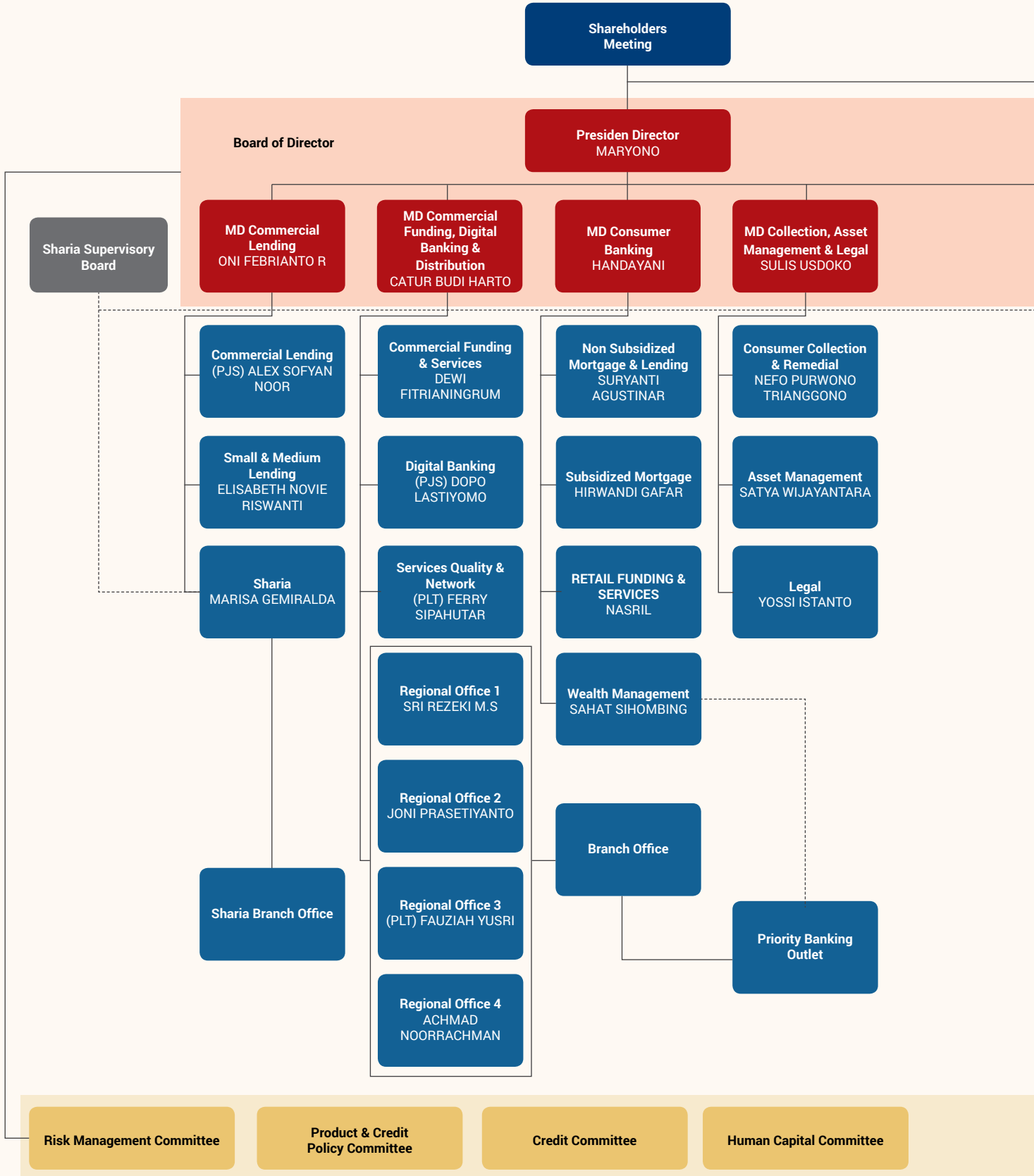
No	Position	Name	Shares	% Shareholdings
BOARD OF COMMISSIONERS				
1	President Commissioner/ Independent	I Wayan Agus Mertayasa	-	0,0000000%
2	Independent Commissioner	Kamaruddin Sjam	-	0,0000000%
3	Independent Commissioner	Arie Coerniadi	-	0,0000000%
4	Independent Commissioner*	Lucky Fathul Aziz Hadibrata	-	0,0000000%
5	Commissioner	Sumiyati	-	0,0000000%
6	Commissioner	Maurin Sitorus	-	0,0000000%
7	Commissioner **	Iman Sugema	-	0,0000000%
BOARD OF DIRECTORS				
1	President Director	Maryono	98,500	0,0009301%
2	Director***	Mansyur Syamsuri Nasution	375,000	0,0035411%
3	Director	Iman Nugroho Soeko	-	0,0000000%
4	Director	Adi Setianto	-	0,0000000%
5	Director	Sulis Usdoko	-	0,0000000%
6	Director	Oni Febriarto Rahardjo	-	0,0000000%
7	Director	Handayani	-	0,0000000%
8	Director	Catur Budi Harto	-	0,0000000%
	Total		473,500	0,0044712%

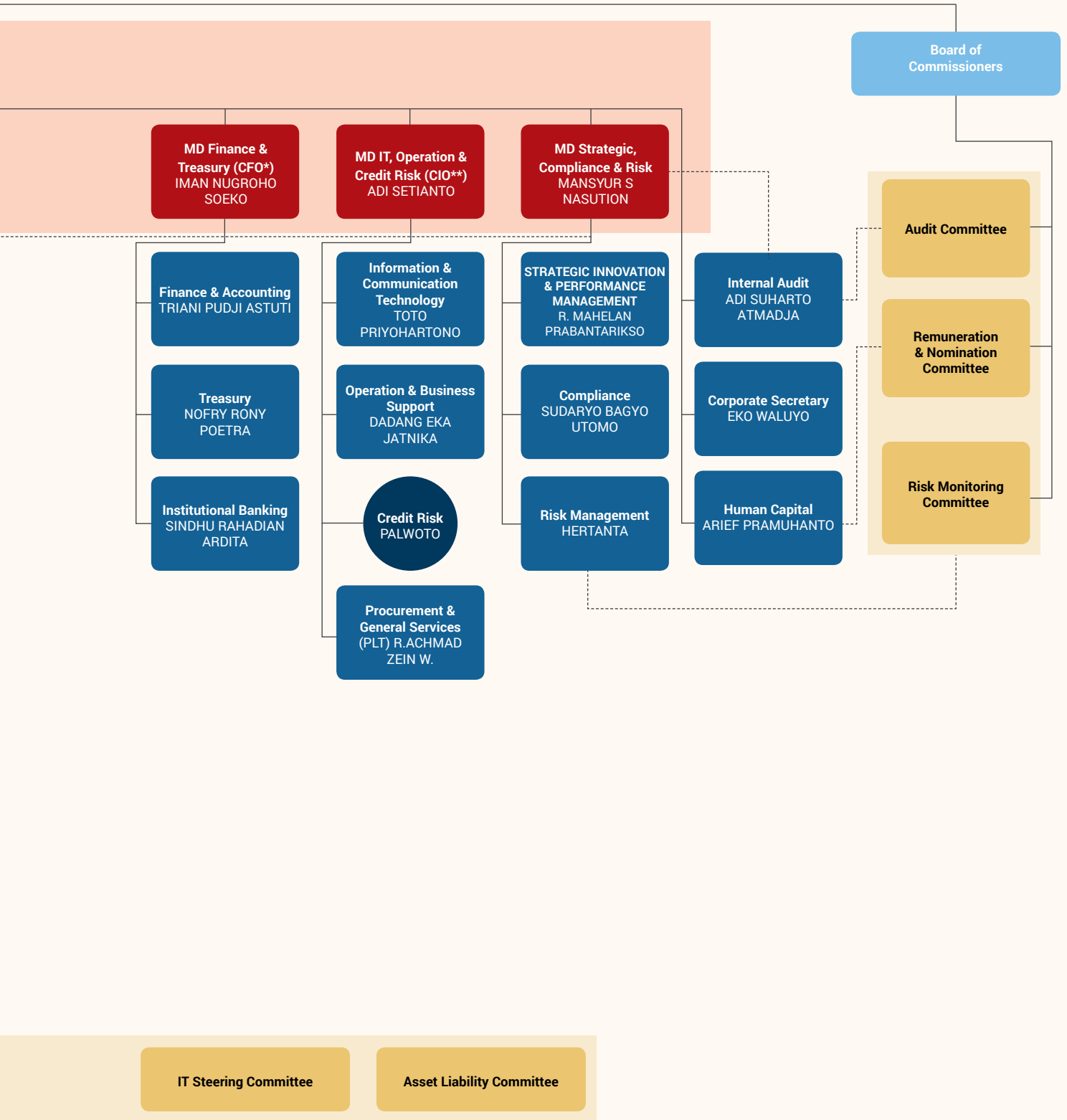
- *) Transferred to be an Independent Commissioner from Commissioner based on decision in Extraordinary GMS dated January 7th 2016, effective immediately after getting the approval from Financial Services Authority (OJK) for the fit and proper test and in accordance with the prevailing rules and legislations.
- **) Appointed as member of Board of Commissioners PT Bank Tabungan Negara (Persero) Tbk based on the decision in Annual GMS dated April 12th 2016, effective immediately after getting the approval from Financial Services Authority (OJK) for the fit and proper test and in accordance with the prevailing rules and legislations.
- ***) Effectively served as Director in charge of the compliance function on July 27th 2016, in line w Financial Services Authority (OJK) letter No. SR-136/D.03/2016 dated July 27th 2016 on Fit and Proper Test for Directorship Transition of Mortgage & Consumer Lending into Director in charge of Compliance Function PT Bank Tabungan Negara (Persero), Tbk.

PUBLIC SHAREHOLDERS WITH SHAREHOLDINGS LESS THAN 5%

Shareholders	31-Dec-16		
	Total	Stocks	
		Shares	%
Local public			
Individual	7,781	284,586,677	2.69%
Employee	2,959	64,804,400	0.61%
Cooperatives	3	2,172,700	0.02%
Foundation	18	24,415,133	0.23%
Pension Fund	91	131,146,111	1.24%
Insurance	61	404,998,181	3.82%
Limited Liability Company	50	50,964,507	0.48%
Mutual Funds	179	523,071,574	4.94%
Sub Total	11,142	1,486,159,283	14.03%
Foreign public			
Foreign Individual	33	10,993,640	0.10%
Foreign Corporation	404	2,738,847,077	25.86%
Sub Total	437	2,749,840,717	25.97%
TOTAL	11,579	4,236,000,000	40.00%

COMPANY ORGANIZATIONAL STRUCTURE





PROFILES OF OFFICERS REPORTING TO THE BOARD OF DIRECTORS



Eko Waluyo
Corporate Secretary

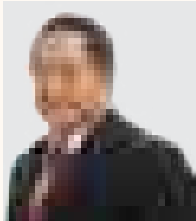
Please refer to Chapter Good Corporate Governance on the Sub-chapter Corporate Secretary for further information on the Corporate Secretary's profile



Adi Suharto Atmamadja
Head of Internal Audit

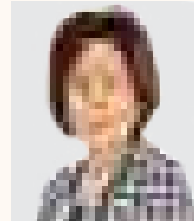
Please refer to Chapter Good Corporate Governance on the Sub-chapter Head of Internal Audit for further information on the Head of Internal Audit's profile

EXECUTIVE OFFICERS' PROFILES



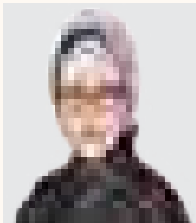
Alex Sofyan Noor

50. Bachelor of Economic, Universitas Islam Indonesia. Interim Officer of Head of Commercial Lending Division. Served since September 1st 2016, based on Board of Directors' Decree No. 338/DIR/2016.



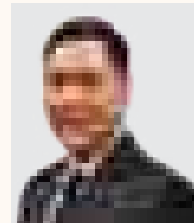
Suryanti Agustinar,

51. Holds a Magister Management, Universitas Gajah Mada. Head of Non Subsidized Mortgage and Consumer Lending Division. Served since April 1st 2014, based on Board of Directors' Decree No. 150/DIR/2014.



Marisa Gemiralda

56. Holds a Master degree in Marketing Management, Universitas Trisakti. Head of Sharia Division. Served since May 1st 2015, based on Board of Directors' Decree No. 257 DIR/2015.



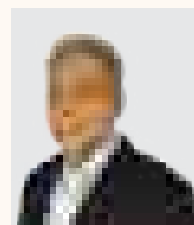
Nasril,

51. Bachelor of Economics, STIE KBP, Padang. Head of Retail Funding and Services Division. Served since May 1st 2015, based on Board of Directors' Decree No. 257/DIR/2015.



Dupo Lastiyomo,

46. Bachelor in Economics, Universitas Pembangunan Nasional Veteran. Interim Officer of Head of Digital Banking Division. Served since August 1st 2015, based on Board of Directors' Decree No. 380/DIR/2016.



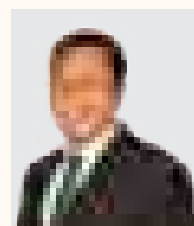
Nefo Purwono Trianggono,

53. Holds a Magister Management, Universitas Indonesia. Head of Consumer Collection and Remedial Division. Served since May 1st 2015, based on Board of Directors' Decree No. 257/DIR/2015.



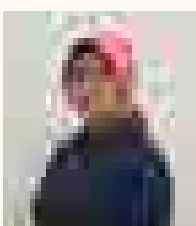
Sri Rezeki M. S.,

51. Holds a Magister Management, Universitas Gajah Mada. Head of Regional Office I. Served since May 1st 2015, based on Board of Directors' Decree No. 257/DIR/2015.



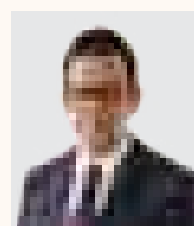
Yossi Istanto,

43 Master of Business Law, Unika Parahyangan, Bandung. Head of Legal Division. Served since April 1st 2014, based on Board of Directors' Decree No. 176/DIR/2014.



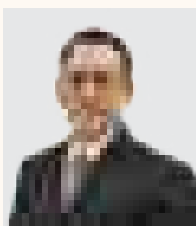
Fauziah Yusri,

51. Bachelor of Architecture, Universitas Hasanudin. Acting Officer of Head of Regional Office 3. Served since September 1st 2016, based on Board of Directors' Decree No. 389/DIR/2016.



Nofry Rony Poetro,

48 Master of Business Administration, The George Washington University, Washington DC, USA. Head of Treasury Division. Served since May 1st 2015, based on Board of Directors' Decree No. 257/DIR/2015.



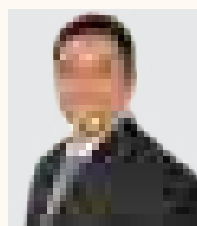
Toto Priyohartono,
55 Bachelor of Economics,
Universitas Padjadjaran, Bandung.
Head of Information
Communication and Technology
Division. Served since August 1st
2016, based on Board of Directors'
Decree No. 381/DIR/2016.



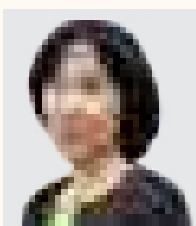
Achmad Noorachman,
51 tahun. Magister Manajemen,
Universitas Gajah Mada. Kepala
Regional Office 4. Menjabat
sejak 1 Mei 2015, berdasarkan
Surat Keputusan Direksi No.257/
DIR/2015



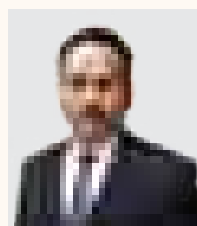
Elisabeth Novie Riswanti,
49. Bachelor of Law, Universitas
Gajah Mada. Head of Small and
Medium Lending Division
Served since October 1st 2015,
based on Board of Directors'
Decree No. 559/DIR/2015.



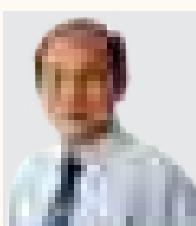
Hirwandi Gafar,
48. Bachelor of Technic, Institut
Teknologi Bandung. Head of
Subsidized Mortgage Division.
Served since March 1st 2014,
based on Board of Directors'
Decree No. 125/DIR/2014.



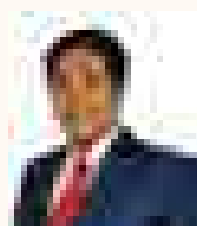
Dewi Fitrianingrum,
50. Holds a Magister
Management, Universitas Gajah
Mada. Head of Commercial
Funding and Services Division
Served since May 1st 2015, based
on Board of Directors' Decree No.
559/DIR/2015.



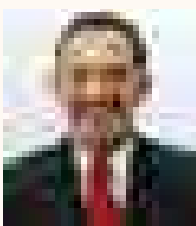
Sahat Sihombing,
50. Holds a PhD in Business
Administration, Universitas
Brawijaya Malang. Head of Wealth
Management Division. Served
since March 31st 2016, based on
Board of Directors' Decree No.
138/DIR/2016.



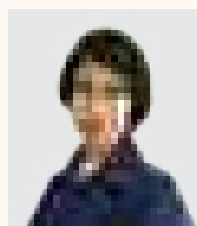
Ferry Sipahutar,,
46. Holds a Magister
Management, Universitas Gajah
Mada. Acting Officer of Head
of Service Quality and Network
Division. Served since November
1st 2016, based on Board of
Directors' Decree No. 473/
DIR/2016.



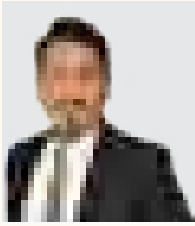
Satya Wijyantara,
48. Master in Communication
Study, Universitas Mercu Buana.
Head of Asset Management
Division. Served since October 1st
2015, based on Board of Directors'
Decree No. 559/DIR/2015.



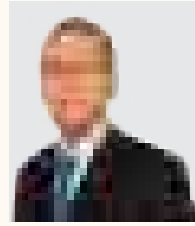
Joni Prasetyanto,
48. Holds a Master in Business
Law, Universitas Indonesia.
Head of Regional Office 2.
Served since April 1st 2016, based
on Board of Directors' Decree No.
138/DIR/2016.



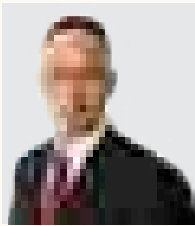
Triani Pudji Astuti,
54 Bachelor of Economics,
Universitas Gajah Mada. Head of
Finance and Accounting Division.
Served since April 1st 2011, based
on Board of Directors' Decree No.
242/DIR/2011.



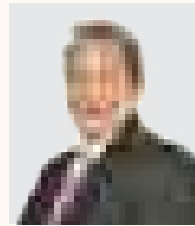
Sindhu Rahardian Ardita,
43 Holds a Magister Management, Universitas Gajah Mada. Head of Institutional Banking Division. Served since May 1st 2015, based on Board of Directors' Decree No. 257/DIR/2015.



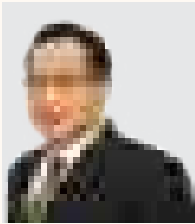
Hertanta,
51 Master of Business Administration, University of Arkansas. Head of Risk Management Division. Served since May 1st 2015, based on Board of Directors' Decree No. 257/DIR/2015.



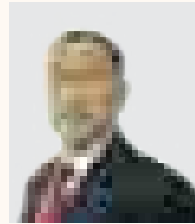
Dadang Eka Jatnika,
47 Magister of Accountancy, Universitas Diponegoro. Head of Operation & Business Support Division. Served since November 1st 2016, based on Board of Directors' Decree No. 472/DIR/2016.



R. Achmad Zein W.,
50 Bachelor of Economics, Universitas Islam Nusantara. Acting Officer of Head of Procurement and General Services Division. Served since April 1st 2016, based on Board of Directors' Decree No. 138/DIR/2016.



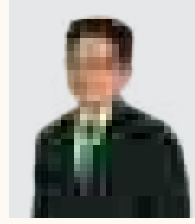
Palwoto,
46 Bachelor of Economics, Universitas Gajah Mada, Yogyakarta. Head of Credit Risk Division. Served since May 1st 2015, based on Board of Directors' Decree No. 258/DIR/2015.



Sudaryo Bagyo Utomo,
53. Bachelor of Law, Universitas Diponegoro, Semarang. Head of Compliance Division. Served since May 1st 2013, based on Board of Directors' Decree No. 264/DIR/2013.



R. Mahelan Prabantarikso,
47 Ph.D. in SDM (Human Resources) Management, Institut Pertanian Bogor. Head of Strategic Innovation and Performance Management Division. Served since May 1st 2015, based on



Arief Pramuhanto,
54 Master of Business Administration, Monash University, Melbourne. Head of Human Capital Division. Served since March 1st 2015, based on Board of Directors' Decree No. 110/DIR/2015.

EMPLOYEE PROFILE

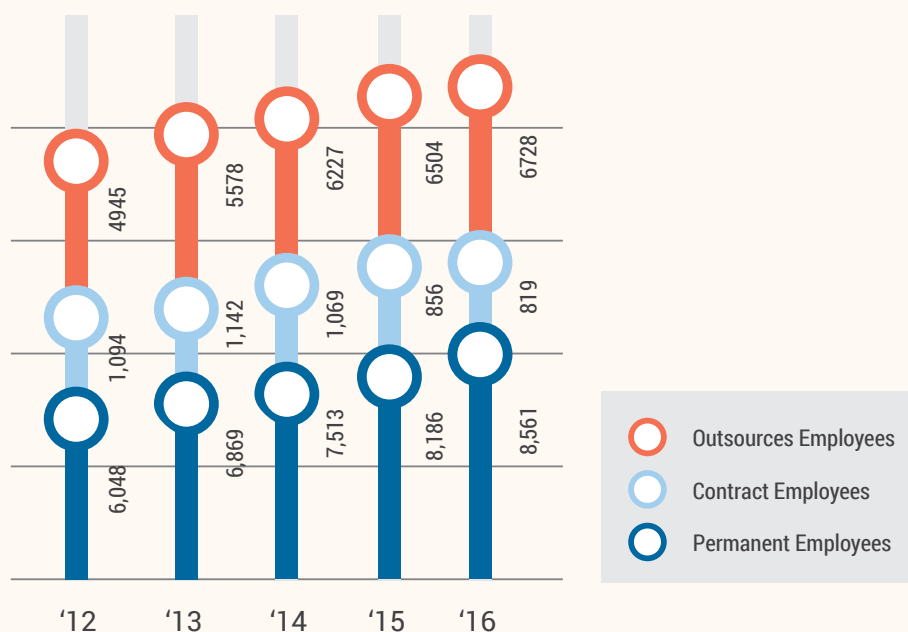
In 2016, the Company employed 16,108 employees, consisting of 8,561 permanent employees, 819 contract employees, and 6,728 outsourced employees. There had been 3.6% increase of a total 15,546 of employees in 2015. The increased number of employees was a

consequence of the efforts to improve the service to its clients, as well as to enlarge the office network.

The table below shows the number of employees within the last 5 (five) years:

Year	Number of Employees			Total Number	
	Permanent Employees	Contract Employees	Outsourced Employees	Excluding Outsource	Including Outsource
2016	8.561	819	6.728	9.380	16.108
2015	8.186	856	6.504	9.042	15.546
2014	7.513	1.069	6.227	8.582	14.809
2013	6.869	1.142	5.578	8.011	13.589
2012	6.048	1.094	4.945	7.142	12.087

Graph: Progress of the Number of Employees in 2012-2016



COMPOSITION OF THE NUMBER OF PERMANENT EMPLOYEES BASED ON THE ORGANIZATIONAL LEVEL

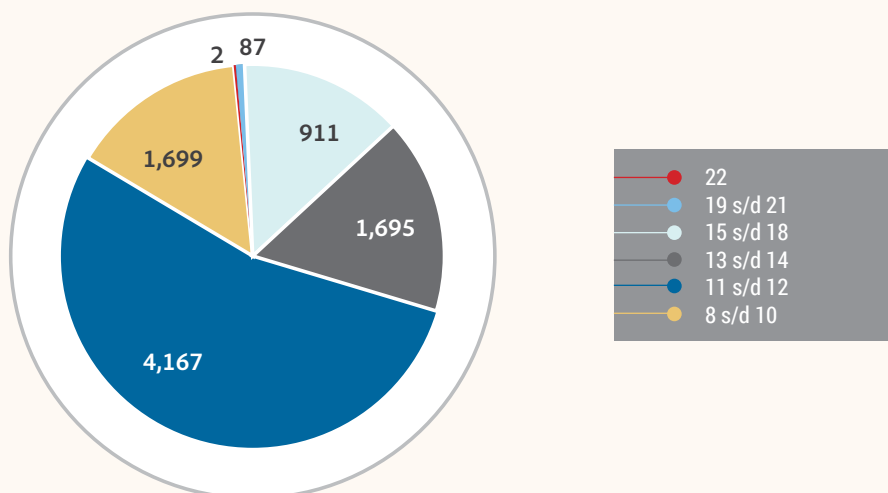
In 2016, there were 4,167 employees in grade 11 to grade 12 levels, or 48.67% from the total number of employees. That was because those levels contain the spearhead

positions for the service and operations of the Company.

Table: Employee Composition based on Organizational Level

Organizational Level	In 2016		In 2015	
	Number	%	Number	%
22	2	0.02%	2	0.02%
19 s/d 21	87	1.02%	77	0.94%
15 s/d 18	911	10.64%	865	10.57%
13 s/d 14	1.695	19.80%	1.665	20.34%
11 s/d 12	4.167	48.67%	4.019	49.01%
8 s/d 10	1.699	19.85%	1.558	19.03%
TOTAL	8.561	100.00%	8.186	100.00%

Table: Employee Composition based on Organizational Level



COMPOSITION OF THE NUMBER OF PERMANENT EMPLOYEES BASED ON EDUCATION LEVEL

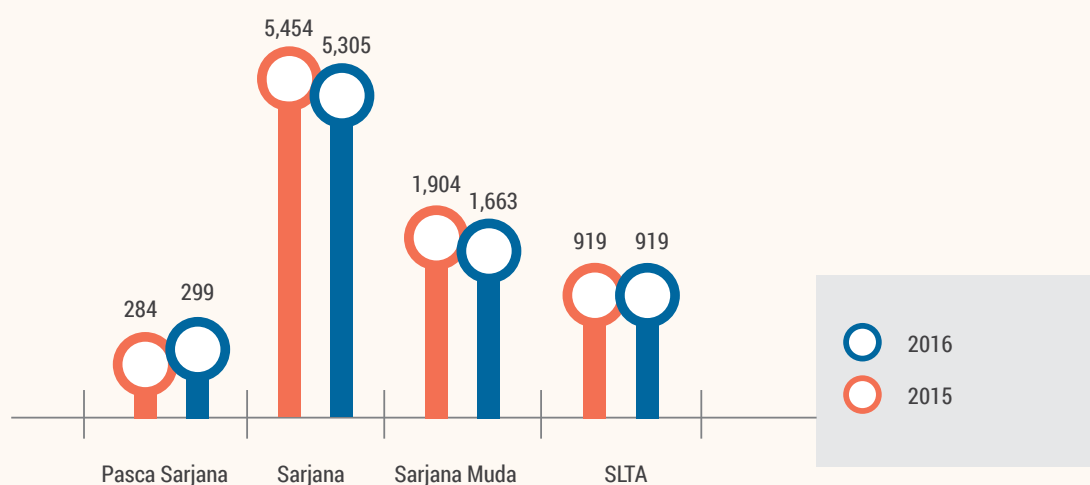
Based on the education level, Bank BTN Employee Composition in 2016 was slightly different than that of 2015. Out of the total number of permanent employees in 2016, employees with 4-year-bachelor degree

increased by 64%, while those with 3-year-bachelor degree increased by 22%, and those with master degree decreased by 3%.

Table: Employee Composition based on Education Level

Education Level	In 2016		In 2015	
	Number	%	Number	%
Master	284	3%	299	4%
4-yr-Bachelor	5.454	64%	5.305	65%
3-yr-Bachelor	1.904	22%	1.663	20%
High School	919	11%	919	11%
TOTAL	8.561	100%	8.186	100%

Graph: Employee Composition based on Education Level

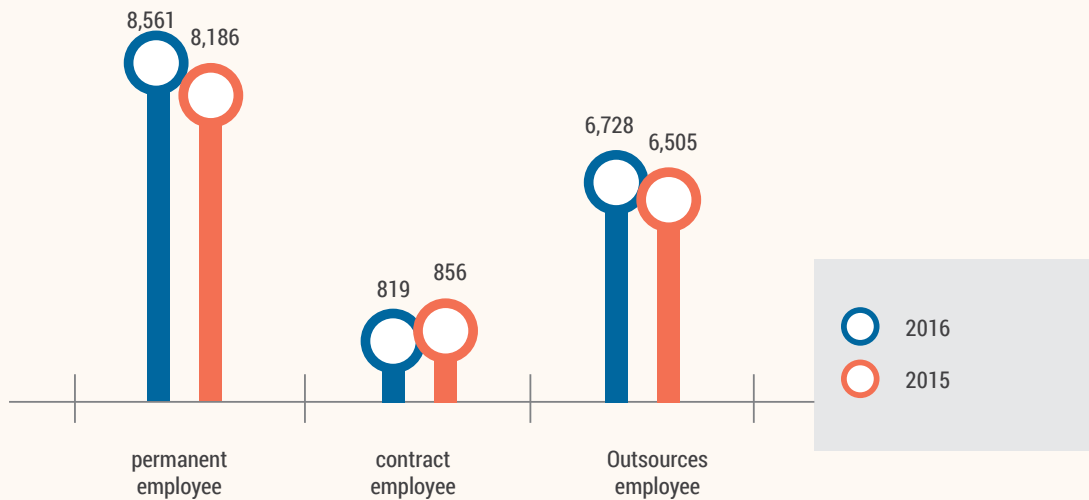


EMPLOYEE COMPOSITION BASED ON EMPLOYEE STATUS

Tabel Komposisi Pegawai Berdasarkan Status Kepegawaian

Year	Number of Employees			Total Number	
	Permanent Employees	Contract Employees	Outsources Employees	Excluding outsource	Including Outsourcing
2016	8.561	819	6.728	9.380	16.108
2015	8.186	856	6.504	9.042	15.546

Graph: Employee Composition Based on Employee Status



EMPLOYEE COMPOSITION BASED ON AGE

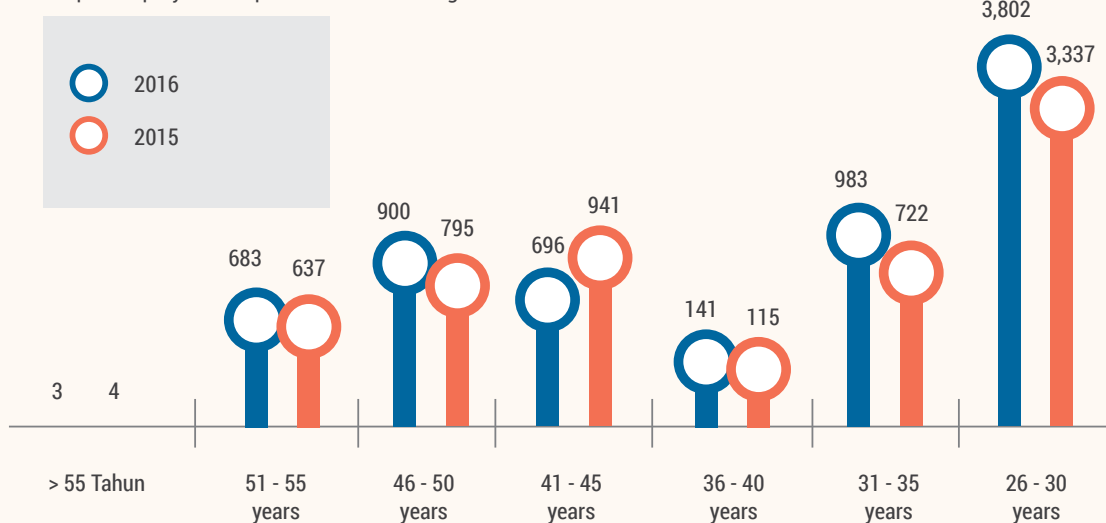
Employee composition in 2016 consists of mostly those under 30 years old, reaching 60% out of the total number of employees. This number was less than that of 2015 which reached 61%. Meanwhile the composition of

employees between 41 to 45 years old decreased from 11% in the previous year to 8% in 2016.

Table: Employee Composition Based on Age

AGE	2016	%	2015	%
>55 years old	3	0%	4	0%
51 – 55 years old	683	8%	637	8%
46 – 50 years old	900	11%	795	10%
41 – 45 years old	696	8%	941	11%
36 – 40 years old	141	2%	115	1%
31 – 35 years old	983	11%	722	9%
26 – 30 years old	3.802	44%	3.337	41%
51 – 55 years old	1.353	16%	1.635	20%
TOTAL	8.561	100%	8.186	100%

Graph: Employee Composition Based on Age



EMPLOYEE COMPOSITION BASED ON GENDER

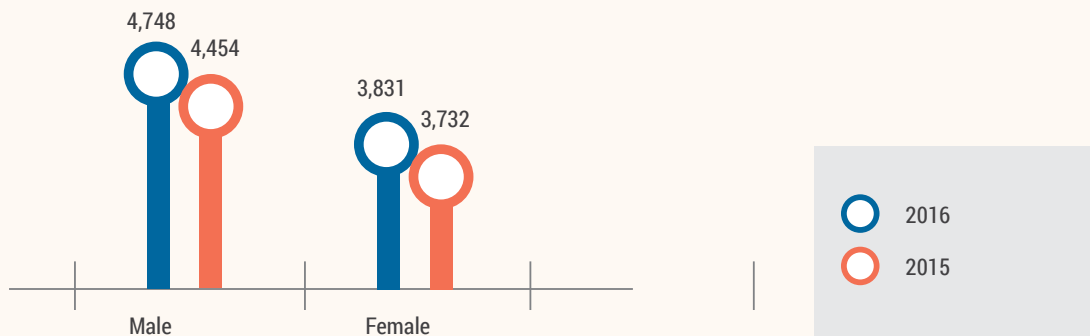
For employee composition based on gender, male employees dominated over female at 4,748 personnel

or 55% out of the total number of employees in 2016.

Table: Employee Composition Based on Gender

Gender	2016	%	2015	%
Male	4.748	55%	4.454	54%
Female	3.831	45%	3.732	46%
TOTAL	8.561	100%	8.186	100

Graph: Employee Composition Based on Gender



EMPLOYEE COMPOSITION BASED ON WORK UNIT LOCATION

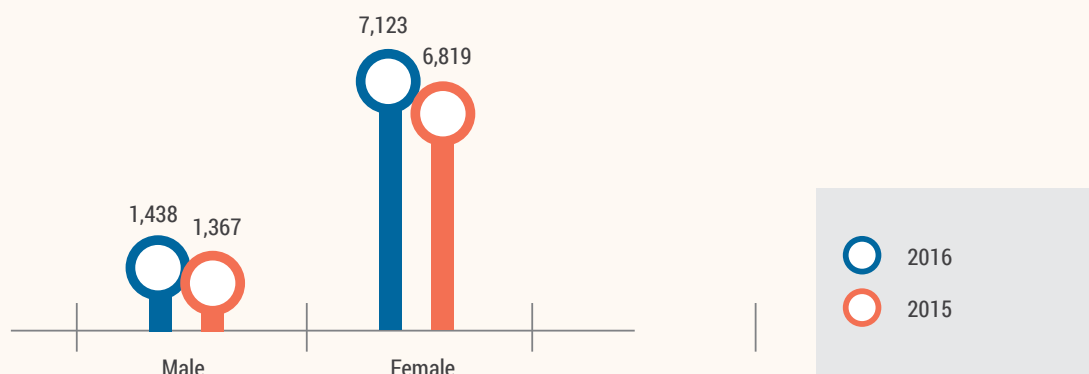
There was an increase of the number of employees, both those assigned in the Main Office and those in Branch Offices. The increase was mainly for assignments in Branch Offices, as an effort to improve direct service to the clients. Composition of the number of employees

for the Main Office took up 17% while the number of employees assigned in Branch Offices reached 7,123 personnel or 83% out of the total number of employees.

Table: Employee Composition Based on Work Unit Location

	2016	%	2015	%
Main Office	1.438	17%	1.367	17%
Branch Offices	7.123	83%	6.819	83%
Total	8.561	100	8.186	100

Graph: Employee Composition Based on Work Unit Location



EQUAL OPPORTUNITY EMPLOYER

The policy adopted by Bank BTN in giving work opportunity is implemented in open selection process without discrimination (of gender, race, ethnicity, religion) Employee career management, including their assignment and promotion/rotation is carried out by taking into consideration their work achievement as well as their ability and competence. The competence development of employees, both hard skill and soft skill became one of the main programs in 2016, i.e. people transformation. Pursuant to the Circular Letter of Board of Directors No. 43/DIR/CMO/2011 dated November 28th 2011 on Employee Learning and Development, which was part of Human Capital Policy Guidelines, it was stipulated that employees entitled to Learning and Development activities are those with permanent status and certain status. In this case, each employee obtained an equal opportunity in the learning and development activities, regardless the gender.

HUMAN RESOURCES DEVELOPMENT

Skill and knowledge development for the Company's Human Resources (HR) was carried out through HR coaching and development based on basic and technical

competence in order to integrate HR competence with their job specification, so that the operation activities might run effectively and efficiently.

The Company implemented employee development program to fill the continuous needs of competence and skills through education, training, specific assignment, as well as relocation and promotion programs. Each employee was given an equal opportunity to participate this development program which was tailored according to the needs for basic and technical competence for their own position in order to support them in giving the best in their job and career.

During 2016 the Company has implemented employee development programs in form of 473 trainings which were divided into 3 (three) types, out of which the Core Banking Academy type dominated the program with 16,751 participants or 91.32% out of the total participants in 2016. Meanwhile the New Entry Academy type of training was attended by 1,144 employees and Strategic Initiatives with 448 participants.

Employees' Training in 2016

ORGANIZATION LEVEL	TYPE OF TRAINING	OBJECTIVES	TOTAL
8 - 10	Service Quality	Competence Development and Briefing for Frontliner in the Service Quality	2452
2452	Human Capital	Peningkatan Kompetensi Untuk Aspek <i>Human Capital</i>	360
8 - 10	Human Capital	Competence Development for Human Capital Aspect	360
8 - 10	Fund	Competence Development, Socialization, and Refreshment in the Fund Product and Marketing	182
8 - 10	Credit	Competence Development, Socialization, Direction in the Credit Field, Appraisal, and Loan Documents	119
8 - 10	Accounting & Tax	Competence Development in Accounting, Tax, and Tax Amnesty	238
8 - 10	IT	Competence Development in IT	87
8 - 10	Risk Management and Audit	Competence Development and Socialization in Risk Management and Audit	744
11 - 12	Service Quality	Competence Development and Demonstration for Frontliner in the Service Quality	3123
11 - 12	Fund	Competence Development, Refreshment, and Socialization in the Fund Marketing	685
11 - 12	Credit	Competence Development, Socialization, Direction in the Credit Field	1696
11 - 12	Human Capital	Competence Development, Socialization, Workshop related to Corporate Culture and Soft Skills	1421
11 - 12	IT	Competence Development related to IT	122
11 - 12	Accounting and Tax	Competence Development in Accounting and Tax	764
11 - 12	Audit	Competence Development, Certification, Socialization in Audit and Anti-Fraud Program	1142
11 - 12	Risk Management	Competence Development and Briefing in Risk Management	53
11 - 12	Treasury	Competence Development in Treasury	4
11 - 12	Legal	Competence Development in Banking Legal	127
13 - 14	Service Quality	Competence Development and Demonstration for Frontliner in the Service Quality	610
13 - 14	Credit	Competence Development, Socialization, Direction in the Credit Field	824
13 - 14	Human Capital	Competence Development, Socialization, Workshop related to Leadership, Corporate Culture, and Soft Skills	1080
13 - 14	Fund	Competence Development, Refreshment, and Socialization in the Fund Marketing	520
13 - 14	IT	Competence Development in IT Human Capital	24
13 - 14	Risk Management	Competence Development, Briefing, and Refreshment in Risk Management	256
13 - 14	Audit	Competence Development and Socialization in Audit and Anti-Fraud Program	442

ORGANIZATION LEVEL	TYPE OF TRAINING	OBJECTIVES	TOTAL
13 - 14	Accounting & Tax	Competence Development in Accounting and Tax	247
13 - 14	Treasury	Competence Development in Treasury	4
13 - 14	Sharia	Competence Development in Sharia Banking	6
15 - 18	Risk Management	Competence Development, Refreshment, Briefing, and Certification in Risk Management	148
15 - 18	Human Capital	Competence Development in Human Capital and Leadership	801
15 - 18	Service Quality	Competence Development for Head of Work Unit in Service Quality	393
15 - 18	Credit	Competence Development, Socialization, Briefing, and Certification in the Credit Field	619
15 - 18	IT	Competence Development related to IT	22
15 - 18	Accounting & Tax	Competence Development in Accounting and Tax	126
15 - 18	Fund	Competence Development, Refreshment, and Socialization in the Fund Marketing	301
15 - 18	Audit	Competence Development, Certification and Socialization in Audit and Anti-Fraud Program	194
15 - 18	Treasury	Competence Development in Treasury	2
15 - 18	Sharia	Competence Development related to Sharia Banking	27
19 - 21	Service Quality	Competence Development for Leader related to Service Quality	27
19 - 21	Audit	Competence Development in Audit and Anti-Fraud Program	11
19 - 21	Credit	Competence Development, Refreshment, Socialization, and Certification in Credit Management	77
19 - 21	Human Capital	Competence Development, Socialization, and Seminar related to Leadership, Assessor, and Soft Skills	79
19 - 21	Risk Management	Competence Development and Certification in Risk Management	12
19 - 21	Fund	Competence Development, Refreshment, and Socialization in the Fund Marketing	42
19 - 21	Tax Amnesty	Competence Development in Tax Amnesty	4

Below is the table of the Number of The Company Education and Training for the Period of January - December 2016:

Month	Number of Trainings	Number of Participants
January	40	1.478
February	29	1.178
March	37	1.340
April	19	1.257
May	74	2.516
June	44	1.144
July	19	844
August	30	1.397
September	54	2.555
October	56	2.242
November	55	2.123
December	16	269
Total	473	18.343

In 2016, the cost of trainings reached IDR 128,400,000,000 increased by 21.14% compared to that in 2015 which reached IDR 105,993,657,000. The cost increase was adjusted to the employees' needs for trainings.

GROUP STRUCTURE, SUBSIDIARIES, AFFILIATION ENTITY, AND VENTURE COMPANY

The Company is a state-owned 100% owned by the Republic of Indonesia and does not have subsidiaries, does not have any Affiliation Entity and joint venture company.

SUBSIDIARY ENTITIES

Per December 31st 2016, the Company does not have subsidiaries, hence there are no information on names, percentage of ownership, field of business, and operational status related to Subsidiary.

VENTURE COMPANY



Per December 31st 2016, the Company does not have Joint Venture and Special Purpose Vehicle (SPV), thus there is no information on the group structure of the Company in the form of Joint Venture or Special Purpose Vehicle (SPV).



COMPANY'S AFFILIATION ENTITY

Per December 31st 2016, the Company does not have any Affiliation Entity, hence there are no information on names, percentage of ownership, field of business, and operational status related to Association.


MAP OF OPERATIONAL AREA





 Sumatera	
 Conventional Offices	
Regional Offices	1
Branch Offices	11
Sub Branch Offices	36
Sub Branch Offices Level Service Offices	-
Cash Offices Level Service Offices	700
Cash Offices	58
Priority Outlets	6
Total Conventional Offices Network	812
Sharia Offices	
Sharia Branch Offices	5
Sharia Sub Branch Offices	3
Sharia Cash Offices	2
Total Sharia Offices Network	10
ATM	


 Jawa	
 Conventional Offices	
Regional Offices	2
Branch Offices	38
Sub Branch Offices	170
Sub Branch Offices Level Service Offices	3
Cash Offices Level Service Offices	1,621
Cash Offices	371
Priority Outlets	25
Total Conventional Offices Network	2,230
Sharia Offices	
Sharia Branch Offices	15
Sharia Sub Branch Offices	31
Sharia Cash Offices	3
Total Sharia Offices Network	49
ATM	



 Kalimantan	
3 Conventional Offices	
Regional Offices	-
Branch Offices	5
Sub Branch Offices	14
Sub Branch Offices Level Service Offices	-
Cash Offices Level Service Offices	299
Cash Offices	17
Priority Outlets	5
Total Conventional Offices Network	340
Sharia Offices	
Sharia Branch Offices	2
Sharia Sub Branch Offices	-
Sharia Cash Offices	1
Total Sharia Offices Network	3
ATM	

 Sulawesi	
4 Conventional Offices	
Regional Offices	1
Branch Offices	5
Sub Branch Offices	14
Sub Branch Offices Level Service Offices	-
Cash Offices Level Service Offices	126
Cash Offices	19
Priority Outlets	2
Total Conventional Offices Network	167
Sharia Offices	
Sharia Branch Offices	1
Sharia Sub Branch Offices	2
Sharia Cash Offices	-
Total Sharia Offices Network	3
ATM	

 Bali & Nusa Tenggara	
5 Conventional Offices	
Regional Offices	-
Branch Offices	3
Sub Branch Offices	6
Sub Branch Offices Level Service Offices	-
Cash Offices Level Service Offices	141
Cash Offices	10
Priority Outlets	2
Total Conventional Offices Network	162
Sharia Offices	
Sharia Branch Offices	-
Sharia Sub Branch Offices	-
Sharia Cash Offices	-
Total Sharia Offices Network	-
ATM	

 Papua & Maluku	
6 Conventional Offices	
Regional Offices	-
Branch Offices	3
Sub Branch Offices	3
Sub Branch Offices Level Service Offices	-
Cash Offices Level Service Offices	61
Cash Offices	2
Priority Outlets	-
Total Conventional Offices Network	69
Sharia Offices	
Sharia Branch Offices	-
Sharia Sub Branch Offices	-
Sharia Cash Offices	-
Total Sharia Offices Network	-
ATM	

OFFICES NETWORK

Conventional Offices	2013	2014	2015	2016
Regional Offices	3	3	3	4
Branch Offices	65	65	65	65
Sub Branch Offices	230	223	223	243
Sub Branch Offices Level Cash Offices	3	3	3	3
Cash Offices Level Service Offices	2.948	2.948	2.948	2.948
Cash Offices	479	479	479	477
Priority Outlets	23	34	40	40
Total Conventional Offices Network	3.728	3.755	3.761	3.780
Sharia Offices				
Sharia Branch Offices	22	22	22	23
Sharia Sub Branch Offices	21	21	21	36
Sharia Cash Offices	4	7	7	6
Total Sharia Offices Network	47	50	50	65
ATM	1.830	1.830	1.830	1.830
Mobile Cash Offices	10	10	10	10

NAME AND ADDRESSES OF REGIONAL OFFICES AND BRANCHES

CONVENTIONAL BUSINESS UNIT

Regional Office I

Gedung Bank BTN Bekasi Lt. 4
Jl. Jend. Sudirman No. 19 Bekasi 17143
Telp. : (021) 88953281, 88953282
Facs. : (021) 8849519
Email : kantorwilayah1@btn.co.id

Regional Office III

Jl. Sudirman Komplek Sudirman City Square
No. A 10 - 11 Pekanbaru - 28115
Telp. : (0761) 571126, 571127, 571208, 571350
Facs. : (0761) 571190
Email : kantorwilayah3@btn.co.id

Regional Office II

Jl. Raya Darmo No. 123-125 Surabaya -
Jawa Timur - 60241
Telp. : (031) 5661704 , 5661204
Facs. : (031) 5661696
Email : kantorwilayah2@btn.co.id

Regional Office IV

Jl. Sultan Hassanudin No. 1 Makassar
Telp. : (0411) 5070760
Email : kantorwilayah4@btn.co.id

CONVENTIONAL BRANCH OFFICES

JAKARTA KUNINGAN

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

SURABAYA

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

MEDAN

Jl. Pemuda No. 10A Medan 20151
Telp. : (061) 4149777
Facs. : (061) 4158112, 4153203
Email : kc.medan@btn.co.

MAKASSAR

Jl. Kajaolalido No. 4 Makassar 90111
Telp. : (0411) 316016, 316011
Facs. : (0411) 316388
Email : kc.makassar@btn.co.id

YOGYAKARTA

Jl. Jend. Sudirman No. 71
Yogyakarta 55223
Telp. : (0274) 589898, 581014,
581016
Facs. : (0274) 561289
Email : kc.yogyakarta@btn.co.id

BANDUNG

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

CONVENTIONAL BRANCH OFFICES
DENPASAR

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

PALEMBANG

Jl. Jend. Sudirman Km. 4,5 No. 125
Palembang 30128
Telp. : (0711) 411175, 410552
Facs. : (0711) 410854
Email : kc.palembang@btn.co.id

PADANG

Jl. H. R. Rasuna Said No. 3
Padang 25129
Telp. : (0751) 31903, 32094 - 96
Facs. : (0751) 31900, 34938
Email : kc.padang@btn.co.id

BANJARMASIN

Jl. R. E. Martadinata No. 4
Banjarmasin 70111
Telp. : (0511) 4368133, 4366669 - 70
Facs. : (0511) 4366492, 43363964
Email : kc.banjarmasin@btn.co.id

MANADO

Jl. Wolter Monginsidi No. 56
Manado 95115
Telp. : (0431) 868095, 855504 - 05
Facs. : (0431) 868013, 863416
Email : kc.manado@btn.co.id

MALANG

Jl. Ade Irma Suryani No. 2-4
Malang 65119
Telp. : (0341) 323956
Facs. : (0341) 323959, 350050
Email : kc.malang@btn.co.id

SEMARANG

Jl. M.T. Haryono No. 717
Semarang 50242
Telp. : (024) 312151, 446166
Facs. : (024) 312186
Email : kc.semarang@btn.co.id

JAKARTA HARMONI

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

BOGOR

Jl. Pengadilan No. 13-15
Bogor 16121
Telp. : (0251) 8311700
Facs. : (0251) 5372238
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BEKASI

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

JAYAPURA

Jl. Koti No. 22 Jayapura 99111
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Email : kc.jayapura@btn.co.id

BANDARLAMPUNG

Jl. Wolter Monginsidi No. 80-88
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483256
Facs. : (0721) 489252
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CONVENTIONAL BRANCH OFFICES		
<p>KENDARI Jl. A. Yani , Komplek A. Yani Square Blok. A6-7 Kendari 93117 Telp. : (0401) 322101 Email : kc.kendari@btn.co.id</p>	<p>SAMARINDA Jl. RE. Martadinata No. 01 Samarinda 75127 Telp. : (0541) 736930, 731695, 731510 Facs. : (0541) 737698 Email : kc.samarinda@btn.co.id</p>	<p>MATARAM Jl. Pejanggik No. 99-101 Cakranegara, Mataram 83121 Telp. : (0370) 631186, 638289 Facs. : (0370) 634542 Email : kc.mataram@btn.co.id</p>
<p>KUPANG Jl. Jend. Sudirman No. 87 Kupang 85119 Telp. : (0380) 831004 Facs. : (0380) 833741 Email : kc.kupang@btn.co.id</p>	<p>AMBON Jl. Diponegoro No. 75B Ambon Telp. : (0911) 355882, 354471, 348552, 355882 Facs. : (0911) 348559 Email : kc.ambon@btn.co.id</p>	<p>PALU Jl. Jend. Sudirman No. 2, Palu 94111 Telp. : (0451) 424555, 428555 Facs. : (0451) 425993 Email : kc.palu@btn.co.id</p>
<p>PALANGKARAYA Jl. Diponegoro No. 23 Palangkaraya 73111 Telp. : (0536) 3223407, 3222698, 3224136 Facs. : (0536) 3221020 Email : kc.palangkaraya@btn.co.id</p>	<p>BATAM Jl. Engku Putri No. 1, Kel. Belian , Kec. Nongsa Batam Center Telp. : (0778) 470630, 470625-28 Facs. : (0778) 457262, 453923 Email : kc.batam@btn.co.id</p>	<p>BANGKALAN Jl. Teuku Umar No. 16, Kel. Kemayoran, Kec. Bangkalan 69116 Telp. : (031) 3098929 / 3098831/ 3098930 Facs. : (031) 3098834 Email : kc.bangkalan@btn.co.id</p>
<p>MADIUN Jl. Dr. Sutomo No. 38 Madiun 63116 Telp. : (0351) 451460, 459034, 459034, 457927, 459500 Facs. : (0351) 463510 Email : kc.madiun@btn.co.id</p>	<p>JEMBER Jl. A. Yani No. 05 Jember 68118 Telp. : (0331) 484611, 489292, 489266 Facs. : (0331) 484617 Email : kc.jember@btn.co.id</p>	<p>SOLO Jl. Slamet Riyadi No. 282 Solo 57141 Telp. : (0271) 726930 Facs. : (0271) 726931 Email : kc.solo@btn.co.id</p>
<p>PEKALONGAN Jl. Merdeka No. 7 Pekalongan 51113 Telp. : (0285) 433883 - 84, 433484, 433917, 413222 Facs. : (0285) 433926 , 413902 Email : kc.pekalongan@btn.co.id</p>	<p>PURWOKERTO Jl. Jend. Sudirman No. 431 Purwokerto 53116 Telp. : (0281) 641114 Facs. : (0281) 638386 Email : kc.purwokerto@btn.co.id</p>	<p>TASIKMALAYA Jl. Sutisna Senjaya No. 101 Tasikmalaya 46112 Telp. : (0265) 334464 - 65 Facs. : (0265) 330884 Email : kc.tasikmalaya@btn.co.id</p>

CONVENTIONAL BRANCH OFFICES		
<p>CIREBON Jl. Siliwangi No. 16 Cirebon 45121 Telp. : (0231) 209143, 209153 Facs. : (0231) 209777 Email : kc.cirebon@btn.co.id</p>	<p>PURWAKARTA Jl. RE. Martadinata No. 1 Purwakarta 41114 Telp. : (0264) 201024, 210830 - 31, 206637 Facs. : (0264) 201591 Email : kc.purwakarta@btn.co.id</p>	<p>BENGKULU Jl. Soeprapto No. 7 - 8, Bengkulu 38223 Telp. : (0736) 20875 Facs. : (0736) 20874 Email : kc.bengkulu@btn.co.id</p>
<p>JAMBI Jl. H. M. Yusuf Singadikane No. 146 Jambi Telp. : (0741) 61793, 61792 Facs. : (0741) 62665 Email : kc.jambi@btn.co.id</p>	<p>PEKANBARU Jl. Jend. Sudirman No. 393 Pekanbaru 28116 Telp. : (0761) 40494, 40185 - 88 Facs. : (0761) 32271, 44776 Email : kc.pekanbaru@btn.co.id</p>	<p>PONTIANAK Jl. Imam Bonjol No. 29 Pontianak 78122 Telp. : (0561) 740163 Facs. : (0561) 740168 Email : kc.pontianak@btn.co.id</p>
<p>TANGERANG Jl. Perintis Kemerdekaan No. 01 Tangerang 15118 Telp. : (021) 5539363 Facs. : (021) 5537977, 5581186 Email : kc.tangerang@btn.co.id</p>	<p>CIPUTAT Jl. Dewi Sartika No. 21 Ciputat 15411 Telp. : (021) 7445145 Facs. : (021) 7490968, 7402731 Email : kc.ciputat@btn.co.id</p>	<p>BALIKPAPAN Jl. Jend. Sudirman No. 141 Telp. : (0542) 420333 Facs. : (0542) 420896 Email : kc.balikpapan@btn.co.id</p>
<p>KEDIRI Jl. Diponegoro No. 22 - 24 Kediri 64121 Telp. : (0354) 691260 - 62 Facs. : (0354) 691265 Email : kc.kediri@btn.co.id</p>	<p>CILEGON Jl. Sultan Ageng Tirtayasa No. 49 Cilegon 42414 Telp. : (0254) 391766, 392681, 393479 Facs. : (0254) 393480 Email : kc.cilegon@btn.co.id</p>	<p>DEPOK Jl. Margonda Raya No. 186 Depok 16423 Telp. : (021) 7751236-37 Facs. : (021) 7772927 Email : kc.depok@btn.co.id</p>
<p>GRESIK Komp. Pertokoan Multi Sarana Plaza Blok C 01 No. 1 Jl. Gubernur Suryo, Gresik 61118 Telp. : (031) 3973455 Facs. : (031) 3973456 Email : kc.gresik@btn.co.id</p>	<p>SIDOARJO Jl. Ahmad Yani No. 15 – Sidoarjo Telp. 031 – 8957949 s/d 50 : (031) 8929211 , 8957949 - 50 Facs. 031 8957951: (031) 8957951 Email : kc.sidoarjo@btn.co.id</p>	<p>TANJUNG PINANG Jl. D.I. Panjaitan Km. 9 Komplek Plaza Bintang Center Blok Bunga No. 9 - 12 Tanjung Pinang Telp. : (0771) 7447101 , 7447088 Facs. : (0771) 7447082 Email : kc.tanjungpinang@btn. co.id</p>

CONVENTIONAL BRANCH OFFICES		
<p>KARAWANG Jl. Kertabumi No. 29 A-D, Karawang 41311 Jawa Barat Telp. : (0267) 412282 - 83 Facs. : (0267) 412247 Email : kc.karawang@btn.co.id</p>	<p>GORONTALO Jl. Prof. HB. Yasin No. 55, Kel Limba U2, Kota Selatan - Gorontalo Telp. : (0435) 830490, 829481 Facs. : (0435) 826707, 823943 Email : kc.gorontalo@btn.co.id</p>	<p>PANGKAL PINANG Jl. Perniagaan, Mall Bangka Trade Center B11 - B14 - Pangkal Pinang Telp. : (0717) 423748 Facs. : (0717) 488706 Email : kc.pangkalpinang@btn.co.id</p>
<p>BANDA ACEH Jl. Sri Ratu Afiatuddin No. 19 - 23 , Gampong Peunayong, Banda Aceh Telp. : (0651) 35756, 35757 Facs. : (0651) 35758 Email : kc.bandaaceh@btn.co.id</p>	<p>TERNATE JL. Pahlawan Revolusi (Samping Kantor Pos Ternate) Kel. Gamalama, Ternate Tengah – Maluku Utara Telp . : 0921 - 3111330 Fax. : 0921 - 3126968 Email : kc.ternate@btn.co.id</p>	<p>CIBUBUR Ruko Madison Blok B1 No. 6-8 Cibubur Time Square Jl. Raya Alternatif transyogi Km. 3 Cibubur - Bekasi 17435 Telp. : 021 - 84300071 - 73 Faks. : 021 - Email : kc.cibubur@btn.co.id</p>
<p>KELAPA GADING SQUARE Gedung Emerald Tower Jl. Boulevard Barat Blok XB No. 3 Kelapa Gading - Jakarta Utara 14240 Telp. : 021 - 45866883, 45866884 Fax. : 021 - 45866885 Email : kc.kelapagadingsquare@btn. co.id</p>	<p>CIMAHI Jl. Raya Timur Cimahi No. 475 / Jl. Raya Timur Cimahi No. 475 (dahulu) Cimahi 40524 Telp. : 022 - 6651644, 6651645 Fax. : 022 - 6652586 Email : kc.cimahi@btn.co.id</p>	<p>BUMI SERPONG DAMAI Komp. BSD, Ruko Sektor VII E Blok K No. 8, Jl. Raya Serpong, Tangerang 15310 Telp. : (021) 5372235 - 37 Facs. : (021) 5372238 Email : kc.bumiserpongdamai@btn. co.id</p>
<p>JAKARTA KEBON JERUK Jl. Anggrek No. 01 Kel. Kelapa Dua, Kec. Kebon Jeruk Kebon Jeruk, Jakarta Barat 11550 Telp. : (021) 53666345 Facs. : (021) 59666344 Email : kc.jakartakebonjeruk@btn. co.id</p>	<p>JAKARTA CAWANG Patria Park Apartment & Office RK 01-02 Jl. DI Panjaitan Kav. 5-7, Jakarta Timur 13340 Telp. : (021) 85918467 - 69 Facs. : (021) 85918470 Email : kc.jakartacawang@btn.co.id</p>	<p>CIKARANG Ruko Cikarang Commercial Center B1 No. 3-5 Jl. Raya Cikarang - Cibirusah Km. 40 Cikarang 17550 Telp. : (021) 8936275 / 89830014 Facs. : (021) 8936418 Email : kc.cikarang@btn.co.id</p>
<p>KARAWACI Perumnas Karawaci I, Jl. Cendrawasih No. 1 Tangerang 15115 Telp. : (021) 5517849 - 50 Facs. : (021) 5524367, 5511420 Email : kc.karawaci@btn.co.id</p>	<p>HARAPAN INDAH BEKASI Ruko Office Park Harapan Indah Blok OP Kavling No. OP1-01 & OP1- 02, Harapan Indah - Bekasi 17132 Telp. : (021) 88386971 (hunting) , 88386972, 88386974 Facs. : (021) 88386974 Email : kc.harapanindahbekasi@btn. co.id</p>	<p>SURABAYA BUKIT DARMO Jl. Bukit Darmo Golf Blok 1 No. 07 Surabaya Telp. : (031) 7323344, 7322146, 7322147 Facs. : (031) 7232899 Email : kc.surabayabukitdarmo@btn. co.id</p>

CONVENTIONAL BRANCH OFFICES	
<p>BANDUNG TIMUR Jl. Raya Cinunuk No. 223 A Kec. Cileunyi, kab. Bandung kode pos 40624 Telp. : (022) 7816883 Facs. : (022) 7838482, 7816876 Email : kc.bandungtimur@btn.co.id</p>	<p>JAKARTA MELAWAI Jl. Melawai Raya No. 19 C-D, Kel. Melawai Kec. Kebayoran Baru- Jakarta Selatan kode pos 12130 Telp. : (021) 27517843, 27517840 Facs. : (021) 27517858 Email : kc.jakartamelawai@btn.co.id</p>

SYARIAH BRANCH OFFICES		
<p>JAKARTA HARMONI Kec. Gambir - Jakarta Pusat 10130 Telp. : (021) 3860617 , 3860620 , 3864265 Facs. : (021) 3447271, (021) 3857706 Email : kcs.jakartaharmoni@btn.co.id</p>	<p>BANDUNG Jl. Diponegoro No. 8, Bandung Kel. Citarum, Kec. Bandung Wetan - Bandung 40115 Telp. : (022) 4265472 , 4265473 , 4265474 Facs. : (022) 4265385 Email : kcs.bandung@btn.co.id</p>	<p>SURABAYA Jl. Diponegoro No. 29 Surabaya 60271 Telp. : (031) 5666363,5610518 Facs. : (031) 5610519 Email : kcs.surabaya@btn.co.id</p>

<p>YOGYAKARTA Jl. Faridan M Noto No. 10, Kota Baru, Gondokusuman Yogyakarta 55224 Telp. : (0274) 551055, 512467 Facs. : (0274) 551056 Email : kcs.yogyakarta@btn.co.id</p>	<p>MAKASSAR Jl. Slamet Riyadi No. 7 A Kel. Bulogading, Kec. Ujung pandang 90111 Telp. : (0411) 3613399, 3613499 Facs. : (0411) 320785 Email : kcs.makassar@btn.co.id</p>	<p>MALANG Jl. Jaksa Agung Suprpto No. 87, Kel. Rampal Celaket, Kec. Klojen, Kota Malang 65112 Telp. : (0341) 3012469 Facs. : (0341) 579777 Email : kcs.malang@btn.co.id</p>
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<p>SOLO Jl. Brigjen Slamet Riyadi No. 332 Solo 57141 Telp. : (0271) 712127, 7008978,7008947 Facs. : (0271) 717276 Email : kcs.solo@btn.co.id</p>	<p>BATAM Jl. Sriwijaya Komp. Regency Park Lot 29 Pelita - Batam 29432 Telp. : (0778) 421921 , 437880 Facs. : (0778) 422126 Email : kcs.batam@btn.co.id</p>	<p>MEDAN Jl. Ir. H. Juanda No. 48 Medan Telp. : (061) 4144554 Facs. : (061) 4144546 Email : kcs.medan@btn.co.id</p>
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SYARIAH BRANCH OFFICES		
<p>TANGERANG Jl. Serpong Raya, Ruko Villa Melati Mas Blok. SR-1 No. 23-24 Serpong - Tangerang 15320 Telp. : (021) 5370773 Facs. : (021) 5370744 Email : kcs.tangerang@btn.co.id</p>	<p>BOGOR Jl. Jendral Sudirman No. 01, Kec. Bogor Tengah, Bogor 16121 Telp. : (0251) 8327171, 8327575 Facs. : (0251) 8324567 Email : kcs.bogor@btn.co.id</p>	<p>BEKASI Jl. Jenderal Sudirman , Ruko No. 1 G-H , Kel. Kayu Ringin Kec. Bekasi Selatan - Kota Bekasi 17144 Telp : (021) 8893333 Facs : (021) 88956655 Email : kcs.bekasi@btn.co.id</p>
<p>PEKANBARU Jl Tuanku Tambusi Blok A No. 10 - 11, Labuh Baru Timur Pekanbaru 28291 Telp : (0761) 7891314 Facs : (0761) 7891313 Email : kcs.pekanbaru@btn.co.id</p>	<p>SEMARANG Jl. Achmad Yani No. 195 C Semarang 50133 Semarang 50258 Telp : (024) 8449918, 8449919 Facs : (024) 8410825 Email : kcs.semarang@btn.co.id</p>	<p>BANJARMASIN Jl. Jend. A. Yani Km. 5 Komplek Kencana No. 1 Banjarmasin 70249 Telp : (0511) 3250530 , 3250540 , 3250560 Facs : (0511) 3260900 Email : kcs.banjarmasin@btn.co.id</p>
<p>CIREBON Jl. Dr. Cipto Mangunkusumo No. 91 Cirebon Telp : (0231) 235485 - 86 - 88 Facs : (0231) 205790 Email : kcs.cirebon@btn.co.id</p>	<p>PALEMBANG Jl. Veteran No. 325 - 329, Palembang 30114 Telp : (0711) 355417, 355963 Facs : (0711) 313366 Email : kcs.palembang@btn.co.id</p>	<p>BALIKPAPAN Jl. Jenderal Sudirman No. 565 - 566 , Balikpapan 76114 Telp : (0542) 742260, 742258 Faks : (0542) 742229 Email : kcs.balikpapan@btn.co.id</p>
<p>CILEGON Jl. Jend Ahmad Yani No 1B, Cilegon Telp : (0254)378264,378265 Faks : (0254) 378272 Email : kcs.cilegon@btn.co.id</p>	<p>JAKARTA PASAR MINGGU Jl. Ruko Grand Palace Blok G & H, Jl. Raya Ps. Minggu Km 16 Pancoran - Jakarta Selatan Telp : (021) 799 3662,799 3015 Faks : (021) 799 3174 Email : kcs.pasarminggu@btn.co.id</p>	<p>TASIKMALAYA Jl. Yudanegara No. 10 Kel. Yudanegara Kec.Cihideung - Kota Tasikmalaya 46112 Telp : 0265 - 310612, 7296566, 7296567, 7296568 Faks : 0265 - 310613 Email : kcs.tasikmalaya@btn.co.id</p>
<p>TEGAL Jl. Gajah Mada No. 107 , Kel. Pekauman, Kec. Tegal Barat Kota Tegal - Jawa Tengah 52113 Telp : (0283) 342923 ,342933 Faks : (0283) 342913 Email : kcs.tegal@btn.co.id</p>	<p>BANDA ACEH Jl. Teuku Umar No. 21, Seutui, Banda Aceh Telp : 0651-40330 - 334 Faks : 0651-40335 Email : kcs.aceh@btn.co.id</p>	

CAPITAL MARKET SUPPORTING INSTITUTION

Institution Type	Name and Address	Service provided	Fee	Tenure Period
Public Accountant	Purwantono, Sungkoro & Surja (Member of Ernest & Young Global) Gedung Bursa Efek Indonesia Menara 2 Lantai 7 Jl. Jenderal Sudirman Kav. 52 – 53, Jakarta 12190 Indonesia Tel : 62-21 5289 5000 Fax : 62-21 5289 4100	Audit Services, Audit of PKBL	IDR2.175 Million	December 31, 2016
Securities Rating	PT Perneringkat Efek Indonesia (Pefindo) Setiabudi Atrium Suite 809 - 810 Jl. HR Rasuna Said Kav. 62, Jakarta 12920 Indonesia Tel : 62-21 5795 7755 Fax : 62-21 5795 7750	Asset Backed Securities Transactions Form of Participation Letter mortgage securitization BTN to IX in 2016 (EBA-SP SMF-BTN 02) Rating Services	IDR425 Million	2016
	PT Fitch Ratings Indonesia Prudential Tower, 20th Fl Jl. Jenderal Sudiirman Kav. 79, Jakarta 12910 Indonesia Tel : 62-21 5795 7755 Fax : 62-21 5795 7750	Company Rating Services and/or Bonds II Phase II Bank BTN	IDR742.5 Million	March 2016 - August 2021
Bureau of Securities Administration	PT Datindo Entrycom Puri Datindo – Wisma Sudirman Jl. Jenderal Sudiirman Kav. 34 - 35, Jakarta 10220 Indonesia Tel : 62-21 570 9009 Fax : 62-21 570 9026	Secondary Market Shares Administrative Services PT Bank Tabungan Negara (Persero) Tbk	IDR44.000.000	2016

COMPANY WEBSITE INFORMATION



A COMPANY WEBSITE
INCLUDES INFORMATION
REQUIRED BY THE
SHAREHOLDERS AND
STAKEHOLDERS

As form of good governance implementation and in order to improve transparency and to provide access for Shareholders and other stakeholders on actual and current Company Information, the Company has adopted OJK Regulation Number 8/POJK.04/2015 on Issuer Websites or Public Listed Companies. In relation to this matter, the Company have a company website, <http://www.btn.co.id> , which includes information required by the Shareholders and stakeholders. The website interface includes the following information:

1. Products & Services

- Savings Products (Deposit, Savings, Giro)
- Credit Products (Consumer Credit, Commercial Credit)
- Services
- BTN Prioritas

2. Sharia Business Unit

3. BTN Promo (Online BTN Debit, Savings)

4. Investor Relations, which covers:

- Analyst Coverage
- Dividends for year 2009 - 2015.
- BTN Housing Index for year 2015 - 2016
- Good Corporate Governance (GCG) which covers:
 - a) GCG Implementation Report for year 2007 - 2014
 - b) Cross Reference Asean Corporate Governance Scorecard-2016
- Bonds Information for year 2016
- Press Conference related to the Company Quarterly Performance for year 2013-2015
- Governance Policy, which covers:
 - a) Articles of Association
 - b) Board Manual
 - c) Code of Conduct
 - d) Audit Committee Charter
 - e) Revised Audit Committee Charter
 - f) Risk Monitoring Committee
 - g) Remuneration and Nomination Committee
- Annual Report for year 2002 - 2015
- Financial Statement (Monthly and Quarterly)
- Leverage Ratio Report
- Liquidity Coverage Ratio Report
- Analyst Meeting Presentation Material for year 2009 - 2016
- The ownership structure for year 2015 - 2016
- Indonesia Macro Economy Development/ Growth

- Specific Shareholders
- Public Offering Prospectus
- General Meeting of Shareholders covers:
 - a) General Meeting of Shareholders Announcements
 - b) General Meeting of Shareholders Summoning
 - c) General Meeting of Shareholders Decisions
 - d) Efforts performed to invite the Shareholders
- Whistle Blowing System (WBS)
- Guidance for Investor Relations Policy

5. CSR (Corporate Social Responsibility)

6. E-Channel (ATM, BTN Non-cash ATM & CDM, BTN Branchless Banking BTN Cash Management System, Electronic Data Capture, Internet Banking, BTN Mobile Banking, SMS Banking, BTN Virtual Account and Digital Solution)

7. BTN Info

- Info (BTN News, Foreign Currency Exchange Rate, ATM Locations, Office Network, Career)
- Links
- Procurement of Goods and Services
- Loan Rates (SBDK)
- FAQs
- Material Information or Facts
- Tax Amnesty

8. Public Information, which covers:

- Public Information Required to be Periodically Disclosed and Made Available
 - a) Information on Bank BTN Profile;
 - b) Information on ongoing program/activity;
 - c) Information on agenda related to the Bank BTN task implementation;
 - d) Information on potential opening for Bank BTN employee and/or official;
 - e) Summary of the Financial Statement;

- f) Summary of the Public Information access report;
- g) Information on the rights and procedures to file an objection;
- h) Information on potential opening for Bank BTN employee and or official;
- i) Information on announcement regarding good and services procurement;
- j) Information on material information facts
- k) Intimation on Bank Tabungan Negara (Persero) Tbk Public Information Service
- Information on clauses.
- Readily Available Public Information
 - a) List of Public Information
 - b) Information on Organization, Administration, Employment, and Finance.
- c) Information on good Corporate Governance Guideline.
- d) Information on Third Party Agreements.
- e) Information on Important Cases Faced by the Company
- f) Information of Public Information Service Report
- g) Bank BTN Article of Association
- h) External Auditor Evaluation Result
- i) Information on Public Information Regulation
- j) Information on Company Regulations



STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH,
SUPPORTING THE ACCELERATION OF **ONE MILLION HOUSES PROGRAM**





INFORMATION FOR SHAREHOLDERS AND INVESTORS

The company always strives to create good relationship with its investors, analysts and other stock market community. The company also satisfies the information openness requirements as regulated in the Indonesia Stock Market regulation.

BANK BTN STOCK MARKET CONDITION AND STOCK PERFORMANCE



THE COMPANY ALWAYS STRIVES TO CREATE GOOD RELATIONSHIP WITH ITS INVESTORS, ANALYSTS AND OTHER STOCK MARKET COMMUNITY. THE COMPANY ALSO SATISFIES THE INFORMATION OPENNESS REQUIREMENTS AS REGULATED IN THE INDONESIA STOCK MARKET REGULATION.

The Indonesia Stock Market performance in 2016 has faced many challenges. But the Indonesia Composite Index (IHSG) has had a positive yearly increase. This played a role in supporting the Company's stock price increase, which has also shown a positive/increased trend. This increase in stock value reflects the higher level of trust from the Investor to the Company.

In 2016, several domestic and global events had created sentiments in the market which had affected the performance of stock index in several countries. A number of sentiments that has affected stock index performance in 2016 are the decelerating world economic growth, which affected countries such as the United States of America (US) and China, the fluctuation in oil price due to excess supply from OPEC member countries, the British Exit (Brexit) referendum, potential increase in the Fed Funds Rate to concerns about the direction of US economic policy.

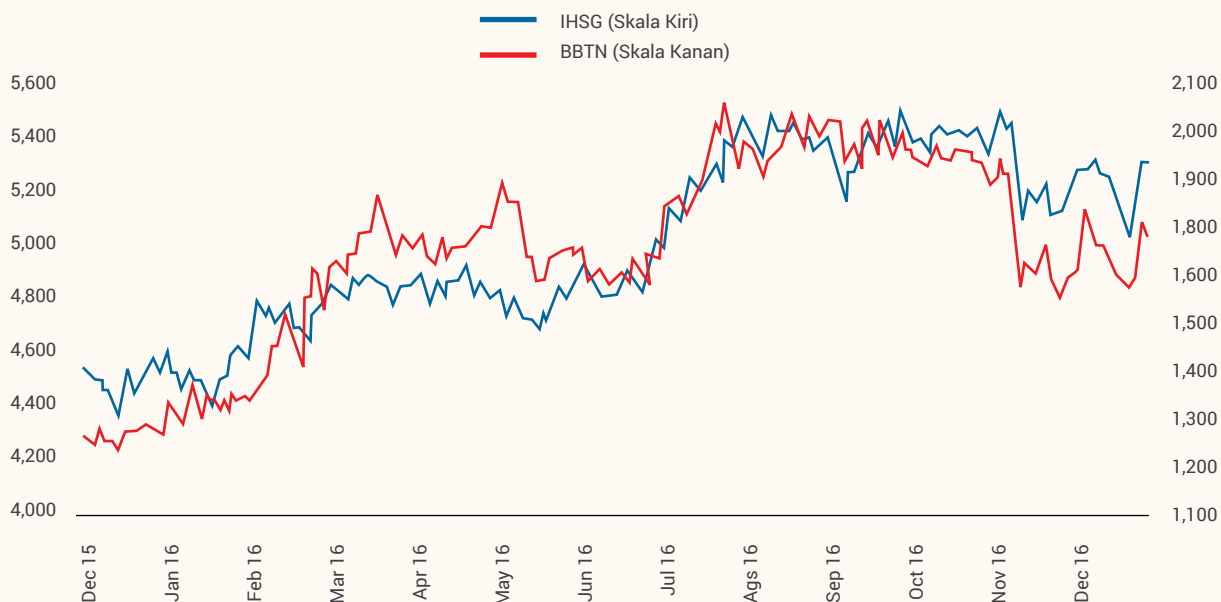
Despite all this, the Indonesia Composite Index (IHSG) recorded a positive yearly increase of 15.32% (yoy) at 5,296.71 per December 31st 2016. This IHSG performance is the second best among prominent global stock index, after the Thailand stock index (Stock Exchange of Thailand – SET Index) which recorded an increase of 19.79% (yoy).

The Indonesia Stock Exchange (BEI) has recorded a 30.03% (yoy) increase in the average daily transaction value in 2016. The average daily transaction frequency and volume had a growth of 18.91% and 31.36%, respectively, compared to the previous period. Market capitalization also recorded an 18.18% (yoy) increase.

No	Country	Index	December 31, 2015	December 31, 2016	YoY Performance
1	Thailand	Stock Exchange of Thailand SET Index	1,288.02	1,542.94	19.79%
2	Indonesia	Jakarta Stock Exchange Composite Index (IHSG)	4,593.01	5,296.71	15.32%
3	England	FTSE 100 Index	6,242.32	7,142.83	14.43%
4	United States of America	Dow Jones Industrial Average - DJI	17,425.03	19,762.60	13.42%
		S&P 500 Index	2,043.94	2,238.83	9.54%
		NASDAQ Composite Index	5,007.41	5,383.12	7.50%
5	India	NSE Nifty Bank Index	16,922.20	18,177.20	7.42%
6	Australia	Australian Stock Exchange All Ordinaries Index	5,344.60	5,719.10	7.01%
7	South Korea	Korea Stock Exchange KOSPI Index	1,961.31	2,026.46	3.32%
8	Japan	Nikkei 225	19,033.71	19,114.37	0.42%
9	Hong Kong	Hong Kong Hang Seng Index	21,914.40	22,000.56	0.39%
10	Singapore	Straits Times Index STI	2,882.73	2,880.76	-0.07%
11	Philippines	Philippines Stock Exchange PSEi Index	6,952.08	6,840.64	-1.60%
12	Malaysia	FTSE Bursa Malaysia KLCI Index - Kuala Lumpur Composite Index	1,692.51	1,641.73	-3.00%
13	China	Shanghai Stock Exchange Composite Index	3,539.18	3,103.64	-12.31%

COMPANY'S STOCK PERFORMANCE

Graphic of the Company Stock Movement in 2016



Per December 31st 2016, BBTN share was closed at IDR 1,740 per share, a yearly increase of 34.36% (yoy). This Achievement is higher than the recorded IHSK increase of 15.32% (yoy).

In the current uncertain and decelerating economic growth, BBTN stock managed to record a good performance for 2016 by achieving the following indicators:

Indicator	2015	2016
Closing Price (IDR)	1.295	1.740
Lowest Price (IDR)	935	1.280
Highest Price (IDR)	1.315	2.100
Average Daily Trading Volume (Stock Lot)	302.217	202.509
PE (x)	7,40	7,04
PBV (x)	0,99	0,96
Net Profit per Share (IDR)	175	247
Market Capitalization (IDR Trillion)	13,70	18,43

As of December 31, 2016, the price of BBTN share was closed at IDR 1,740 per share, an increase of 34.36% (yoy) from the closing price at the same period in 2015 at the price of IDR 1,295 per share. Although the average daily trade volume for 2016 experienced a decrease, from 302,217 share lot during 2015 to 202,509 share lot, market capitalization recorded an increase of 34.46% (yoy) at a position of IDR 18.43 Trillion per December 31st 2016.

The increase in BBTN share price is driven by strong Company fundamentals and satisfactory financial performance in 2016, which ranked above the market expectation and analysts' consensus. In the decelerating domestic and global economic growth, and decreasing national banking sector performance, the Company has recorded an increase in performance, such as a 18.34% increase in credit and financing, a 25.40% increase in third party financing and a 41.49% increase in net profit growth in 2016. The quality of assets reflected in the Non-Performing Loan (NPL) ration also experienced a significant improvement from 3.42% to 2.84%.

For this significant increase in stock value, BBTN is included in the 10 (ten) highest growing stocks in the LQ45 index in 2016. The Company also received the title of "The Best Mid-Cap Company in Indonesia" by FinanceAsia and "Excellence in Governance and Investor Relations Benchmarking" from the Asset Publishing and Research Limited.

The BBTN Price to Book Value (PBV) per December 31st 2016 was recorded at 0.96x, a bit lower compared to the same period in the previous year, which was at 0.99x. The BBTN Price to Earning (PE) per December 31st 2016 was recorded at 7.04x, a bit lower compared to the same period in the previous year, which was at 7.40x.

Due to the abovementioned performance, BBTN was included in the calculation components in the following renowned Stock Index:

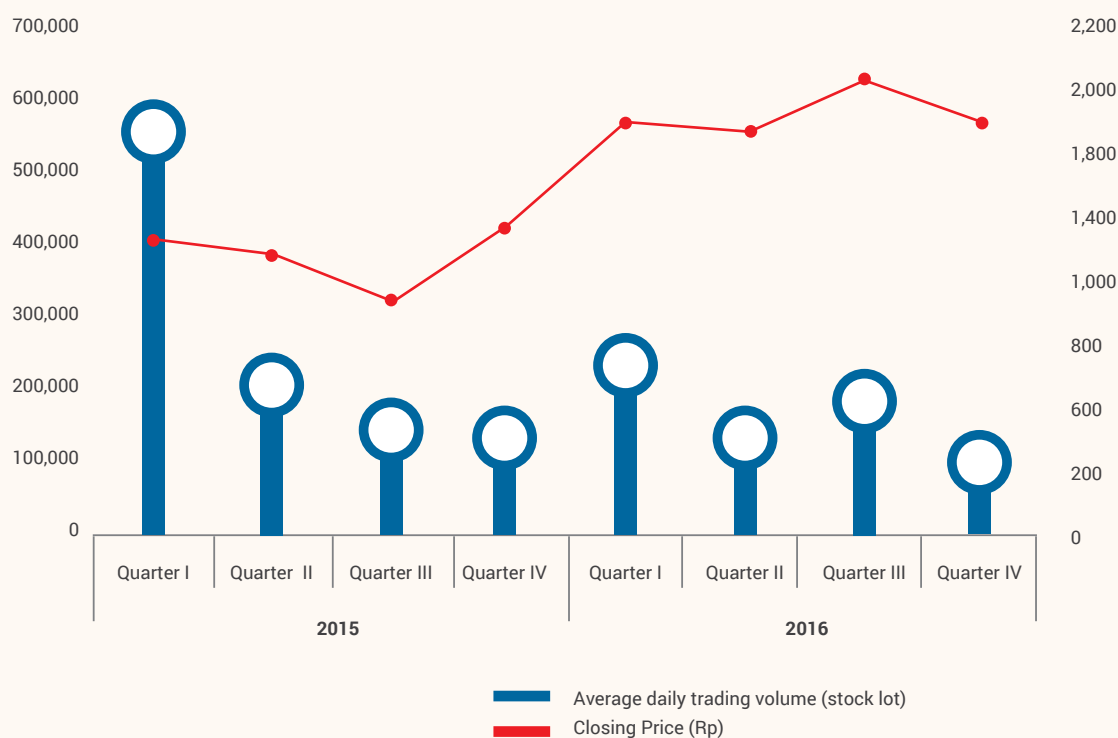
Indemnity	Period
LQ45	February - July 2017
Kompas100	February - July 2017
Infobank15	January - July 2017
Investor33	December 2016 - May 2017
MNC36	2016 November 2017

SHARE HIGHLIGHTS

PRICE, VOLUME AND CAPITALIZATION OF COMPANY SHARES IN 2015-2016

The quarterly overview of Company shares are as follows:

Period	Total Shares Outstanding (Shares)	Closing Price (IDR)	Lowest Price (IDR)	Highest Price (IDR)	Average Daily Trading Volume (Million Shares)	Market Capitalization	
(IDR)	Quarter I	10,567,720,500	1.255	980	1.27	597.859	13,262,489,227,500
	Quarter II	10,567,720,500	1.19	1.07	1.25	244.706	12,575,587,395,000
	Quarter III	10,582,345,000	995	935	1.255	181.495	10,529,433,275,000
	Quarter IV	10,582,345,000	1.295	995	1.315	177.983	13,704,136,775,000
2016	Quarter I	10,590,000,000	1.745	1.28	1.865	276.471	18,479,550,000,000
	Quarter II	10,590,000,000	1.715	1.56	1.885	171.332	18,161,850,000,000
	Quarter III	10,590,000,000	1.92	1.69	2.1	225.578	20,332,800,000,000
	Quarter IV	10,590,000,000	1.74	1.59	1.995	140.466	18,426,600,000,000



CHRONOLOGY OF SHARE LISTING

No.	Period	Description	Shares	Nominal Value (IDR)	Total Shares Issued	Issued and Paid-Up Capital		Exchange
						Total Shares	Par Value (IDR)	
1.	Before IPO					6,354,000,000	3,177,000,000,000	Indonesian Stock Exchange
2.	After IPO							
3.	December 17, 2009	Initial Public Offering		500	2,360,057,000	8,714,057,000	4,357,028,500,000	
4.	February 4 - March 17, 2011	Implementation of the MESOP Program		500	95,015,000	8,809,072,000	4,404,536,000,000	
5.	October 4 - November 14, 2011	Implementation of the MESOP Program		500	26,898,500	8,835,970,500	4,417,985,250,000	
6.	February 1 - March 14, 2012	Implementation of the MESOP Program		500	2,544,500	8,838,515,000	4,419,257,500,000	
7.	May 1 - June 11, 2012	Implementation of the MESOP Program		500	5,068,000	8,843,583,000	4,421,791,500,000	
8.	November 23 - December 6, 2012	Limited Public Offering I	Class B	500	1,512,857,500	10,356,440,500	5,178,220,250,000	
9.	February 1 - March 15, 2013	Implementation of the MESOP Program	Common Shares	500	206,420,500	10,562,861,000	5,281,430,500,000	
10.	July 1 - August 16, 2013			500	1,992,500	10,564,853,500	5,282,426,750,000	
11.	February 1 - March 14, 2014	Implementation of the MESOP Program		500	407,000	10,565,260,500	5,282,630,250,000	
	July 1 - August 19, 2014							
12.	February 2 - March 16, 2015	Implementation of the MESOP Program		500	2,435,500	10,567,696,000	5,283,848,000,000	
13.	July 1 - August 18, 2015	Implementation of the MESOP Program		500	24,500	10,567,720,500	5,283,860,250,000	
14.	February 1 - March 15, 2016	Implementation of the MESOP Program		500	14,624,500	10,582,345,000	5,291,172,500,000	
15.	February 1 - March 15, 2016	Realisasi Program MESOP	Class B Common Shares	500	7,655,000	10,590,000,000	5,295,000,000,000	

INITIAL PUBLIC OFFERING (IPO) LISTING

The Company listed its shares on the Indonesia Stock Exchange on December 17th 2009 by offering 2,360,057,000 Class B common shares or 27.08% of its authorized capital with a par value of IDR 800 per share. The IPO also received a very good response from the public, indicated by the 2.04 times over subscription with a total proceed of IDR 1.88 trillion. The Company was awarded as “The Best IPO in Indonesia 2009” from The Asset magazine and “Mid Cap/IPO Deal of the Year in Southeast Asia 2009” from Alpha South Asia Publisher (Hong Kong).

LIMITED PUBLIC OFFERING I (RIGHTS ISSUE)

In 2012, the Company made a Limited Public Offering I (LPO I) to the Company's shareholders in relation to the issuance of Preemptive Rights (HMETD) or Rights Issue with the purpose of strengthening the Company's capital structure, as well as increasing the number of floating shares. This will increase the BBTN's market capitalization and share liquidity in the capital market as well as to encourage credit growth, hence increasing investors' interest to invest more in BBTN shares. The summary of Bank BTN's Rights Issue transaction is:

Type of Offer	HMETD
Number of Shares Offered	1,512,857,500 Class B Common Shares
Nominal Value	IDR 500 (five hundred rupiahs)
Implementation Price	IDR 1,235 (one thousand two hundred and thirty-five rupiahs)
Total Amount (Proceeds) Received	IDR 1,868,379,012,500 (one trillion eight hundred sixty-eight billion three hundred seventy million twelve thousand and five hundred rupiahs);
Conversion Ratio	555,000 (five hundred and fifty five thousand) Old Shares are entitled to 94,943 (ninety four thousand nine hundred and forty three) HMETD
Ownership Dilution	14.61% (fourteen point six one percent) prior to the implementation of MESOP and 16.49% (sixteen point four nine percent) after the implementation of MESOP
HMETD Trading Period	23 - 29 November 2012
HMETD Implementation Period	23 - 29 November 2012
Securities Listing Date at Stock Exchange	November 23rd 2012
Listing	Indonesian Stock Exchange
Standby Purchasers	PT Bahana Securities, PT Danareksa Sekuritas and PT Mandiri Sekuritas

MANAGEMENT AND/OR EMPLOYEE STOCK OWNERSHIP PROGRAM

The Management and Employee Stock Ownership Program through the Management and Employee Stock Allocation (MESA) and Management and Employee Stock Option Plan (MESOP) in relation with the IPO will

be described in the Good Corporate Governance Section, Chapter on Bank BTN Remuneration Management of this Annual Report

CHRONOLOGICAL LISTING OF STOCKS

CHRONOLOGICAL LISTING OF BONDS

No.	Bonds	Value (IDR)	Issuance Date	Maturity Date Rating *) Tempo
1	Bond BTN I Th.1989	50,000	July 25, 1989	July 25, 1994
2	Bond BTN II Th.1990	50,000	June 01, 1990	June 01, 1995
3	Bond BTN III Th.1991	50,000	November 11, 1991	November 11, 1996
4	Bond BTN IV Th.1992	100,000	January 23, 1993	January 23, 1998
5	Bond BTN V Th.1993	150,000	July 31, 1993	July 31, 1998
6	Bond BTN Th.1995 VI-A	150,000	December 21, 1995	December 21, 2000
7	Bond BTN Th.1995 VI-B	200,000	December 21,1995	December 21, 2000
8	Bond BTN Th.1996 VII-A	182,000	July 22, 1996	July 22, 2001
9	Bond BTN Th.1996 VII-B	18,000	July 22, 1996	July 22,2001
10	Bond BTN VIII Th.1997	800,000	July 18,1997	July 18, 2002
11	Bond BTN IX Th.2003	750,000	October 02, 2003	October 02, 2008
12	Bond BTN X Th.2004	750,000	May 25, 2004	May 25, 2009
13	Bond BTN XI Th.2005	750,000	July 06, 2005	July 06, 2010
14	Obligasi Subordinasi I Bank BTN Th.2004	250,000	May 25, 2004	May 25, 2014, call option May 25, 2009
15	BBTN XII 2006	1,000,000,00	September 19, 2006	September 19, 2016
16	BBTN XIII A 2009	300,000,00	May 29, 2009	May 29, 2012
17	BBTN XIII B 2009	300,000,00	May 29, 2009	May 29, 2013
18	BBTN XIII C 2009	900,000,00	May 29, 2009	May 29, 2014
19	BBTN XIV 2010	1,650,000,00	June 11, 2010	June 11, 2020
20	BBTN XV 2011	1,300,000,00	June 28, 2011	June 28, 2021
21	Sustainable BBTN I Phase I 2012	2,000,000,00	June 05, 2012	June 05, 2022
22	Sustainable BBTN I Phase II 2013	2,000,000,00	March 27, 2013	March 27, 2023
23	Sustainable BBTN II Phase I 2015 Series A	900,000,00	July 08, 2015	July 08, 2018
24	Sustainable BBTN II Phase I 2015 Series B	500,000,00	July 08, 2015	July 08,2020
25	Sustainable BBTN II Phase I 2015 Series C	800,000,00	July 08, 2015	July 08, 2022
26	Sustainable BBTN II Phase I 2015 Series D	800,000,00	July 08, 2015	July 08, 2025
27	Sustainable BBTN II Phase II 2015 Series A	1,347,000,00	August 30, 2016	August 30, 2019
28	Sustainable BBTN II Phase I 2016 Series B	1,653,000,00	August 30, 2016	August 30, 2021

Period (Year)	Interest Rate (%)	Ranked (%)	due date/not due date	exchange
5	18.75%	-	due date	Indonesian Stock Exchange
5	16.25%	-	due date	
5	20.00%	-	due date	
5	17.00%	-	due date	
5	15.25%	-	due date	
5	ATD 17.25% 6 months plus 1%	-	due date	
5	17.25%. IRSOR 6 months plus 1.25% per year	-	due date	
5	17.125%. ATD 6 months plus 1% per year	-	due date	
5	17.125%. ATD 6 months plus 1% per year	-	due date	
5	14.15%	idAA-	due date	
5	12.50%	idBB	due date	
5	12.20%	idBB+	due date	
5	12%	idA-	due date	
10	12.60% (1- 5 th)	idBBB	due date	
10	12.75%	idA	due date	
3	11.75%	idAA-	due date	
4	12.00%	idAA-	due date	
5	12.25%	idAA-	due date	
10	10.25%	idAA-	Not due date	
10	9.50%	idAA	Not due date	
10	7.90%	idAA	Not due date	
10	7.90%	idAA	Not due date	
3	9.625%	idAA	Not due date	
5	9.875%	idAA	Not due date	
7	10.000%	idAA	Not due date	
10	10.500%	idAA	Not due date	
3	8.200%	idAA+	Not due date	
5	8.750%	idAA+	Not due date	



CHRONOLOGICAL LISTING OF KPR SECURITIZATION

The Company made securitization of KPR bills through the Asset-Backed Securities Collective Investment Contract (KIK EBA) and the Asset-Backed Securities Participation Contract (EBA-SP), as follows:

Securitization	Total Issuance (IDR)		Coupon (%)	Issuance Date	Maturity Date	Rating	exchange
1st KPR BTN Securitization (KIKDSMF01)	Class A	100,000	13.00	February 11, 2009	January 10, 2018	idAAA	Indonesian Stock Exchange
	Class B	11,111					
2nd KPR BTN Securitization (KIKDSMF02)	Class A	360,000	11.00%	November 10, 2009	December 10, 2019	idAAA	
	Class B	31,305					
3rd KPR BTN Securitization (KIKDBTN01)	Class A	688,500	9.25%	December 27, 2010	February 27, 2019	idAAA	
	Class B	61,500					
4th KPR BTN Securitization (KIKDBTN02)	Class A	645,000	8.75%	November 16, 2011	February 27, 2021	idAAA	
	Class B	58,450					
5th KPR BTN Securitization (KIKDBTN03)	Class A	925,000	7.75%	December 12, 2012	January 7, 2023	idAAA	
	Class B	75,000					
6th KPR BTN Securitization (KIKDBTN04)	Class A1	403,000	8.90%	December 20, 2013	February 26, 2022	idAAA	
	Class A2	525,000	9.50%				
	Class B	72,000					
7th KPR BTN Securitization (KIKDBTN05)	Class A1	723,500	10.00%	December 2, 2014	September 7, 2025	idAAA	
	Class A2	647,500					
	Class B	129,000					
8th KPR BTN Securitization (EBA-SP SMF-BTN01)	Class A	181,600	8.60%	December 4, 2015	March 7, 2022	idAAA	
	Class B	18,400					
9th KPR BTN Securitization (EBA-SP SMF-BTN01)	Class A1	400,000	8.15%	November 01, 2016	June 7, 2027	idAAA	
	Class A2	513,000	8.75%				
	Class B	87,000					

CHRONOLOGICAL LISTING OF NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD)

Negotiable Certificate Of Deposit (NCD)	Value (IDR)	Term (Months)	Interest Rate (%)	Issuance Date	Maturity Date
Bank BTN Series B NCD Phase II Year 2016	275,000	6	7.47%	August 5, 2016	February 1, 2017
Bank BTN Series C NCD Phase II Year 2016	400,000	12	7.80%	August 5, 2016	August 10, 2017
Bank BTN Series A NCD Phase III Year 2016	20,000	3	7.04%	November 30, 2016	February 28, 2017
Bank BTN Series B NCD Phase III Year 2016	351,000	6	7.26%	November 30, 2016	May 29, 2017
Bank BTN Series A NCD Phase IV Year 2016	315,000	3	7.75%	December 29, 2016	March 29, 2017
Bank BTN Series B NCD Phase IV Year 2016	185,000	6	7.74%	December 29, 2016	July 3, 2017
Bank BTN NCD Phase V Year 2016	500,000	6	7.73%	December 30, 2016	July 3, 2017

OVERVIEW OF MATURED NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD)

Negotiable Certificate Of Deposit (NCD)	Value (IDR)	Term (Months)	Interest Rate (%)	Issuance Date	Maturity Date
Bank BTN Series A NCD I Phase I Year 2014	280,000	6	9,00%	December 5, 2014	June 4, 2015
Bank BTN Series B NCD Phase I Year 2014	45,000	12	9.25%	February 26, 2015	November 27, 2015
Bank BTN Series C NCD I Phase I Year 2014	300,000	15	9.50%	December 5, 2014	February 26, 2016
Bank BTN Series A NCD I Phase II Year 2015	470,000	6	9.00%	February 26, 2015	August 26, 2015
Bank BTN Series B NCD I Phase II Year 2015	85,000	12	9.25%	February 26, 2015	February 18, 2016
Bank BTN Series C NCD I Phase II Year 2015	10,000	15	9.50%	February 26, 2015	May 19, 2016

Negotiable Certificate Of Deposit (NCD)	Value (IDR)	Term (Months)	Interest Rate (%)	Issuance Date	Maturity Date
Bank BTN Series D NCD I Phase II Year 2015	440,000	18	9.70%	February 26, 2015	August 18, 2015
Bank BTN NCD I Phase III Year 2015	500,000	5	9.00%	February 17, 2015	July 15, 2015
Bank BTN Series A NCD II Phase II Year 2015	330,000	6	8.75%	April 30, 2015	October 30, 2015
Bank BTN Series B NCD II Phase II Year 2015	620,000	12	9.00%	April 30, 2015	April 30, 2016
Bank BTN Series B NCD II Phase II Year 2015	620,000	12	9.00%	April 30, 2015	April 30, 2016
Bank BTN NCD Phase I Year 2016	740,000	3	6.85%	June 9, 2016	September 9, 2016
Bank BTN Series A NCD Phase II Year 2016	440,000	3	7.19%	August 5, 2016	November 3, 2016

DIVIDEND PAYMENT POLICIES AND CHRONOLOGY

DIVIDEND POLICIES

Based on the prevailing regulation in Indonesia, the dividend payment must be approved by the shareholders in the Annual GMS. The dividend amount and payment must be performed with regards and consideration to these following factors, among others, the level of financial health, the level of capital adequacy, the required capital for further business expansion, without disrupting the rights of the Company's GMS in determining based on the Articles of Association.

The amount of Company dividend will be determined during the GMS. The management plans to distribute the dividend if there is surplus cash from the operational activities after the fund is set aside from the reserve fund, funding activities, capital expenditure plan and the Company's working capital.

DIVIDEND PAYMENT IMPLEMENTATION

In accordance with the Annual General Meeting of Shareholders (AGMS) held on April 12th 2016, the Company has carried out final dividend payment for the fiscal year 2015 in the amount of 20% of the 2015 net profit or in the amount of IDR 370,181,460,573.60 (three hundred seventy billion one hundred and eighty-one million, four hundred and sixty thousand and five hundred and seventy-three point six zero rupiahs). The per share dividend value paid on May 12th 2016 is in the amount of IDR 34.96 or an increase of 65.6% from the 2015 per share paid dividend payment amount.



Table: Dividend Payment Carried Out in 2011 - 2015

Fiscal Year	Cash Dividend (IDR billion)	Net Profit (IDR billion)	Dividend Payout Ratio	Dividen Per Share	Payment Date
2015	370	1.851	20%	34,96	May 12 th 2016
2014	223	1.116	20%	21,11	April 24 th 2014
2013	469	1.562	30%	44,36	April 7 th 2014
2012	409	1.364	30%	38,74	May 10 th 2013
2011	224	1.119	20%	25,31	May 30 th 2012



STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH
SUPPORTING THE ACCELERATION OF **ONE MILLION HOUSES PROGRAM**





MANAGEMENT DISCUSSION AND ANALYSIS

ACHIEVEMENT OF MAXIMUM OPERATIONAL PERFORMANCE IS OBTAINED THROUGH INTEGRATED MARKETING OF ALL BANK'S PRODUCTS. EFFECTIVE AND INNOVATIVE MARKETING STRATEGIES ESTABLISHED THE BEST POSITION FOR THE COMPANY IN FACING THE INTENSE COMPETITION AND UNCERTAIN ECONOMIC CONDITIONS.

INDUSTRY ANALYSIS



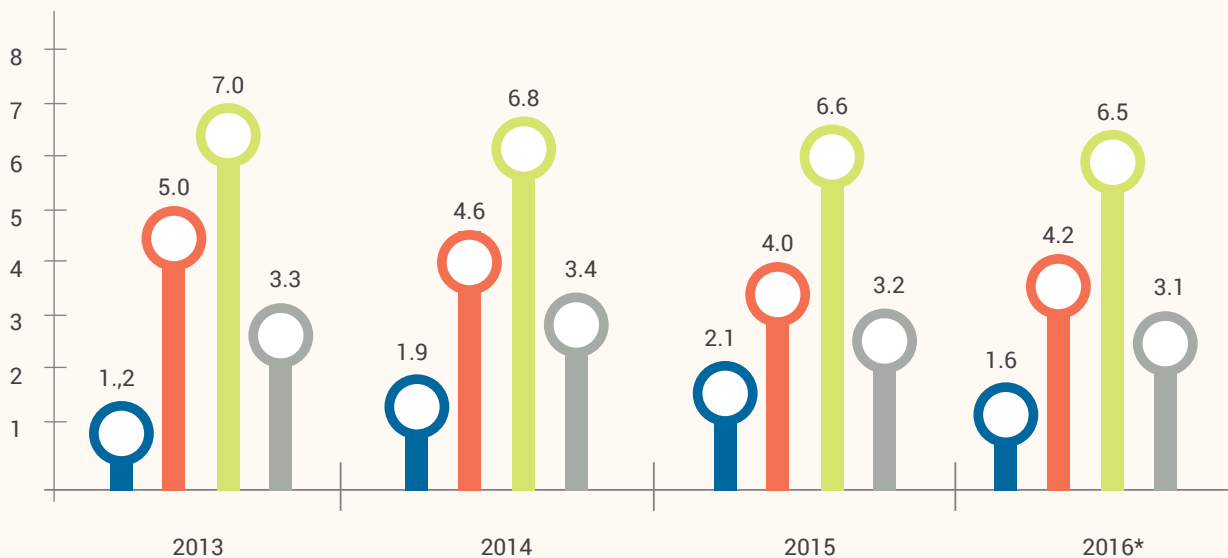
THE FINANCIAL INDUSTRY IS STILL ONE OF THE BIGGEST CONTRIBUTOR TO ECONOMIC GROWTH IN INDONESIA. THE WORLD AND NATIONAL ECONOMIC CONDITIONS HAS BECOME CRITICAL SUCCESS FACTORS FOR FINANCIAL INDUSTRY OPERATIONAL, ESPECIALLY THE BANKING INDUSTRY. SENSITIVITY OF BANKING COMPANY ON POLICY CHANGES AND ECONOMIC CONDITION IS VERY CRUCIAL FOR THE COMPANY'S SUSTAINABLE BUSINESS.

THE WORLD ECONOMY

Based on International Monetary Fund (IMF) data in World Economic Outlook (WEO) October 2016 edition, world economic growth in 2016 is lower than the 2015 realization. The world economic growth in 2016 is predicted to decrease at 3.1% yoy if compared to the 2015, i.e. 3.2% yoy. One of the reason for the forecast is the uncertainty surrounding the exit of Britain from the European Union (Brexit).

IMF forecasts that the economic in developed countries will grow 1.6% yoy in 2016, but IMF maintains its forecast for the developing countries, which is projected to grow 4.2% yoy in 2016.

Graphic: World Economic Growth 2013-2016 (% yoy)



- Emerging Country
- Developing Country
- Asia

*forecast

Source: World Economic Outlook (WEO) October 2016

Regionally, Asia still continues to lead the global economic growth and is predicted to grow 6.5% yoy in 2016. The stock market remains optimistic, and

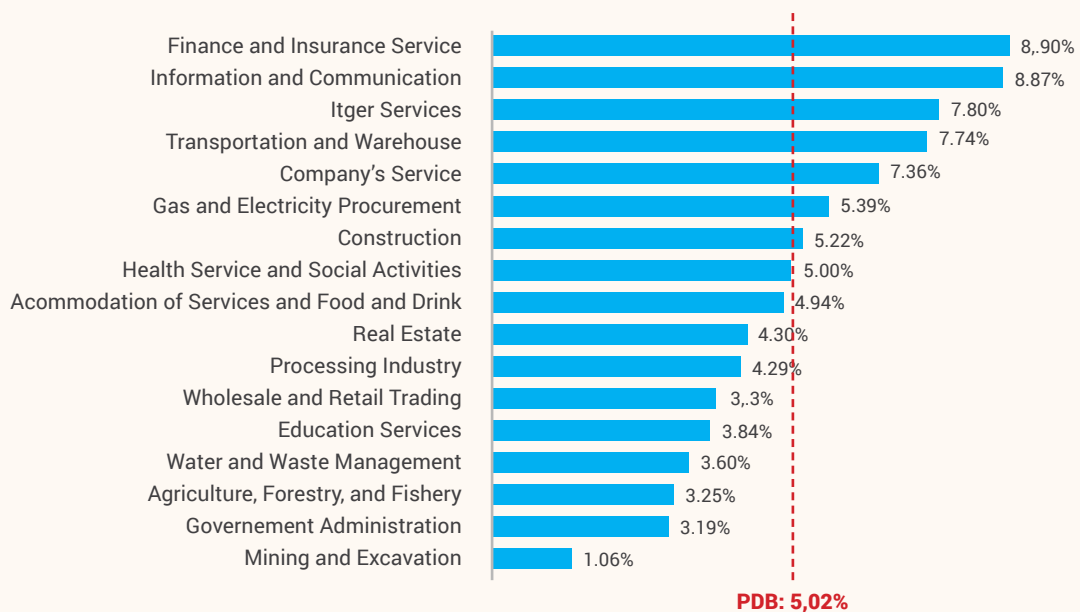
the capital continues to flow to Asia, although there was adjustment made during the closing of Brexit referendum.

INDONESIAN ECONOMY

Indonesian economy in 2016 grew 5.02%, which is higher than the achievement in 2015 amounted to 4.88%. On production sides, the biggest growth was achieved by the Financial Service and Insurance Business Sector,

amounted to 8.90%. On the expenditure side, the biggest growth was achieved by Non-Profit Organization on Consumption Expenditure Components that serves Household, amounted to 6.62%.

Graphic: PDB Growth Based on Business Field (% yoy)



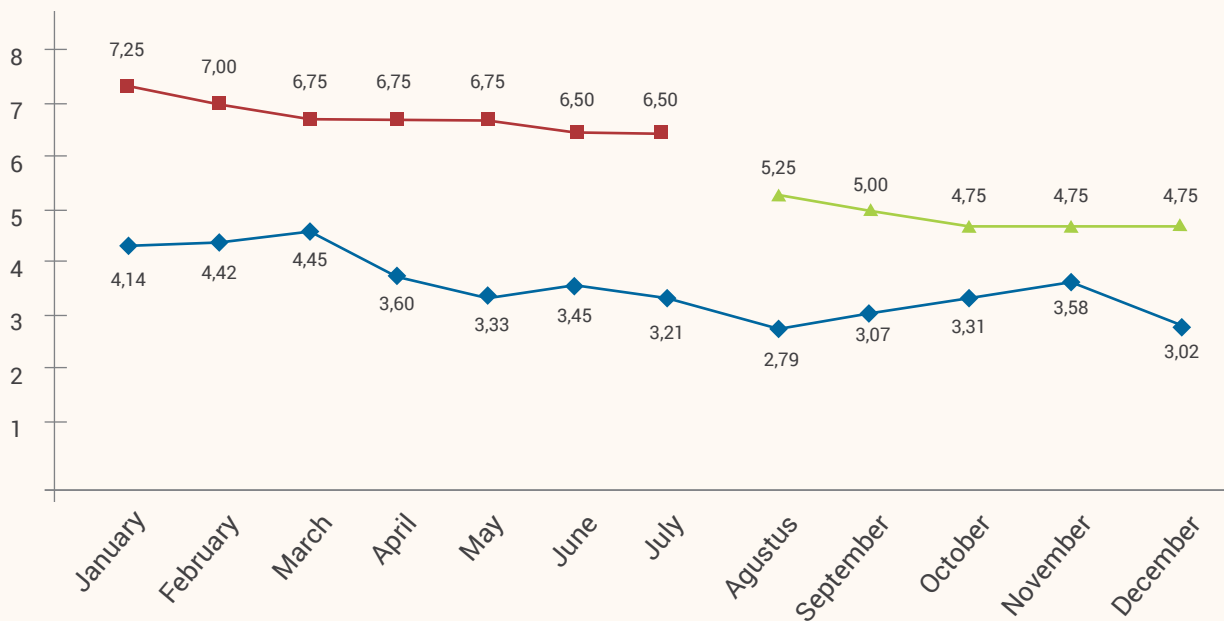
Source: Statistics Indonesia

The high growth in finance services and insurances sector provides positive impacts on BTN performance as one of the company engaged in that sector, and continues to demonstrate the role and contribution in strengthening the national economy.

In the year of 2016, inflation rate is maintained in the lower range limit of Bank Indonesia target amounted to $4 \pm 1\%$, and in the end of 2016, it was in the level of 3.02% yoy. This mainly is influenced by the limit in domestic demand, stability of prices governed by the government (administered prices), decrease in the inflation expectation, and the strengthening of rupiah. Going forward, Government and Bank Indonesia will improve coordination in inflation control as well as risk mitigation that may happen related to the implementation plan on some administered prices policies.

Bank Indonesia interest rate benchmark during 2016 has experienced some decreases, in line with Bank Indonesia's effort to boost the economic growth amid the low inflation pressure. To improve the effectivity of monetary policy transmission, then effective since August 19th 2016, Bank Indonesia uses BI 7-Day Reverse Repo Rate (7-D RR Rate) as the interest rate benchmark to replace BI Rate. The decision is in line with efforts to maintain macroeconomic stability by maintaining the momentum of economic domestic growth in the midst of weakening global economic growth. Bank Indonesia believes that through macroeconomic stability, especially with controlled inflation on target range, improved current account deficit, and relatively stable exchange rate, the room for monetary easing is open.

Graphic: Inflation, BI Rate, and BI 7-Day Reverse Repo Rate 2016



Source: www.bi.go.id

BANKING INDUSTRY CONDITION

Indonesia's financial system conditions until November 2016 still shows strong conditions, marked with the increasing Capital Adequacy Ratio (CAR) and Net Interest Margin (NIM). But at the same time, banking industry is facing assets quality problem marked by the increase in the Non-Performing Loans (NPL).

Monetary policy easing transmission through interest rates persists, it reflected from the continuous decline of deposit rates and credit interest rates. However, transmission through credit is still not optimal, and the credit growth is still limited, in line with slow demand,

including weak investment demand from corporate.

During 2016, Bank Indonesia implements accommodative monetary policy by decreasing interest rate benchmark by 150bps, consistent with the effort to optimize domestic economic recovery by maintaining the macroeconomic stability and financial system, in the midst of global capital market uncertainty. This decrease was followed by interest decrease from Third Party Funding by 131bps (January-November), but the credit interest rate only decrease by 65bps (January-November).

Monetary policy transmission through credit is still limited as shown in the credit growth in December 2016 by 7.9% yoy, lower than the growth in November; and on the same period last year, it was 8.5% yoy and 10.4% yoy respectively. Many corporations are taking funding alternative outside the banking sector, which is shown by the increase in funding through capital market, such as issuance of shares, bonds, and Medium Term Notes (MTN). Furthermore, the growth of Third Party

Funding (DPK) on December 2016 increased compared to November, that is from 8.4% yoy to 9.6% yoy, the increase in DPK is higher than the same period last year, which is 7.3% yoy.

The banking conditions in Indonesia is illustrated through this table which shows some operational banking indicators in Indonesia.

Table: Banking Business Activity 2013 - 2016

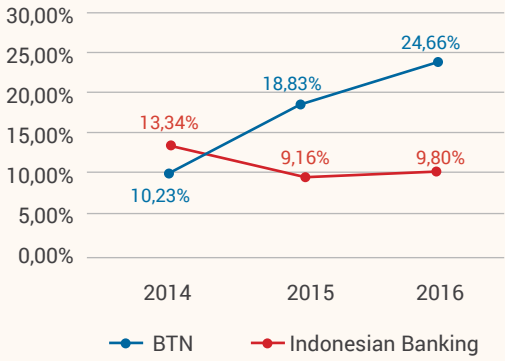
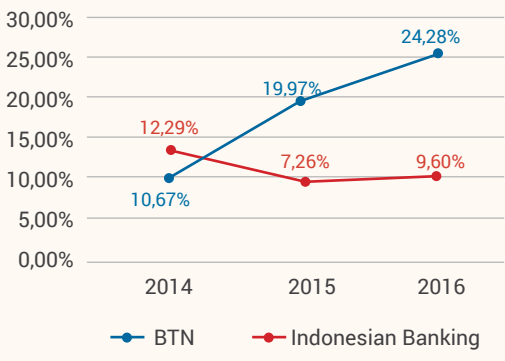
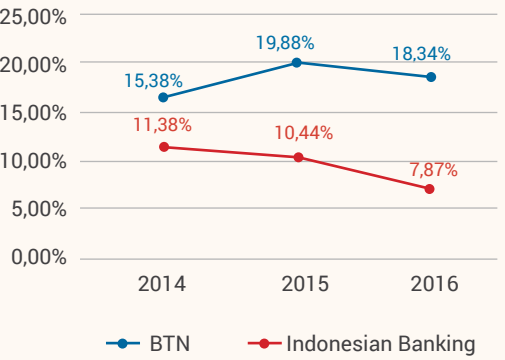
	Unit	2013	2014	2015	2016
Total Assets	IDR billion	4,954,467	5,615,150	6,129,357	6,729,799
	% yoy	16.23%	13.34%	9.16%	9.80%
Total loans and financing	IDR billion	3,292,874	3,674,308	4,057,904	4,377,195
	% yoy	21.60%	11.58%	10.44%	7.87%
Total Deposits	IDR billion	3,663,968	4,114,420	4,413,056	4,836,758
	% yoy	13.60%	12.29%	7.26%	9.60%

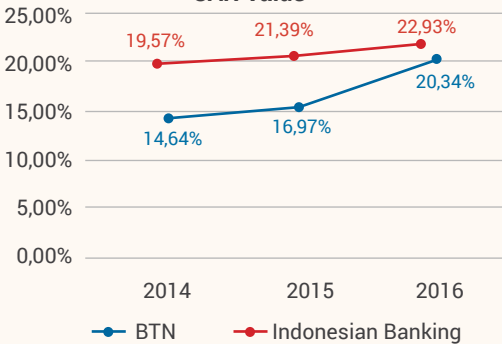
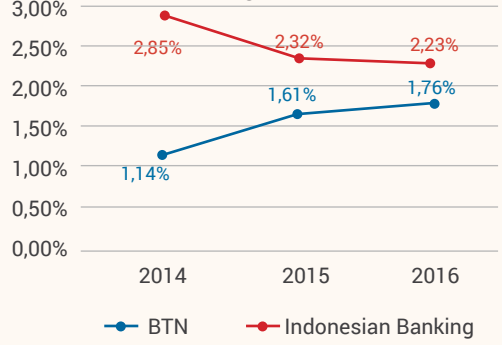
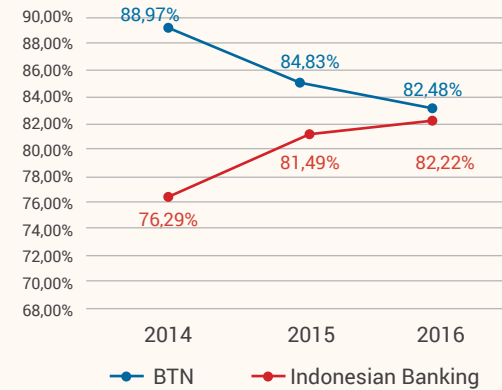
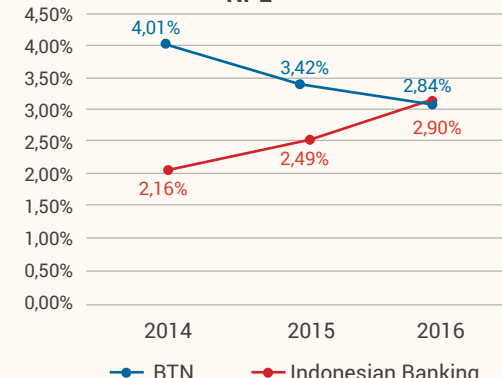
Banking Performances					
CAR	%	18.13%	19.57%	21.39%	22.93%
NIM	%	4.89%	4.23%	5.39%	5.63%
BOPO	%	74.08%	76.29%	81.49%	82.22%
LDR	%	89.70%	89.42%	92.11%	90.70%
NPL	%	1.77%	2.16%	2.49%	2.90%

Source: Indonesia Banking Statistics, November 2016

THE COMPANY'S POSITION IN THE BANKING INDUSTRY

In the national banking industry, the Company always strives to do improvements in order to participate in developing the national banking industry. Consequently, the Company's performance to the growth of national banking industry is as follows:

Company's	Graph	Indonesian Banking												
<p>In 2016, the Company's assets reached IDR 214,168 billion, increased 24,66% compared to 2015, which was IDR 171,808 trillion.</p>	<p style="text-align: center;">Assets' Growth</p>  <table border="1" data-bbox="544 689 1050 1048"> <caption>Assets' Growth Data</caption> <thead> <tr> <th>Year</th> <th>BTN (%)</th> <th>Indonesian Banking (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>10,23%</td> <td>13,34%</td> </tr> <tr> <td>2015</td> <td>18,83%</td> <td>9,16%</td> </tr> <tr> <td>2016</td> <td>24,66%</td> <td>9,80%</td> </tr> </tbody> </table>	Year	BTN (%)	Indonesian Banking (%)	2014	10,23%	13,34%	2015	18,83%	9,16%	2016	24,66%	9,80%	<p>National banking assets until the end of 2016, reached IDR 6,729,799 billion, increased 9.80% compared to 2015, which was IDR 6,129,357 billion</p>
Year	BTN (%)	Indonesian Banking (%)												
2014	10,23%	13,34%												
2015	18,83%	9,16%												
2016	24,66%	9,80%												
<p>In 2016, the Company's customers' saving (third party fund) reached IDR 159,988 billion, increased 25,28% compared to 2015, which was IDR 127,709 billion</p>	<p style="text-align: center;">Third Party Fund Growth</p>  <table border="1" data-bbox="544 1173 1050 1532"> <caption>Third Party Fund Growth Data</caption> <thead> <tr> <th>Year</th> <th>BTN (%)</th> <th>Indonesian Banking (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>10,67%</td> <td>12,29%</td> </tr> <tr> <td>2015</td> <td>19,97%</td> <td>7,26%</td> </tr> <tr> <td>2016</td> <td>24,28%</td> <td>9,60%</td> </tr> </tbody> </table>	Year	BTN (%)	Indonesian Banking (%)	2014	10,67%	12,29%	2015	19,97%	7,26%	2016	24,28%	9,60%	<p>Third Party Fund of national banking until the end of 2016, reached IDR 4,836,758 billion, increased 9.60% compared to 2015, which was IDR 4,413,056 billion.</p>
Year	BTN (%)	Indonesian Banking (%)												
2014	10,67%	12,29%												
2015	19,97%	7,26%												
2016	24,28%	9,60%												
<p>In 2016, the Company's Loan Disbursement reached IDR 162,446 billion, increased 18,34% compared to 2015, which was IDR 138,956 billion</p>	<p style="text-align: center;">Loan Disbursement Growth</p>  <table border="1" data-bbox="544 1644 1050 2002"> <caption>Loan Disbursement Growth Data</caption> <thead> <tr> <th>Year</th> <th>BTN (%)</th> <th>Indonesian Banking (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>15,38%</td> <td>11,38%</td> </tr> <tr> <td>2015</td> <td>19,88%</td> <td>10,44%</td> </tr> <tr> <td>2016</td> <td>18,34%</td> <td>7,87%</td> </tr> </tbody> </table>	Year	BTN (%)	Indonesian Banking (%)	2014	15,38%	11,38%	2015	19,88%	10,44%	2016	18,34%	7,87%	<p>National banking loan until December 2016, reached IDR 4,377,195 billion, increased 7.87% compared to 2015, which was IDR 4,057,904 billion</p>
Year	BTN (%)	Indonesian Banking (%)												
2014	15,38%	11,38%												
2015	19,88%	10,44%												
2016	18,34%	7,87%												

Company's	Graph	Indonesian Banking												
<p>The Company's Capital Adequacy Ratio in 2016 is 20.34%, an increase compared to 2015, which was 16.97%.</p>	<p style="text-align: center;">CAR Value</p>  <table border="1" data-bbox="496 421 999 763"> <thead> <tr> <th>Year</th> <th>BTN</th> <th>Indonesian Banking</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>14,64%</td> <td>19,57%</td> </tr> <tr> <td>2015</td> <td>16,97%</td> <td>21,39%</td> </tr> <tr> <td>2016</td> <td>20,34%</td> <td>22,93%</td> </tr> </tbody> </table>	Year	BTN	Indonesian Banking	2014	14,64%	19,57%	2015	16,97%	21,39%	2016	20,34%	22,93%	<p>National Banking Capital Adequacy Ratio until December 2016 is 22.93%, an increase compared to 2015, which was 21.39%.</p>
Year	BTN	Indonesian Banking												
2014	14,64%	19,57%												
2015	16,97%	21,39%												
2016	20,34%	22,93%												
<p>The Company's Return on Assets in 2016 is 1.76%, an increase compared to 2015, which was 1.61%.</p>	<p style="text-align: center;">ROA</p>  <table border="1" data-bbox="496 824 999 1167"> <thead> <tr> <th>Year</th> <th>BTN</th> <th>Indonesian Banking</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>1,14%</td> <td>2,85%</td> </tr> <tr> <td>2015</td> <td>1,61%</td> <td>2,32%</td> </tr> <tr> <td>2016</td> <td>1,76%</td> <td>2,23%</td> </tr> </tbody> </table>	Year	BTN	Indonesian Banking	2014	1,14%	2,85%	2015	1,61%	2,32%	2016	1,76%	2,23%	<p>National Banking Return on Assets (ROA) per December 31st 2016 is 2.23%, a decrease compared to 2015, which was 2.32%.</p>
Year	BTN	Indonesian Banking												
2014	1,14%	2,85%												
2015	1,61%	2,32%												
2016	1,76%	2,23%												
<p>The Company's Ratio for Operating Expenses to Operating Revenues (BOPO) in 2016 is 82.48%, a decrease compared to 2015, which was 84.83%.</p>	<p style="text-align: center;">BOPO</p>  <table border="1" data-bbox="496 1227 999 1615"> <thead> <tr> <th>Year</th> <th>BTN</th> <th>Indonesian Banking</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>88,97%</td> <td>76,29%</td> </tr> <tr> <td>2015</td> <td>84,83%</td> <td>81,49%</td> </tr> <tr> <td>2016</td> <td>82,48%</td> <td>82,22%</td> </tr> </tbody> </table>	Year	BTN	Indonesian Banking	2014	88,97%	76,29%	2015	84,83%	81,49%	2016	82,48%	82,22%	<p>National Banking Ratio for Operating Expenses to Operating Revenues (BOPO) until December 2016 is 82.22%, an increase compared to 2015, which was 81.49%.</p>
Year	BTN	Indonesian Banking												
2014	88,97%	76,29%												
2015	84,83%	81,49%												
2016	82,48%	82,22%												
<p>The Company's Non-Performing Loan (NPL) Ratio in 2016 is 2.84%, a decrease compared to 2015, which was 3.42%.</p>	<p style="text-align: center;">NPL</p>  <table border="1" data-bbox="496 1664 999 2040"> <thead> <tr> <th>Year</th> <th>BTN</th> <th>Indonesian Banking</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>4,01%</td> <td>2,16%</td> </tr> <tr> <td>2015</td> <td>3,42%</td> <td>2,49%</td> </tr> <tr> <td>2016</td> <td>2,84%</td> <td>2,90%</td> </tr> </tbody> </table>	Year	BTN	Indonesian Banking	2014	4,01%	2,16%	2015	3,42%	2,49%	2016	2,84%	2,90%	<p>The National Banking Non-Performing Loan (NPL) Ratio in December 2016 is 2.90%, a decrease compared to 2015, which was 2.49%.</p>
Year	BTN	Indonesian Banking												
2014	4,01%	2,16%												
2015	3,42%	2,49%												
2016	2,84%	2,90%												

MARKETING ASPECT

ACHIEVEMENT OF MAXIMUM OPERATIONAL PERFORMANCE IS OBTAINED THROUGH INTEGRATED MARKETING OF ALL BANK’S PRODUCTS. EFFECTIVE AND INNOVATIVE MARKETING STRATEGIES ESTABLISHED THE BEST POSITION FOR THE COMPANY IN FACING THE INTENSE COMPETITION AND UNCERTAIN ECONOMIC CONDITIONS.

MARKETING STRATEGY

The Company keeps perfecting the marketing strategy, in line with the business environment development. The strategy is aimed to make the Company as the leader Bank in housing financing. The Company’s position is the main key to provide the prime service to every customer and stakeholders.

Supported by the KPR disbursement of more than 3.8 million units, and competence as the Bank focuses on housing, the Company has a strategic role in the national development, especially in the housing sector as well as future business opportunities.

In addition, with more than 30 years of experience in housing financing (since the first KPR in 1976), the Company continuously improves the Core Competency that other banks do not have. The Core Competency details are as follow:

MARKETING STRATEGY DIRECTION

The experience and competence of Company appointed by the Government as the Bank to carry out One Million Houses Program has been its brand image strongly.

Corporate Core Competency

Subsidized KPR Supremacy	Relationships	Accessibility	Level of World Class Service	Housing Finance Expertise
Dominancy in mortgage market with Subsidized KPR market share of > 96%	<ul style="list-style-type: none"> Act as Integrator for all stakeholders in the Housing Business Reconciliation and integration of supply; landowners, developers, suppliers, and demand: public, investor) 	<ul style="list-style-type: none"> Providing services that can be reached by public Office network Digital banking based network (mobile banking, internet banking, property portal) Mobile KPR Marketing Team (Griya KPR) 	<ul style="list-style-type: none"> Standards of world class service Operational excellence (speed and accuracy of KPR process) Product variations that suit the needs of the society Better credit quality 	<ul style="list-style-type: none"> Human Resources with expertise in the housing financing sector As the information center, skills, and research on Housing Finance (Housing Finance Center)

The Company's strategy in 2016 is in line with core competency, and described as follows:

Business Strengthening : Credit Sector

The first phase of transformation in the credit sector is to focus on the housing financing to support the One Million Houses Program, i.e. KPR products and Construction Loan. The next phase is to develop funding as the housing value change both to the industry related to house provision and business related to the house user. The last phase is expansion to the non-housing sector. For short term and middle term, strategic steps conducted are:

a. Subsidized Housing Loan

Strengthen the cooperation between the housing regulator (Ministry of Public Works & Public Housing & BLU PPP) and agency/institution related to housing financing, i.e. BPJS, Bapertarum, Regional Government, etc. to conduct One Million Houses Program.

b. Non-Subsidized Housing Loan

Strengthen the KPR bases on the middle-lower segment and develop the middle upper segment through loan cooperation program with BUMN/ big companies, product development, and service improvement.

c. Non KPR Consumer Loan

Develop financing for house user for the needs of house renovation, house contents, and activities support for the house users. The strategy is to optimize the debtor KPR based customer both existing and those who have finished the loan.

d. Commercial Loan

- Construction loan aimed to support the supply of house (KPR) through provision of capital for construction work, land acquisition (subsidized), or housing infrastructure for developer.

- Commercial funding directed to housing value chain, i.e. house industry provision such as cement factory, woods, etc.

e. Loan Quality

To refine the loan quality through strengthening of collection management system and asset management.

Business Strengthening : Financing Sector

Funding strengthening is developing long-term and affordable funding to support Bank's activities, i.e.:

a. Institutional Funding Related to Loan Cooperation
Developing institutional cooperation with related agency for KPR funding, i.e. placement of funds from agency/institution related to loan cooperation.

b. Retail Fund Segment Strengthening
Strengthening affordable funding especially for the public's saving, conducted by:

- Increasing retail fund in customer based KPR.
- Encouraging Tapera realization.

c. Strengthening Long Term Funding Capital Market Based

- Institution loan fund.
- Foreign borrowings.
- Assets securitization.

Infrastructure Transformation

Infrastructure transformation, from the Information Technology (TI), Good Corporate Corporation, Risk Management, Compliance, and Delivery Channel, shall be directed to support the Company's strategies as the bank focuses on housing. Strategies that are still relevant to conduct, namely:

a. Digital Banking System

As the heart of modern banking business service, the Company's digital banking system has to fulfill the needs that can be reached by the public and cost efficient.

b. Process Quality Improvement

To become bank with world class service standards, the process quality improvement to operational excellence is needed in order to support the Company's transformation.

c. Delivery Channel

Developing the delivery channel through office network development, ATM, and electronic channel to improve the customer's accessibility for the Company's delivery channel.

People Transformation

People transformation is focused on the new corporate culture and human resources development. Strategic steps conducted are:

a. Corporate Culture Implementation.

To support the transformation leap, the Company has conducted the strengthening of new corporate culture values as an alignment results with the previous corporate culture values. Initiatives conducted are:

- Internalization and externalization of new Company's value "BTN SIIPS"
- Building professional behavior pride and reduce the employee who hinders the organization's culture.

b. Developing Human Capital

Improvement of human resources quality by prioritizing employee's productivity.

Main strategies conducted are:

- Develop competent human capital (training, education, etc.) so they have expertise in housing finance.
- Fulfillment and allocation of human capital in pareto method to support business.

PRODUCT MARKETING STRATEGIES

The marketing strategies is focused in the implementation of each segments of the Company's business products, hence the Company is able to provide services appropriate to the target market.

Loan Segment

Subsidized KPR

The Company dominates the disbursement of Subsidized KPR in Indonesia, with market share of 96% per December 31st 2016. The high market share is caused by the fact that the Company has a long history in disbursing Subsidized KPR since appointed by the Government in 1974. The Company strives to maintain its market share from year to year. Market strategies conducted related to Subsidized KPR in 2016 are as follows:

- The Company is one of the 25 banks appointed (through auction mechanism) to disburse Subsidized KPR through Housing Financing Liquidity Facilities (FLPP) scheme,
- The Company is the only bank appointed by the Government to conduct funding with SSB (Interest Margin Subsidized) scheme.
- The Company strives to cooperate well with the housing developers in Indonesia in order to provide the house supply
- The Company is developing Housing Finance Center (HFC) and cooperating with School of Business and Management Institut Teknologi Bandung (SBM-ITB) to produce young developer from the Mini MBA Program.
- Launched its latest policy that subsidized mortgage loan for the informal sector segments of society.

Non-Subsidized KPR and Other Consumer Loans

1. To conduct expo property program, both nationally and regionally,
2. To hold gathering with developer and partner company/institution, as well as to hold BTN Property Award as a form of appreciation to the developer and partner,
3. To cooperate with BUMN and partner institution/ institutional customer for HOP, Kring, and Top Up KAR Program, as well as cooperation with Property Agent,
4. To develop BTN Property portal in order to facilitate the public to access property information in Indonesia.

Funding Segment

Commercial Funding

On the funding segment, the product marketing strategies applied consists of six focuses, i.e. Strategic Alliance, Delivery Channel, Organization and Personnel, Extra Features and Services, Promotion, and Services.

a. Strategic Alliance

Strategic Alliance implementation to promote the competing cooperation scheme in the market of each segment, i.e.:

1. B2B (Business to Business) Cooperation to Increase Demand Deposit
 - Government & Local Government
 - Cooperation of Ministry operational account management,
 - Cooperation of Revolving Fund Management Institution (LPDB)

- Cooperation of government fund disbursement program,
 - Cooperation of honorarium distribution and Pension for Civil Servant (PNS),
 - Cooperation of regional tax revenue.
 - BUMN/BUMD/Private Corporate
 - Insurance premium revenue cooperation,
 - Cooperation of accepting payment (such as product purchasing and toll payment)
 - Cooperation of accepting new biller,
 - Settlement Bank through E-Commerce for online shop transaction,
 - Back to back cooperation,
 - Company's operational financial management,
 - PPO Cooperation (Operational Development Program),
 - Cooperation of collecting agent with the Company's switching provider and modern lounge,
 - Cooperation related to commercial loan disbursement.
 - Education & Others
 - Cooperation of receiving SPP direct payment,
 - Cooperation of receiving SPP payment through collecting agent,
 - PPO Cooperation,
 - Institutional operational account management,
 - Cooperation of fund disbursement for government program to support education.
2. B2B Cooperation to Increase Deposits
- Government & Local Government
 - Cooperation of managing BLU Kementerian account,
 - Cooperation of government fund program,
 - Cooperation of membership fees management,
 - Cooperation of regional tax revenue.
 - BUMN/BUMD/Private Corporate
 - Back to back cooperation,
 - Investment account,
 - Cooperation of membership fees management.
 - Education & Others
 - Cooperation of institution investment account management,
 - PPO Deposits Cooperation,
 - Back to back cooperation.
- b. Delivery Channel**
- Optimization strategy of delivery channel is implemented through numerous strategies, i.e.:
- Development of SPP online payment channel through mobile banking, internet banking, and modern lounge/PPOB,
 - Cooperation with PPOB to receive biller PLN, PGN, BPJS TK, and BPJS KS,
 - Optimization and enhancement delivery channel for SPP online education for institution that has cooperated with the Company
 - The Company's outlet opening in the potential institutional customer office,
 - Claim payment cooperation (such as BPJS TK, Jasa Raharja)
 - EDC placement on merchant/outlet institutional customer.
- c. Organization and Personnel**
- Completion of organizational structure in Head Office and Branch Offices based on customer business segment,
 - Personnel fulfillment for Commercial Funding in Branch Office Unit,
 - Competence improvement: training (product knowledge, selling skill, presentation skill, services, appearance, motivation),
 - Productivity improvement: demand deposit reward plus monthly, reward surplus DPK quarterly, appreciation of best affordable DPK yearly.
- d. Extra Features and Services**
- LPDB Services,
 - Regional tax revenue,
 - SPP payment,
 - PDAM Biller,

- Accepting environmental fee and other through switching provider (developer cooperation such as Sinar Mas and Alam Sutra).

e. Promotion

- Optimization of operational development program to improve the demand deposit position on the education & government segment, and Demand Deposit Plus program focuses on private company,
- Publishing TVC Company's Demand Deposit on television national scale, and program that correspond with product target of Company's Demand Deposit,
- Advertising Company's Demand Deposit in print media,
- Advertising Company's Demand Deposit in electronic billboard,
- Producing and distributing banner, brochure, and booklet of commercial funding products,
- Souvenir production for institutional customer,
- Customer event.

f. Services

Retail Funding

Strategies in the retail funding sector focused to support the business on housing or loan, especially One Million Houses Program. The strategies developed are:

- Improving strategic alliance for funding increase,
- Optimization of delivery channel,
- Optimization of sales program and promotions,
- Developing new products and features, by launching Tabungan Siap! Da Tabunga RDN (Customer Fund Saving Accounts),
- Strengthening selling and marketing communication.

Sharia Segment

The Company always develops sharia segment as an effort to support main business in order to support One Million Houses Program. Initiative strategies are

compiled to optimize product and service performances. Some strategies conducted, are:

• **Savings Optimization**

The Company's Sharia Business Unit (UUS) launched new product in the form of Tabungan BTN Emas iB and expanded the Tabungan BTN Haji iB to Tabungan BTN Haji and Umroh iB

• **Direct Rewards Program**

The Company's Sharia Business Unit (UUS) gives direct rewards to customer who has account, such as discount in the gold purchasing, or other voucher in line with the promotion period and deposit of fund within certain period.

• **Sales Culture Program**

All of the Company's UUS employee always refers the products and sharia banking services to their family or colleague, so the Company's UUS area of service is always expanding, including the use of Sharia Visa Debit Card in cooperation with sharia merchant all across Indonesia. In addition to making the employee as sharia financial consultant in society, the Company's UUS cooperates with several seller community and online portal to expand the service of Sharia Banking.

• **Branchless Banking**

Mobile Banking BTN Sharia is promoted intensively to facilitate access for customer. This is expected to fulfill the customer's need to conduct financial transactions anywhere anytime without needing to meet.

• **Optimization of Demand Deposit Program**

The Company's UUS improves strategic cooperation to several new institutions such as BUMN, Private Company, Wakaf Agency, BAZIS, and Pesantren to improve services to customer.

• **Optimization of Housing and Non-Housing Financing**

Similar to the conventional unit, housing sector

will be the main business for the Company's UUS, hence the sales activity to KPR developer is one of main focuses for the Company. In addition, developer gathering and active participation in exhibition events are conducted in order to improve the growth of housing financing. The Company's UUS is also expanding the housing on the non-housing sectors, through cooperation with travel partner haji & umrah, home furniture distribution, and vehicles distributor.

- **Mitigation of Non-Performing Loan Program**

The Company always seeks to maintain its liquidity condition from the UUS, by performing measures such as prevention of non-performing loans. This effort is conducted through desk call centralization, and reward to customer with smooth payment, hence it can reduce collectability 2. Proactive restructuring and incentive system improvement is conducted to reduce Non Performing Financing (NPF) ratio. To finish collectability 5, the Company conducts Investor Gathering and compiles Auction House catalogue.

- **Fee Based Income Improvement**

The Company's UUS always strives to maximize funding realization to optimize fee based income, as well as optimize passive funding income.

- **Office Network Expansion**

The Company commits to expand office network throughout 2016 for the sharia customer service, with 1 Sharia Branch Office, 15 Sharia Sub Branch Offices, and 3 Sharia Cash Offices.

Banking Services Segment

In addition to interest revenue, the Company also strives to improve the non-interest income or fee income, through the services development to the customer.

Card Business

1. Synergy of BUMN and Garuda Indonesia which creates Debit Card BTN-GARUDA, to improve the service to Company's customer who flies with the Garuda Indonesia airline.
2. Easiness in transaction payment when using Grab and Uber with Debit Card BTN Visa.
3. Cooperation with Ikatan Keluarga Alumni (Alumni Association) Universitas Diponegoro to provide card that can function as Member and Pre-paid card.
4. e-Retribusi card for traders in Surakarta city that can be used to pay the market retribution fee.
5. Synergy of BUMN and three other BUMN Banks with Jasa Marga to officiate the National e-Payment Toll cooperation for the wider and more integrated electronic toll payment.

Digital Business and Electronic Banking

1. Launching the BTN Digital Solution as part of integrated mobile application, which gives easiness for customer to access the features, and products of Bank BTN online.
2. Cooperating with Go-Jek for the Top Up Go-Pay service in the form of facilitation for the customer who uses online transportation.
3. Developing mobile banking features, internet banking, and ATP (SPP payment, credit card payment, vehicles tax payment).

Wealth Management Business

The Company optimize wealth management business by marketing of non-banking products. Wealth management marketing mechanism is as follows:

- Employee internalization and existing customer externalization,
- Email and SMS blast,
- Customer acquisition,
- Print ad magazine and print ad intern,
- Customer acquisition small event,
- Flyer.

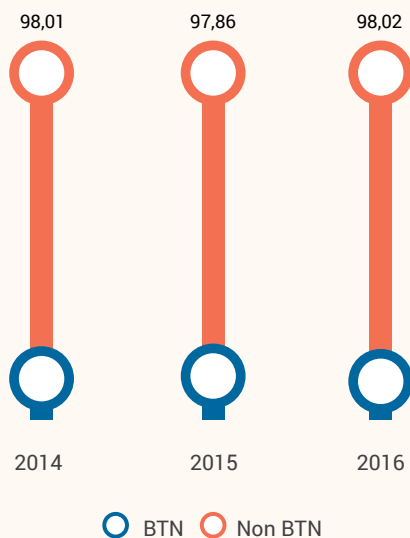
MARKET SHARE

The Company strives to expand the market share in the national banking industry. Numerous marketing strategies are implemented to support the performance growth of each product, through new customers and

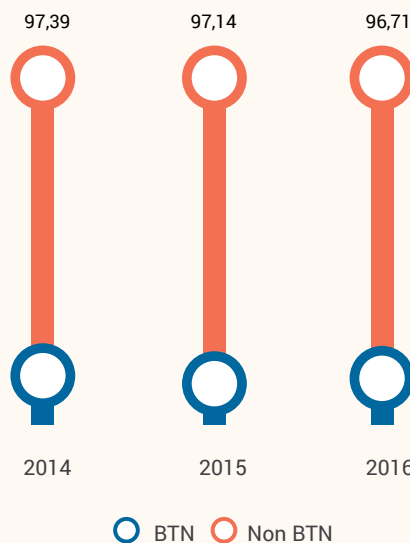
loyalty of existing customers. The following described the Company's market share in national banking industry for every business segment.

Funding Segment

Graph: Saving Market Share 2014-2016* (%)



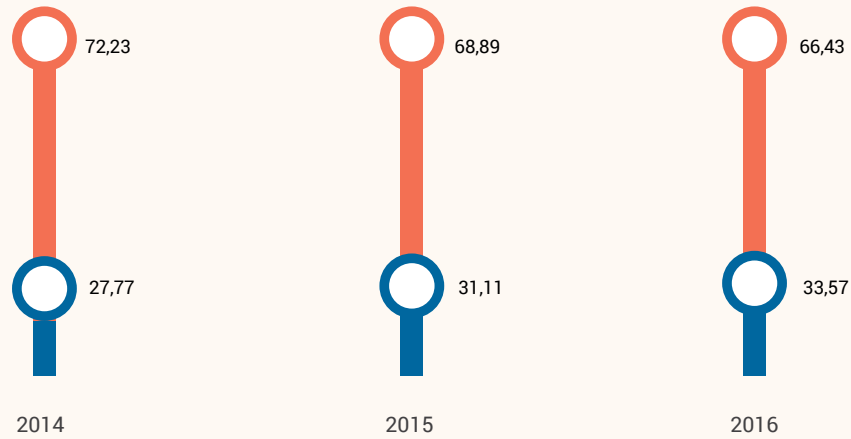
Graph: Deposit Market Share 2014-2016* (%)



Data as of October 2016

Loan Segment

Graph: KPR/KPA Market Share 2014-2016* (%)

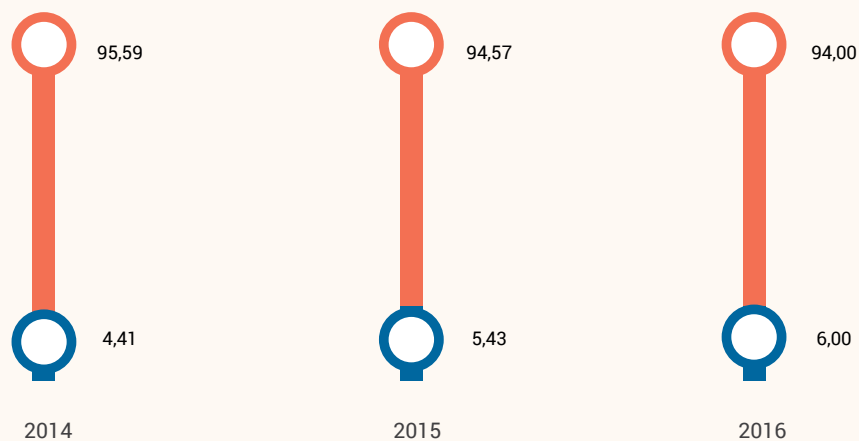


Data as of September 2016

● BTN ● Non BTN

Sharia Segment

Graph: Akad Murabahah BTN Sharia Funding Market Share 2014-2016* (%)



Data as of September 2016

● BTN ● Non BTN

OPERATIONAL ANALYSIS

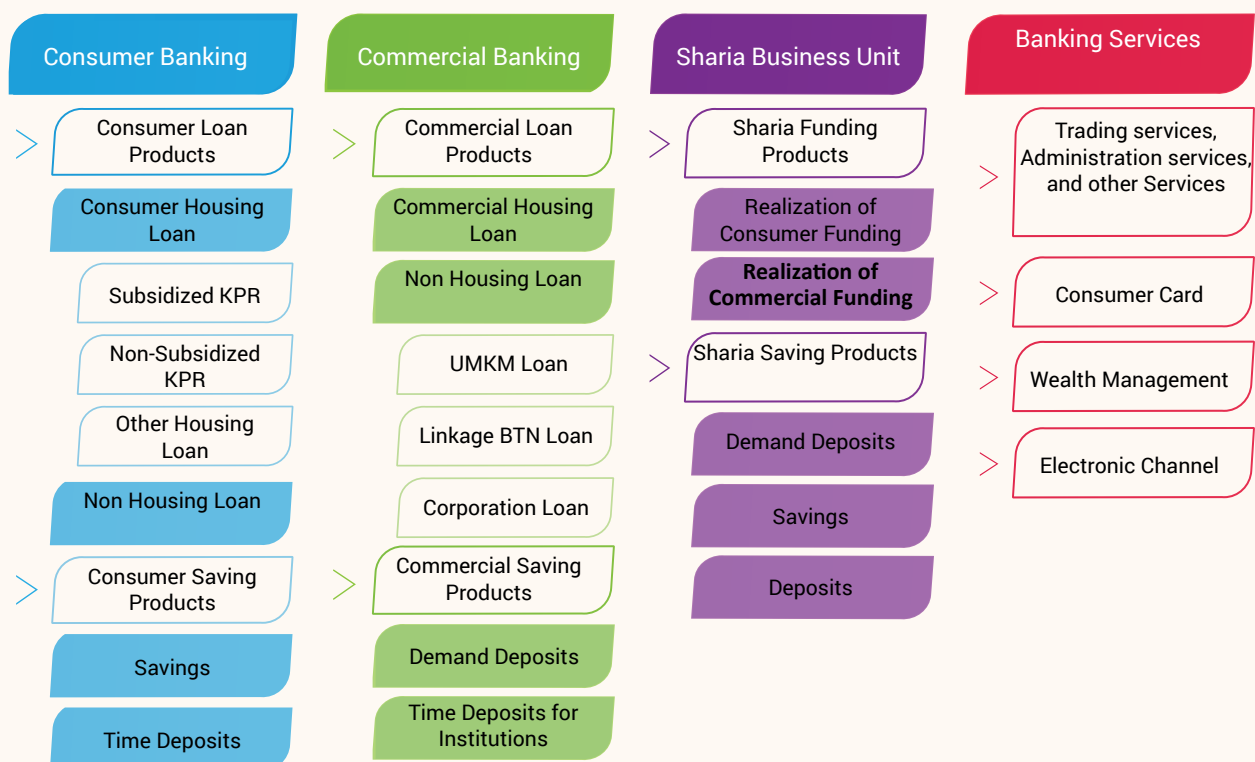
THE COMPANY'S OPERATIONAL PERFORMANCE IN VARIOUS SEGMENTS IN 2016 HAS ACHIEVED TARGETS OPTIMALLY, WHICH PUSH THE FINANCIAL PERFORMANCE IMPROVEMENT SIGNIFICANTLY.

OPERATIONAL PERFORMANCE BY SEGMENTS

The Company's operational performance consists of four business segments, i.e. Consumer Banking, Commercial Banking, Sharia Business Unit, and Banking

Services. To summarize, the Company's business segments are depicted as follows:

The Company's Business Segments



CONSUMER BANKING

Loan Products

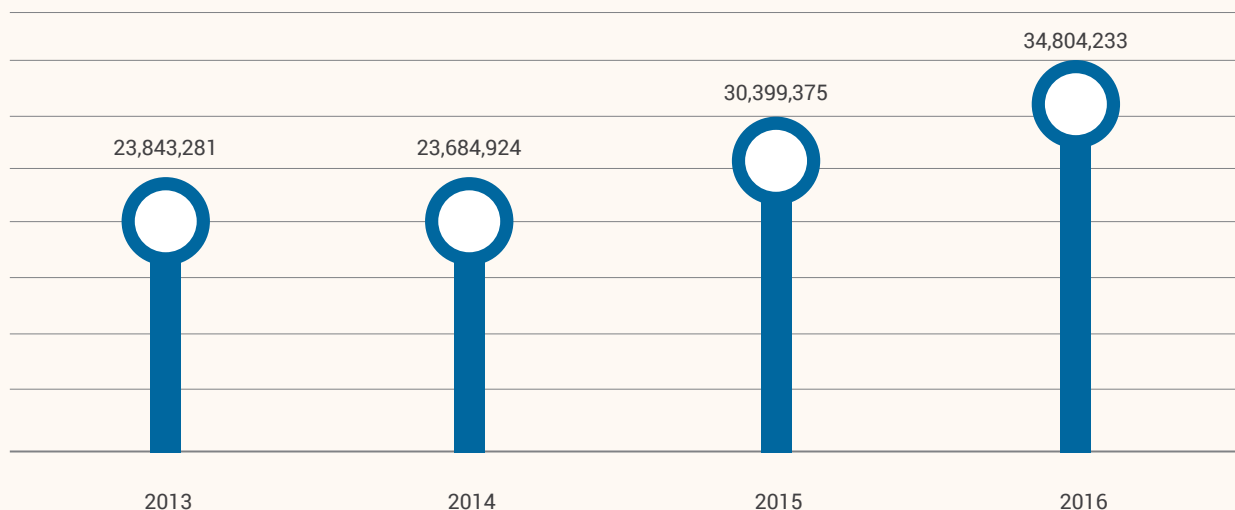
The Company's Loan Products consists of Housing Loan and Non-Housing Loan. The Housing Loan is classified as Subsidized KPR, Non-Subsidized KPR, and Other Housing Loan. Every consumer's loan product is in the Rupiah currency. Throughout 2016, the Company successfully disbursed consumer loan amounted to IDR

34,777,132 million, an increase by 14.40% compared to 2015 which was IDR 30,399,375 million. The increase was mainly due to the housing loan disbursement, i.e. Subsidized KPR, which experienced an increase of 32.98% from the previous year.

Table: Consumer Banking Loan Disbursement 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
Housing Loan	21,738,112	21,298,660	26,295,864	14.49	30,106,340
Subsidized KPR	6,018,584	7,344,542	11,718,433	32.98	15,582,892
Non Subsidized KPR	13,267,190	11,568,776	12,194,611	4.35	12,724,741
Other Housing-Related Loan	2,452,338	2,385,342	2,382,820	(24.51)	1,798,707
Non-Housing Loan	2,105,169	2,386,264	4,103,511	13.82	4,670,792
Total	23,843,281	23,684,924	30,399,375	14.49	34,777,132

Graph: Consumer Banking Loan Disbursement 2013-2016 (IDR million)



Subsidized KPR

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

Since 1976 until today, the scheme of Subsidized KPR disbursement changes, but the Company is consistent in disbursing Subsidized KPR.

Provision on the disbursement of Subsidized KPR is lastly regulated in the Regulation of the State Minister of Public Works and Public Housing (Permen PUPR) No. 21/PRT/M/2016 dated June 14th 2016 on Facilities and/or House Acquisition Aid for Communities with Low Income and Permen PUPR No. 26/PRT/M/2016 dated July 14th 2016 on Amendment of the Regulation of the State Minister of Public Works and Public Housing Number 21/PRT/M/2016 on Facilities and/or House Acquisition Aid for Communities with Low Income.

Subsidized KPR is house ownership credit/financing

with government aid and/or facilities in form of long-term economic fund and house acquisition subsidies issued by the Ordering Bank both in conventional ways and with sharia principles.

Low Income Communities (Masyarakat Berpenghasilan Rendah/MBR) which are the first house buyers, may obtain the Subsidized KPR with low and fixed interest during KPR period after meeting certain requirements. Based on current Government subsidies programs, the subsidized KPR is granted to clients who have not possessed a house with maximum income of IDR 4 million per month to buy a landed house and maximum income of IDR 7 million per month to buy a flat. The price of the house is within the range of a certain amount. Clients shall submit their ID card and Taxpayer ID number when proposing for a loan.

Currently the Government runs two Subsidized KPR programs, i.e. Housing Financing Liquidity Facility (Fasilitas Likuiditas Pembiayaan Perumahan (FLPP)) and Interest Difference Subsidy (Subsidi Selisih Bunga (SSB)).

a. Housing Financing Liquidity Facility KPR (FLPP) is an aid of housing financing liquidity facility for MBR managed by the State Ministry of Public Works and Public Housing. Subsidized KPR with FLPP scheme is divided into 2 (two) products, i.e.:

- KPR BTN Sejahtera Tapak for acquisition of landed house
- KPR BTN Sejahtera Susun for acquisition of flat

The provisions in granting KPR BTN Sejahtera Tapak and KPR BTN Sejahtera Susun are as follows:

- (1). Maximum KPR value is equivalent to the selling price of landed house or flat reduced by the amount of down payment established by the Ordering Bank;
- (2). Maximum KPR interest rate is 5% (five percent) per year including the premium of life insurance, fire insurance, and credit insurance;
- (3). Interest rate as referred to in point (2) is fixed during credit period (fixed rate mortgage) with annual interest calculation method (annuity) or effective interest according to the prevailing provisions in the Ordering Bank; and
- (4). KPR period is agreed upon by the Ordering Bank of KPR Sejahtera and target groups of KPR Sejahtera Tapak adjusted with the installment paying ability by target groups of KPR Sejahtera Tapak or at the longest 20 (twenty years).

b. Interest Difference Subsidy KPR. Interest Difference Subsidy (SSB) is a house ownership credit issued by the Ordering Bank in conventional ways which obtains interest deduction through Housing Credit House Subsidies. Subsidized KPR with SSB scheme is divided into 2 (two) products, i.e.:

- KPR SSB Tapak for acquisition of landed house
- KPR SSB Susun for acquisition of flat

The provisions in granting KPR BTN Sejahtera Tapak and KPR BTN Sejahtera Susun are as follows:

- (1) Maximum KPR value is equivalent to the selling price of landed house or flat reduced by the amount of down payment;
- (2) Highest annual KPR rate is BI rate or other equivalent reference acknowledged by the

Government plus 5% (five percent) stated in an operational cooperation agreement between the Ordering Bank and Treasury Officer of the Work Unit;

- (3) In the event of KPR interest as referred to in point (2) is higher than non-subsidized KPR interest rate applied by the Ordering Bank, the interest rate of KPR SSB Tapak and Susun use the non-subsidized KPR interest rate of the ongoing period (outstanding) applied by the Ordering Bank;
- (4) KPR interest rate paid by debtor of 5% (five percent) per year includes the premium of life insurance, fire insurance, and credit insurance;
- (5) Interest rate as referred to in point (4) is fixed during credit period (fixed rate mortgage) with annual interest calculation method (annuity) or effective interest according to the prevailing provisions in the Ordering Bank;
- (6) KPR period is agreed upon by the Ordering Bank of KPR Sejahtera and target groups of KPR SSB Tapak and Susun adjusted with the installment paying ability by target groups of KPR SSB Tapak and Susun or at the longest 20 (twenty years); and
- (7) Subsidies of housing credit interest paid by the Government to the Ordering Bank is equivalent to the difference between the highest KPR interest rate as referred to in point (2) with KPR interest rate paid by debtor as referred to in point (4).

In 2016, the Company has disbursed Subsidized KPR amounted to IDR 15,576,232 million or 159.430 housing unit through Conventional Bank, an increase of 32.92% compared to 2015, which was IDR 11,718,433 million. The increase occurred due to the high demand for house in this segment, in particular by the disbursement of KPR SSA/SSB Tapak which increased by 707.80% from the previous year. The growth is also boosted by the role of the Company as the anchor of Sejuta Rumah (One Million Houses) Program proclaimed by the Government.

Table: Subsidized KPR Disbursement 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
KP Rusun	-	-	-	-	6,600
KPR BTN Sejahtera Tapak	5,998,565	7,335,717	10,800,393	(24.26)	8,180,074
KPR BTN Sejahtera Susun	939	6,186	877	1,035.92	9,962
KPR BTN Sejahtera Susun Indent	19,080	2,639	-	-	1,363,263
KPR SSA/SSB Tapak	-	-	917,163	556.02	6,016,736
KPR SSA/SSB Susun	-	-	-	-	6,197
Total	6,018,584	7,344,542	11,718,433	32.92	15,576,232

Non Subsidized Mortgage

The Company grants various non subsidized KPR services targeted to clients with medium to upper income with floating interest rate. Time period offered is maximum 25 years for Non Subsidized KPR and maximum 15 years for Apartment Ownership Credit (KPA) and Shot-House Credit. Down payment is minimal 15% or in accordance with the regulation of Bank Indonesia on Loan to Value Ratio.

Amidst the limited growth of national economy and severe competition of Non Subsidized KPR, the Company scored a growth of 4.35% in 2016. Due to the

economic conditions, demands for medium to upper houses did decrease.

In 2016, the Company has disbursed Non-Subsidized KPR amounted to IDR 12,724,741 million, an increase of 4.35% compared to 2015, which was IDR 12,194,611 million. This was mainly due to the increase of KPR BTN Platinum, which increased by IDR 551,463 million or 4.79% from the previous year.

Table: Non-Subsidized KPR Disbursement 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
KPR BTN Platinum	12,547,502	11,062,544	11,722,117	4.79	12,283,670
KPA BTN	522,146	295,860	257,769	17.99	304,134
Kredit Ruko BTN	197,542	210,372	214,725	(36.24)	136,907
Total	13,267,190	11,568,776	12,194,611	4.35	12,724,741

Other Housing-Related Loan

In order to increase business growth, the Company also offers types of housing credits and other consumer credits, which may be utilized according to their needs.

In 2016, the Company has disbursed Other Housing-Related Loan amounted to IDR 1,800,723 million, a decrease of 24.49% compared to 2015, which was IDR 2,384,835 million. This was due to the Company's policy,

hence there are no disbursement of loan for housing construction loan, PUM-KB BPJS Ketenagakerjaan, and PRR-KB BP Ketenagakerjaan. Decrease in the disbursement also occurred due to weakened credit demands for House Warrant Credit, as occurred in the upper medium segment.

Table: Disbursement of Other Housing-Related Loan 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
Kredit Agunan Rumah BTN	2,277,335	2,212,131	2,244,276	(21.28)	1,766,754
Kredit Bangun Rumah BTN	35,665	40,734	64,061	(54.77)	28,973
PUM-KB BPJS Ketenagakerjaan BTN	125,630	37,392	62,837	(100.00)	-
PRR-KB BP Ketenagakerjaan BTN	11,891	92,236	1,503	(100.00)	-
TBUM Bapertarum	1,803	2,829	10,103	(70.70)	2,960
TBM Bapertarum	14	20	40	(50.00)	20
Total	2,452,338	2,385,342	2,382,820	(24.49)	1,800,723

Non Housing Consumer Loan

The Company grants other consumer credits, in addition to housing credit used for various needs for credit of the clients.

In 2016, the Company has disbursed Non Housing Consumer Loan amounted to IDR 4,670,792 million, an increase of 13.82% compared to 2015, which was IDR

4,103,511 million. The increase was mainly caused by employee loan which increased by 231.90% from the previous year. The Company provides this consumer credit as an addition for KPR clients with good credit track records.

Table: Disbursement of Non Housing Consumer Loan 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
Kring BTN	594,737	499,967	628,205	(1.07)	621,456
Kring BTN Pensiunan	37,167	27,132	38,561	(1.77)	37,877
Kredit Swadana BTN	1,154,698	1,817,542	3,046,969	(10.80)	2,717,776
Kredit Pegawai	318,567	41,623	389,776	231.90	1,293,683
Total	2,105,169	2,386,264	4,103,511	13.82	4,670,792

Consumer Saving Products

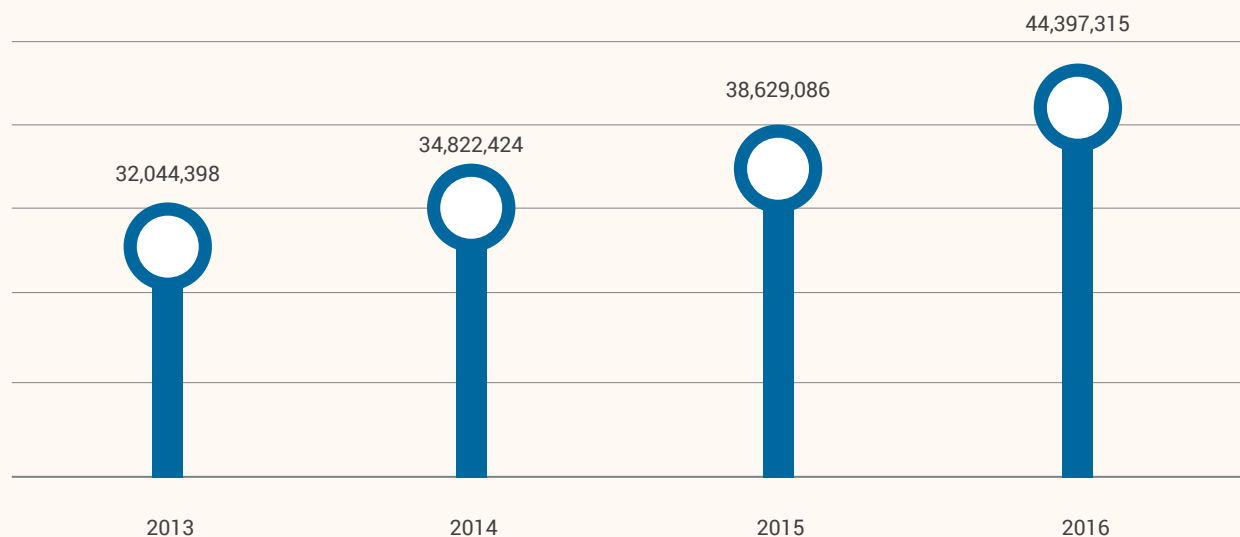
The Company provides various saving products to facilitate the customer's needs, which is categorized into 2 (two) products, i.e. Savings and Deposits. The Company uses the saving products to maintain healthy liquidity rate, a fund source with low cost which is in line with the company's strategy to maintain the competitive and affordable funding composition. Broadly speaking,

the performance of saving products or Third Party Funds in 2016 increased, both the amount of the accounts and the fund collected. Details of the Company's savings products performance are as follows.

Table: Consumer Saving Products 2013-2016

Type of Saving	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Savings	5,466,194	23,383,447	5,852,481	25,230,736	6,118,475	29,402,734	6,748,167	32,776,835
Deposits	53,594	8,653,135	56,401	9,580,829	60,955	9,215,702	67,010	11,612,374
Total	5,519,788	32,036,582	5,908,882	34,811,565	6,179,430	38,618,436	6,815,177	44,389,209

Graph: Consumer Saving Products 2013-2016 (IDR million)



Consumer Savings

In 2016, the Company has accumulated Consumer Savings amounted to IDR 32,776,835 million, an increase of 11.48% compared to 2015, which was IDR 29,402,734 million. The increase was mainly caused by the addition in Tabungan BTN Batara, which increased by 19.17% from the previous year. The increase in the amount of saving and balance of this Tabungan BTN Batara was

the result of marketing and promotion activities by the Company during 2016, one of which was through 'Serbu BTN' program. The Company also continued to improve and increase the features of its saving products, with a scope to increase the use of savings by its clients.

Table: Consumer Savings 2013-2016

Type of Saving	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Tabungan Batara	1,656,034	8,920,462	1,692,857	9,351,783	1,802,251	10,125,935	1,900,917	12,067,548
Tabungan BTN Pensiunan	5,374	56,712	5,953	55,387	7,094	60,019	8,643	73,084
Tabungan Batara Pendidik	2,314	2,572	10,848	16,494	19,336	54,224	33,203	72,733
Tabungan Batara Prima	46,061	11,274,268	44,567	12,319,038	43,398	14,989,280	41,225	15,898,413
Other Savings	2,219,789	1,229,467	2,699,414	1,503,198	3,100,448	1,776,516	3,786,815	2,051,828
Tabungan BTN Junior	858,905	518,097	932,368	555,127	992,490	635,615	1,033,623	691,882
Tabungan BTN Juara	524,587	333,454	695,027	393,817	850,794	485,786	986,294	533,834
TabunganKu	129,099	240,450	180,568	343,570	234,690	449,485	291,601	585,061
Tabungan BTN Simpel	-	-	-	-	19,371	1,647	457,880	46,704
Tabungan Cermat	661,988	46,168	837,437	102,076	939,755	55,415	951,592	35,198
Tabungan BTN Perumahan	-	-	447	1,469	4,716	36,397	4,329	46,313
Tabungan BTN Haji Reguler	44,814	88,980	53,108	104,565	58,179	109,805	61,084	110,615
Tabungan BTN Haji Plus	396	2,319	459	2,573	453	2,366	412	2,221
Tabungan Pos	1,536,622	1,899,966	1,398,842	1,984,836	1,145,948	2,396,760	977,364	2,613,229
Tabungan Tabanas Batara	360,165	148,221	358,383	122,308	167,338	87,728	77,207	66,673
Tabungan eBatara Pos	1,176,457	1,751,745	1,040,459	1,862,529	978,610	2,309,031	900,157	2,546,556
Total	5,466,194	23,383,447	5,852,481	25,230,736	6,118,475	29,402,734	6,748,167	32,778,835

Time Deposit

In 2016, the Company has accumulated Time Deposits amounted to IDR 11,612,374 million, an increase of 25.99% compared to 2015, which was IDR 9,215,702

million. The increase was mainly caused by the increase in 3-months deposits by 65.13% from the previous year.

Table: Time Deposits 2013-2016

Type of Deposit	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
1 month	36,173	4,947,765	34,715	5,513,310	36,094	5,784,519	39,654	6,803,407
2 months	-	-	-	-	52	100,496	806	74,579
3 months	9,472	2,617,512	12,799	3,159,450	15,261	2,452,874	18,993	4,050,550
6 months	4,429	588,602	5,635	558,570	6,417	459,640	4,879	378,137
12 months	3,142	370,845	2,883	287,238	2,694	191,898	2,352	192,696
24 months	350	32,042	332	20,381	335	16,553	281	11,907
On Call Deposit	67	96,369	37	41,880	102	209,722	45	101,098
Total	53,594	8,653,135	56,401	9,580,829	60,955	9,215,702	67,010	11,612,374

COMMERCIAL BANKING

Commercial Loan Product

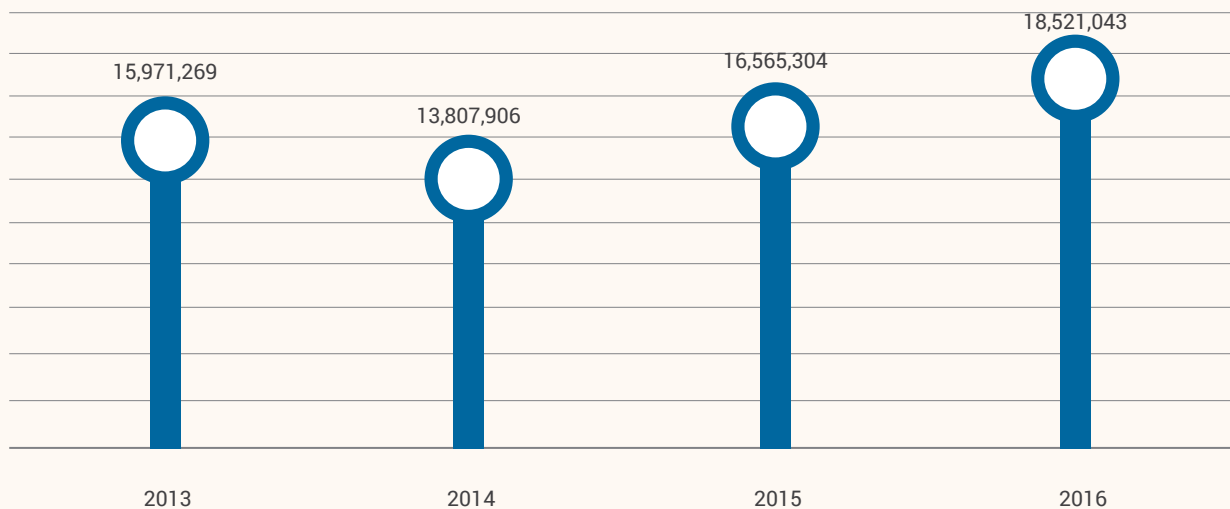
The Commercial Banking Loan Product consists of housing loan product and non-housing loan. Housing loan is in the form of Company's construction loan; meanwhile the non-housing loan consists of UMKM loan, and Corporation Loan. Throughout 2016, the Company successfully disbursed commercial loan amounted to

IDR 18,521,042 million, an increase by 11.81% compared to 2015 which was IDR 16,565,305 million. The increase was mainly caused by non-housing loan, specifically corporation loan, which increased by 71.36% from the previous year.

Table: Commercial Loan Disbursement 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
Construction Loan	9,646,701	9,981,296	12,031,753	(2.55)	11,725,314
UMKM Loan	3,786,906	1,606,102	1,524,466	7.55	1,639,585
Corporation Loan	2,537,662	2,220,508	3,009,086	71.36	5,156,323
Total	15,971,269	13,807,906	16,565,305	11.81	18,521,042

Graph: Commercial Loan Disbursement 2013-2016 (IDR million)



Construction Loan

The Company provides construction credit to house developers as work capital to be utilized to finance the construction of houses and apartments. For this type of credit, the Company gives a maximum credit up to 80% of construction costs with floating interest rate. In making a decision to finance a construction credit, the Company calculates the maturity period based on the estimated of construction period and expected revenue

at its completion. Construction credit is guaranteed with a warrant in form of land and building which will be constructed on the land.

Commercial banking clients who have obtained Kredit Konstruksi BTN Credit may also obtain Land Ownership Credit, in which the Company provides credit to acquire land to be used to construct subsidized houses and

apartments, amounting to 50% of the cost and land value of maximum amount of IDR 5 billion. This credit usually has a period up to 3 years and is guaranteed with a warrant in form of the acquired land and financed building. This credit is usually imposed by a floating interest at a higher rate than non-subsidized KPR credit.

In order to support One Million Houses Program, Construction Credit is very strategic for the Company to create house supply. However, during 2016, the disbursement of Construction Credit decreased slightly by 2.55%, from IDR 12,031,753 million into IDR 11,725,134 million. The decrease occurred in particular in the construction of upper medium segment, due to economic conditions of limited growth.

UMKM Loan

In 2016, the Company has disbursed UMKM Loan amounted to IDR 1,639,585 million, an increase of 7.55% compared to 2015, which was IDR 1,524,466 million. The increase was mainly caused by the UMKM Loan which increased by 145.70% from the previous year. Starting from mid-2015, the Company no longer disbursed People's Business Credit (Kredit Usaha Rakyat (KUR)), since the Government wished the Company to focus on supporting housing financing in Indonesia.

Table: UMKM Loan Disbursement 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
KUR	733,708	217,640	2,042	(100.00)	-
Related to Housing	50,731	-	-	-	-
KUMK	140,135	277,865	695,642	145.70	1,013,545
KMK	1,414,807	598,405	377,944	95.03	359,145
UMKM Investment Loan	312,549	47,220	60,266	74.64	44,982
UMKM Contractor KMK	588,568	328,381	238,606	53.55	127,776
Linkage Program	546,408	136,591	149,966	62.77	94,137
Total	3,786,906	1,606,102	1,524,466	107.55	1,639,585

Corporation Loan

In 2016, the Company has disbursed Corporation Loan amounted to IDR 5,156,323 million, an increase of 71.36% compared to 2015, which was IDR 3,009,086 million. The increase was mainly caused by the KMK Contractor which increased by 96.12% from the previous year.

Most of new disbursement of Non Housing Corporation Credit in 2016 was granted to BUMN-BUMN karya and their subsidiaries for the construction of infrastructure projects related to housing projects.

Table: Corporation Loan Disbursement 2013-2016 (IDR million)

Loan Type	2013	2014	2015	(%)	2016
KMK	1,204,470	923,348	1,051,595	53.31	1,612,221
Investment Loan	751,352	855,477	917,529	63.98	1,504,564
KMK Contractor	547,461	432,437	1,039,962	96.12	2,039,538
Syndication Loan	34,379	9,246	-	-	-
Total	2,537,662	2,220,508	3,009,086	71.36	5,156,323

Commercial Saving Products

In addition to loan disbursement, the Company provides products and funding services for commercial banking segment. The products commercial funding in the Company, i.e. demand deposit and time deposit for

institutions. The performance of commercial banking savings products is as follows.

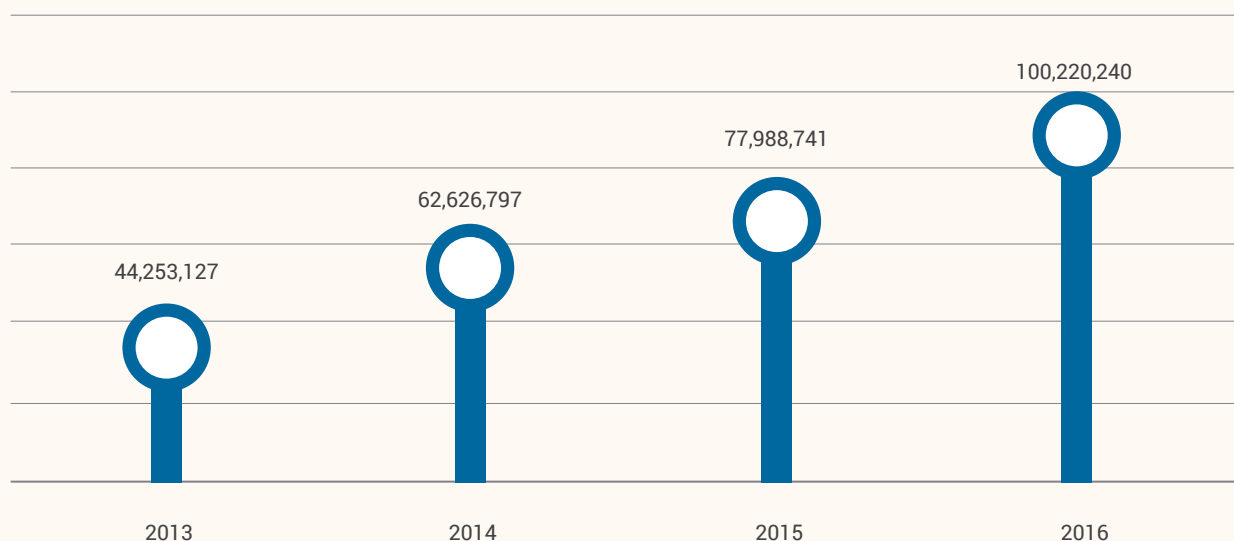
Table: Commercial Saving Products 2013-2016

Type of Saving	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Demand Deposit	40,475	17,960,965	46,253	22,001,200	49,775	29,152,160	54,343	42,643,680
Time Deposit for Institutions	5,337	39,617,498	6,738	40,910,455	6,914	48,833,538	6,851	57,924,579
Total	45,812	57,578,465	52,991	62,911,655	56,689	77,985,698	61,194	100,568,259

Throughout 2016, the Company successfully accumulated commercial savings amounted to IDR 100,568,259 million, an increase by 28.96% compared

to 2015 which was IDR 77,985,698 million. The increase was mainly caused by the demand deposits which increased by 44.20% from the previous year.

Graph: Commercial Saving Products 2013-2016 (IDR million)



Commercial Demand Deposit

In 2016, the Company has accumulated Commercial Demand Deposit amounted to IDR 42,643,680 million, an increase of 46.28% compared to 2015, which was IDR 29,152,160 million. The increase was mainly caused by Giro Non FLPP which increased by 88.23% compared to 2015. FLPP Clearing is an account to store the fund from the Government to finance subsidized KPR disbursed by

the Company. The fund will still be kept in the account during the period of KPR or until KPR is paid off. FLPP Clearing increased by 16.52% in 2016 from IDR 17,900,547 million to IDR 20,858,357 million.

Non FLPP Clearing also recorded an increase during 2016 of 88.23% compared to that in 2015, i.e. from IDR 11,253,989 million to IDR 21,183,873 million. The increase of Non FLPP Clearing was the result of the activities of the Company to increase the cooperation with fund institutions, such as other State-Owned

Enterprises, universities, developers, etc. Development of clearing product features was also continued to increase the fund placed in clearing, such as iCash, SPAN, Host to Host, and virtual account.

Table: Commercial Demand Deposit 2013-2016

Type of Demand Deposit	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Giro Non FLPP	40,470	8,165,093	46,247	8,743,545	49,768	11,253,989	54,337	21,183,873
Giro FLPP	5	10,026,961	6	13,469,764	7	17,900,547	6	20,858,357
Total	40,475	18,192,054	46,253	22,204,309	49,775	29,154,536	54,343	42,042,230

Time Deposit for Institutions

In 2016, the Company has accumulated Time Deposits for Institutions amounted to IDR 58,178,010 million, an increase of 19.13% compared to 2015, which was IDR

48,834,205 million. The increase was mainly caused by the time deposits from Institutions which increased by 20.28% from the previous year.

Table: Time Deposits for Institutions 2013-2016

Type of Deposit	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Time Deposit for Institutions	5,275	38,810,385	6,694	40,587,576	6,820	46,753,461	6,772	55,981,037
On Call Institutional Deposit	62	807,113	44	322,879	94	2,080,077	79	1,943,542
Total	5,337	39,617,498	6,738	40,910,455	6,914	48,833,538	6,851	57,924,579

SHARIA BUSINESS UNIT

Sharia Financing Products

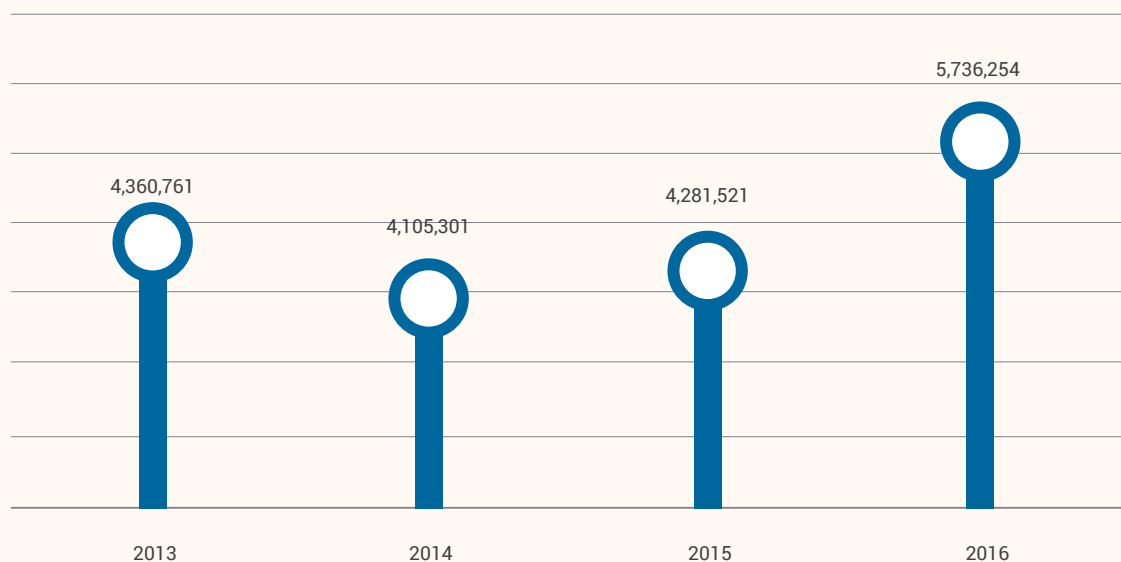
The Sharia Business Unit Financing Products are classified to consumer funding and commercial funding. Descriptions related to the performance of Sharia Business Unit Financing Products are as follows. The Realization of Funding based on consumer banking

and commercial banking segment in 2016 amounted to IDR 5,960,741 million, increased by 39.22% from 2015. The funding realization is dominated by consumer segment with composition of 61.51%, and 38.48% for the commercial segment.

Table: Sharia Financing 2013-2016 (IDR million)

Type of Financing	2013	2014	2015	(%)	2016
Consumer Funding	1,837,796	1,885,120	2,461,823	48.95	3,666,853
Commercial Funding	2,640,614	2,220,182	1,819,699	26.06	2,293,888
Total	4,478,410	4,105,302	4,281,522	39.22	5,960,741

Graph: Sharia Financing 2013-2016 (IDR million)



Consumer Financing

Throughout 2016, the Sharia Business Unit successfully disbursed consumer financing amounted to IDR 3,666,853 million, an increase of 48.95% from the 2015 realization of consumer financing, which was IDR 2,461,823 million. The increase was mainly caused by KPR BTN Sejahtera iB which increased by 63.38% from

the previous year. KPR BTN Sejahtera iB is a financing for subsidized houses with high demands from the communities with low income, and is disbursed to support the one million houses program of the Government.

Table: Realization of Consumer Financing 2013-2016 (IDR million)

Type of Financing	2013	2014	2015	(%)	2016
KPR Sejahtera Tapak iB	487,907	615,797	1,052,340	63.38	1,719,354
KPR SSM Tapak iB	-	-	-	-	223,543
KPR SSM Susun iB	-	-	-	-	943
KPR Platinum iB	854,397	914,273	1,026,178	16.58	1,196,310
KPR Indent iB	164,641	146,362	183,041	115.39	394,257
Pembiayaan Bangun Rumah iB	37,265	27,870	32,695	(25.96)	24,209
Pembiayaan PUMP Jamsostek iB	10,140	3,130	2,835	(100.00)	-
Pembiayaan Kendaraan Bermotor iB	3,864	3,316	3,480	18.07	4,109
Pembiayaan Gadai iB	44,889	4,611	2,552	(17.24)	2,112
Pembiayaan Multijasa iB	9,987	5,435	12,149	55.01	18,832
Pembiayaan Multimanfaat iB	107,510	106,820	98,301	(15.38)	83,184
Pembiayaan Talangan Haji iB	117,196	57,196	48,252	(100.00)	-
Total	1,837,796	1,885,120	2,461,823	48.95	3,666,853

Commercial Financing

Sharia Business Unit's product for commercial financing in 2016 amounted to IDR 2,293,887 million, an increase of 26.06% compared to 2015, which was IDR 1,819,700 million. The increase was mainly caused by the financing

of Pembiayaan Konstruksi BTN iB (Construction Financing BTN iB), which increased by 53.84% from the previous year, in particular for the construction of subsidized houses.

Table: Realization of Commercial Financing 2013-2016 (IDR million)

Type of Financing	2013	2014	2015	(%)	2016
Pembiayaan Konstruksi BTN iB	1,016,003	1,041,694	1,187,089	53.84	1,826,163
Pembiayaan SYUKUR BTN iB	311,906	149,713	-	-	108
Pembiayaan Modal Kerja BTN iB	1,011,974	716,835	430,423	(30.38)	299,665
Pembiayaan Investasi BTN iB	300,732	311,939	202,188	(16.93)	167,951
Total	2,640,615	2,220,181	1,819,700	26.06	2,293,887

Sharia Saving Products

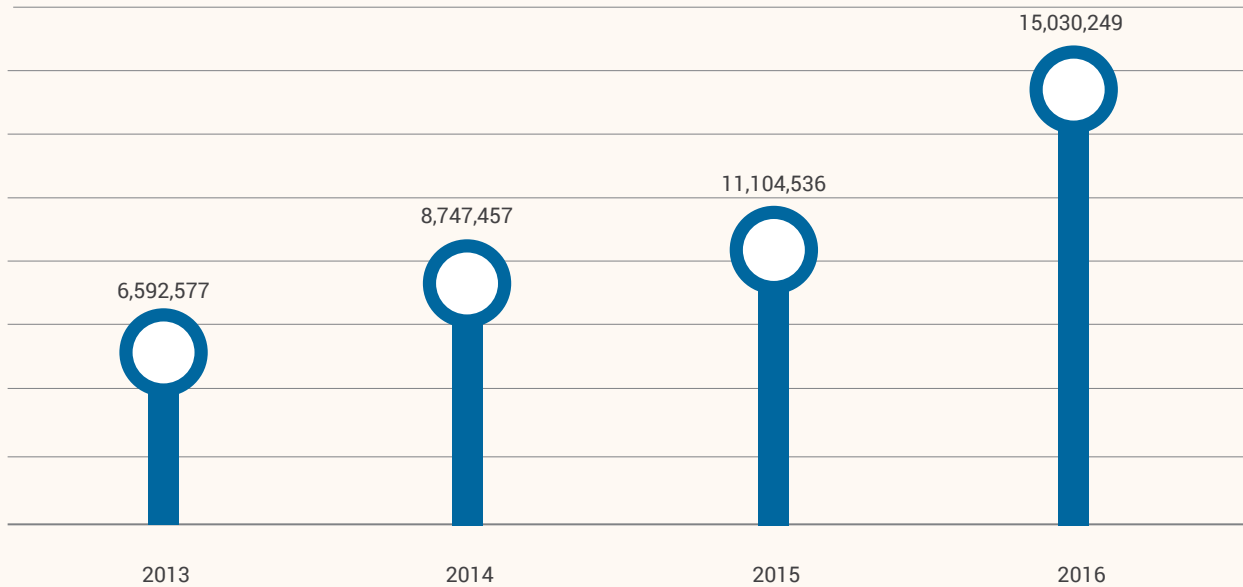
Saving products from Sharia Business Unit consist of Demand Deposit, Savings, and Time Deposit. In 2016, the number of Sharia Business Unit product is IDR 15,030,249 million, an increase of 35.35% compared to 2015.

The increase was mainly caused by the increase in demand deposit, IDR 2,245,195 million or 29.80% more from the previous year. The performance details of Sharia Business Unit Saving Products are as follows.

Table: Sharia Saving Products 2013-2016

Type of Saving	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Demand Deposit	3,854	1,155,231	4,344	1,421,418	5,295	2,216,283	6,587	3,202,375
Savings	246,605	854,446	299,081	937,178	347,568	1,354,947	443,539	2,049,373
Deposits	5372	4,582,900	5,457	6,388,861	5,471	7,533,306	5,678	9,778,501
Total	255,831	6,592,577	308,882	8,747,457	358,334	11,104,536	455,804	15,030,249

Graph: Sharia Saving Products 2013-2016 (IDR million)



Sharia Demand Deposit

Sharia Demand Deposit consists of Giro BTN iB and Giro BTN Prima iB. In 2016, the sharia demand deposit amounted to IDR 3,202,375 million, an increase of 44.49% compared to 2015.

The increase was mainly caused by Giro BTN iB, which amounted to IDR 2,245,195 million or 30.79% increase from the previous year.

Table: Sharia Demand Deposit 2013-2016

Type of Demand Deposit	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Giro BTN iB	2,914	935,714	3,259	1,230,281	4,019	1,729,780	5,102	2,262,359
Giro BTN Prima iB	940	219,517	1,085	191,137	1,276	486,503	1,485	940,016
Total	3,854	1,155,231	4,344	1,421,418	5,295	2,216,283	6,587	3,202,375

Sharia Savings

The Company's Sharia Business Unit Savings Products experience an increase in 2016, both from the number of accounts, and the fund collected. The number of accounts increased by 27.61% and the fund increased

by 51.25%. The increase was mainly influenced by Tabungan BTN Prima iB, which amounted to IDR 592,691 million or 74.41% increase from the previous year.

Table: Sharia Savings 2013-2016

Type of Demand Deposit	2013		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Tabungan BTN Batara iB	155,151	293,301	186,406	311,925	217,345	465,681	269,265	563,695
Tabungan BTN Prima iB	63,710	494,917	78,835	544,185	91,751	796,534	100,413	1,389,226
Tabungan BTN Haji iB	21,001	63,234	24,911	77,137	28,540	88,573	29,719	91,009
TabunganKu iB	6,743	2,994	7,607	3,506	8,042	3,128	8,254	3,430
Tabungan BTN Qurban iB	-	-	1,322	425	1,890	1,031	2,406	1,347
Tabungan Simpel BTN iB	-	-	-	-	-	-	33,482	666
Total	246,605	854,446	299,081	937,178	347,568	1,354,947	443,539	2,049,373

Sharia Deposits

The Company's Sharia Business Unit Deposits Products experience an increase in 2016, both from the number of accounts, and the fund collected. The number of accounts increased by 3.78% and the fund increased

by 29.80%. The increase was mainly influenced by Deposito BTN iB (Institutional), which amounted to IDR 2,252,624 million or 32.09% increase from the previous year.

Table: Sharia Deposits 2013-2016

Type of Demand Deposit	2013*		2014		2015		2016	
	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)	Account (unit)	Amount (IDR million)
Deposito BTN iB (Individual)	4,206	621,808	4,276	557,692	4,346	507,775	4,501	484,751
Deposito BTN iB (Institutional)	1,160	3,297,885	1,166	5,787,259	1,119	7,019,926	1,169	9,272,550
On Call Deposit iB	6	33,207	15	43,910	6	5,605	8	21,200
Total	5,372	4,582,900	5,457	6,388,861	5,471	7,533,306	5,678	9,778,501

BANKING SERVICES

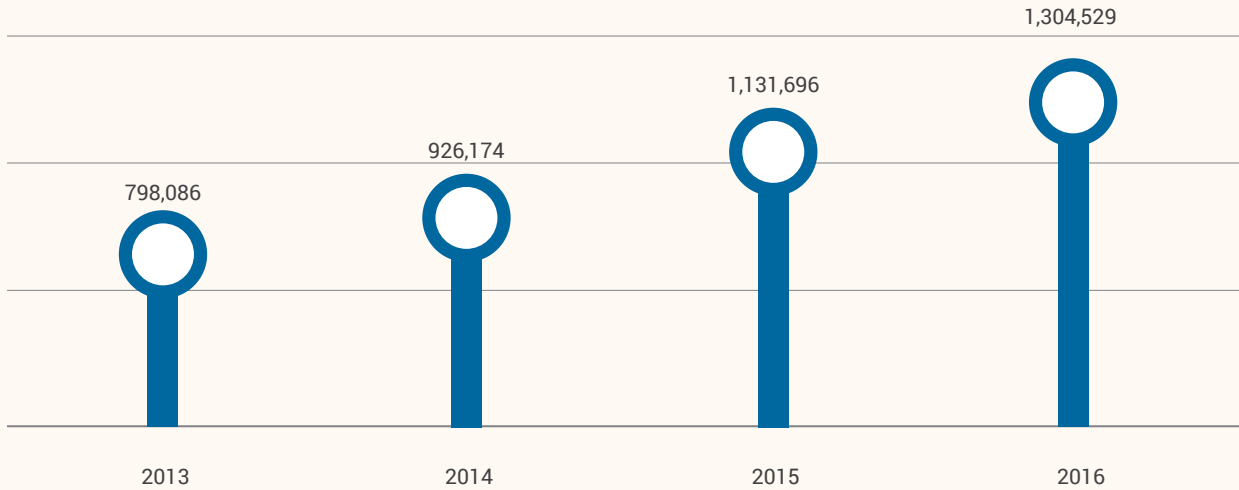
Banking services consist of trading services, administration services, and other services. Administration income is in the form of account fees, saving fees, deposit administration fees, and loan administration fees. Other income is in the form of payment point, card and E-Banking, Servicing Fee of Asset Securities, Transfer, Guarantee Bank, SDB, Bancassurance Fee, Sharia Financing Administration, and Banking Services Fee. In addition, other income comes from collateral values, fines, etc.

Through 2016, the fee based income accumulated by the Company amounted to IDR 1,304,529 million, an increase of 15.27% compared to 2015, which was IDR 1,131,696 million. This increase was mainly due to the trading income which increased by 60.06% from 2015.

Table: Fee Based Income 2013-2016 (IDR million)

Type of Income	2013	2014	2015	(%)	2016
Trading income	32,220	112,436	170,363	60.06	272,689
Administration income	270,391	346,588	397,422	9.05	433,407
Demand Deposit Fees	10,319	11,042	13,784	(4.61)	13,149
Saving Fees	204,599	281,109	310,385	(1.64)	305,296
Deposit Administration Fees	13,755	10,122	15,967	48.49	23,709
Loan Administration Fees	41,718	44,314	57,286	59.30	91,254
Income from Services	144,079	159,269	193,076	24.30	239,992
Payment Point	4,127	4,584	5,251	44.70	7,598
Card & E-Banking	37,187	49,931	61,942	18.56	73,436
Servicing Fee of Asset Securities	8,369	10,171	20,002	(12.00)	17,602
Transfer	6,668	6,220	4,297	(42.70)	2,462
Guarantee Bank	8,964	22,164	31,328	13.33	35,503
Safe Deposit Box	2,673	3,806	4,617	2.08	4,713
Bancassurance Fees	114	3,003	10,352	188.13	29,827
Sharia Financing Fees	70,208	55,855	50,272	25.08	62,880
Banking Services Fees	5,769	3,533	5,014	19.11	5,972
Other Income	325,732	106,297	152,332	11.69	170,134
Collateral Values (LPA, taxation)	3,054	3,298	6,576	86.94	12,293
Fines	69,520	85,071	94,546	11.74	105,650
Others	253,158	17,928	51,210	1.92	52,191
Total	772,422	724,590	913,193	22.23	1,116,222

Graph: Fee Based Income 2013-2016 (IDR million)



Consumer Card

In 2015, number of cardholder of Consumer Cards increased by 24.97%, from 3,033,178 card unit in 2014 to 3,790,477 card unit in 2015.

The number of accounts for ATM/Debit Card products increased by 25.04%, whilst the number of accounts for Credit Card products increased by 12.73%.

Table: Consumer Cardholder 2013-2016

Type of Income	2013	2014	2015	(%)	2016
Debit Card	2,791,012	3,014,573	3,769,503	23.44	4,652,914
Credit Card	13,659	18,605	20,974	3.59	21,727
Total	2,804,671	3,033,178	3,790,477	23.33	4,674,641

Wealth Management

In 2016, the Wealth Management customers amounted to 36,450 customers, an increase of 15.68% compared to 2015. The increase was mainly caused by the increase

in customer for Bancassurance products, amounted to 5,225 customers or 44.27% more from the previous year.

Table: Wealth Management Customers 2013-2016

Type of Products	2013	2014	2015	(%)	2016
DPK	6,507	11,317	14,471	7.55	15,564
Outlet	6,507	10,903	14,005	7.62	15,072
Non Outlet	-	414	466	5.58	492
Bonds	210	3,741	4,144	(32.14)	2,812
ORI	210	1,282	2,717	(66.32)	915
SUKUK	-	1,739	1,427	3.43	1,476
SBR	-	720	-	-	421
Mutual Funds	-	8	1,091	(4.12)	1,046
Bancassurance	-	414	11,803	44.27	17,028
Total	6,717	15,480	31,509	15.68	36,450

In line with the increase in the Wealth Management customer, Asset Under Management in 2016 reached IDR 23,693,287 million or an increase of 24.78%, which

was only IDR 18,987,879 million in the end of 2015. Details on Asset Under Management is shown on tables as follows.

Table: Asset Under Management 2013-2016 (IDR million)

Type of Products	2013	2014	2015	(%)	2016
Total Deposits	7,371,638	12,340,333	16,738,040	20.15	20,111,093
Outlet	7,371,638	11,711,825	16,196,865	20.53	19,522,764
Non Outlet	-	628,508	541,175	8.71	588,328
Bonds	56,825	741,970	1,824,885	(6.05)	1,714,560
ORI	56,825	373,360	1,295,215	55.25	579,575
SUKUK	-	268,610	529,670	93.51	1,024,985
SBR	-	100,000	-	-	110,000
Mutual Funds	-	51	362,381	46.65	531,417
Bancassurance	-	459	62,573	2.035.45	1,336,218
Total	7,428,463	13,082,812	18,987,879	24.78	23,693,287

Electronic Channel

Throughout 2016, the transactions through e-channel products amounted to 93,683,253 or an increase of 71.45% compared to 2015 which was 54,641,941

transactions. This was due to Mobile Banking products with an increase of 8,414,265 transactions or 113.50%.

Table: E-Channel Transactions 2013-2016

Type of Products	2013	2014	2015	(%)	2016
ATM & Kiosk	32,486,381	58,654,273	41,111,139	75.60	72,191,957
CDM	71,537	100,305	124,613	14.81	143,073
Internet Banking	383,780	200,091	251,757	217.58	799,542
Cash Management	351,275	587,432	798,154	(4.32)	763,641
SMS Banking	1,543,233	2,357,032	4,942,511	(19.94)	3,957,008
Mobile Banking	3,482,167	3,535,548	7,413,767	113.50	15,828,032
Total	38,318,372	45,126,924	54,641,941	71.45	93,683,253

PROFITABILITY PER SEGMENT

In 2016, the Company recorded revenues of IDR 17,138,819 million comprising revenue from the consumer segment was IDR 12,226,435 million, commercial segment was IDR 4,257,037 million, and sharia segment amounted to IDR 637,347 million. In addition, the Company obtained in other operating income amounted to IDR 1,282,822 million which amounted IDR 1,241,506 million of conventional and sharia amounted to IDR 41,316 million.

The Company has accumulated Income for the Year 2016 for Institutions amounted to IDR 2,618,905 million, an increase of 41.49% compared to 2015, which was IDR 1,850,907 million. This was due to the profitability increase in the conventional segment, amounted 40.92%, and sharia segment, amounted to 44.98%. Details of Income for the Year of the Company per segment in the last two years is as follows.

Table: Income of the Year Per Segment 2016 (IDR million)

Description	2016			
	Conventional	Sharia	Elimination	Total
Segment Revenue	16,501,472	637,347	-	17,138,819
Segment Liabilities	(8,961,627)	(13,647)	-	(8,975,274)
Segment Revenue - Net	7,539,845	623,700	-	8,163,545
Other Operational Revenue	1,241,506	41,316	-	1,282,822
Presentation of impairment losses on Financial and non-Financial assets	(598,296)	(109,235)	-	(707,531)
Other Operational Liabilities	(5,132,653)	(253,951)	-	(5,386,604)
Operational Revenue	3,050,402	265,656	-	3,352,232
Non-operating Revenue - Net	(97,741)	75,593	-	(22,148)
Tax Expenses	(711,179)	-	-	(711,179)
Income of the Year	2,241,482	377,423	-	2,618,905

In 2015, the Company recorded revenues of IDR 14,966,209 million comprising revenue from the consumer segment was IDR 10,612,227 million, commercial segment was IDR 3,842,909 million, and sharia segment amounted to IDR 511,073 million. In

addition, the Company obtained in other operating income amounted to IDR 1,106,526 million which amounted IDR 1,070,040 million of conventional and sharia amounted to IDR 36,486 million.

Table: Income of the Year Per Segment 2015 (IDR million)

Description	2015			
	Conventional	Sharia	Elimination	Total
Segment Revenue	14,455,136	511,073	-	14,966,209
Segment Liabilities	(8,143,967)	(11,166)	-	(8,155,133)
Segment Revenue - Net	6,311,169	499,907	-	6,811,076
Other Operational Revenue	1,070,040	36,486	-	1,106,526
Presentation of impairment losses on Financial and non-Financial assets	(718,428)	(182,580)	-	(901,008)
Estimated Losses on Commitment and Contingency	-	7,198	-	7,198
Other Operational Liabilities	(4,278,836)	(211,351)	-	(4,490,187)
Operational Revenue	2,383,945	149,660	-	2,533,605
Non-operating Revenue - Net	(102,389)	110,670	-	8,281
Tax Expenses	(690,979)	-	-	(690,979)
Income of the Year	1,590,577	260,330	-	1,850,907

BUSINESS PROSPECT 2017

ECONOMICAL PROSPECT

The global economy development in 2017 is projected to improve, compared to 2016, even though it is marred with uncertainty. The global demand is indicated by the volume increase in the world trading and increase in the commodity price that is expected to be the main foundation of global growth in 2017. Economic condition of developed country will be pushed by the economic expansion of United States of America, but will be hindered by the weakened economic in Europe affected by the exit of England from European Union. However, performance improvement from developing countries is expected to be the driving force for global economic growth. The moderation of China's economic growth is predicted to continue, but will be offset by India's rapid economic growth. Regional cooperation

initiation, ASEAN Economic Community (MEA) will give positive impacts for economic activities in South East Asia area. Global economic growth in 2017 is forecasted to strengthen to 3.4% with the economic growth of developing country expected to rise to 4.6%. (Source: NK RAPBN 2017)

Based on WEO forecast, that will be released by IMF on January 2017, it is estimated the global economic in 2016 would grow by 3.1%. As for 2017 and 2018, it is forecasted that the global economic will rise by 3.4% and 3.6% consecutively.



Source: World Economics Outlook (WEO) Update, January 16th 2017

Considering the projected condition of global economic, the basic assumption for national economic forecast in 2017, are:

- Economic growth by 5.3%;
- Inflation by 4.0%;
- Rupiah exchange rate against US Dollar is IDR 13,300 per US Dollar;
- SPN interest rate for 3 months amounted to 5.3%;

(Source: NK RAPBN 2017)

THE COMPANY'S HOUSING BUSINESS PROSPECT AND ONE MILLION HOUSES PROGRAM

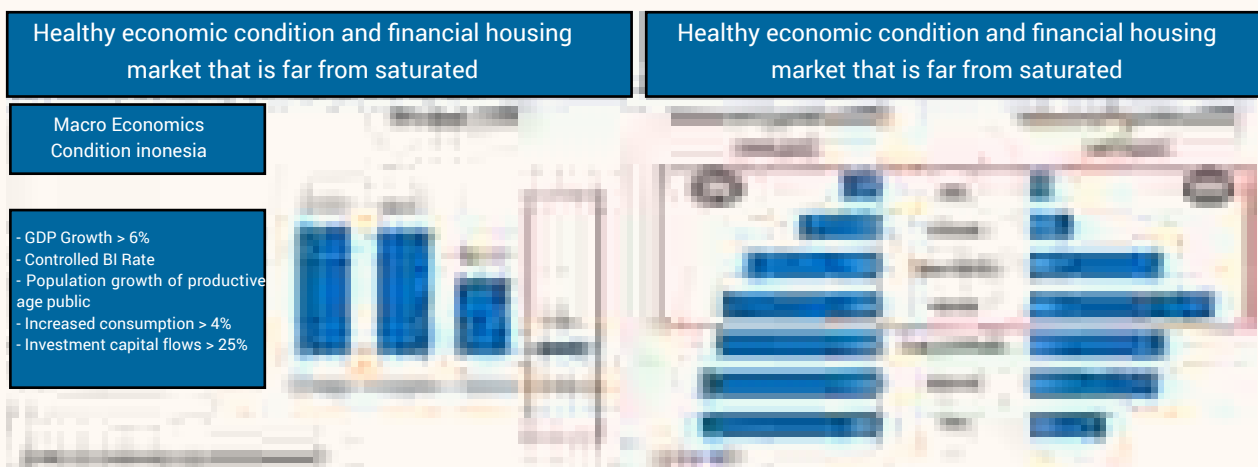
Based on economic data and analysis, business housing in Indonesia still has prospect to grow faster. This is caused by:

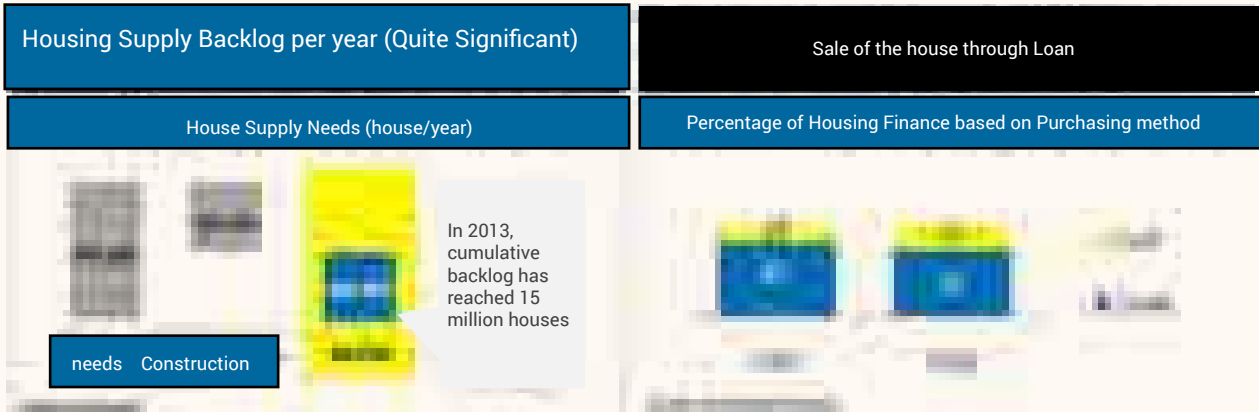
1. Indonesian economic condition in 2017 is predicted to be better than last year and is on rebound to a positive growth so it may improve public's purchasing power;
2. Housing finance market is far from saturated, and backlog for housing stock per year is still high;
3. Middle class resident is growing significantly,

which will push the demand for housing.

4. House is usually being sold by loan (KPR).

Housing business prospect and housing funding scheme in Indonesia:

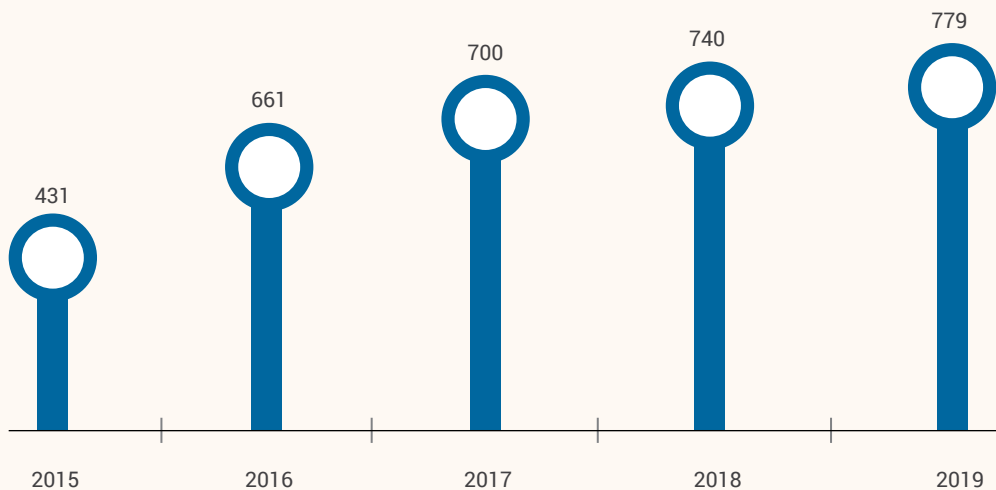




The Company is projected to absorb 263 thousand units in KPR disbursement for One Million Houses Program in 2017. Meanwhile, the potential market outside the

government program in the form of backlog housing has reached > 13 million units. Targets and realization of housing supply in Indonesia:

Graphic: Realization and Target for One Million Houses Program



BUSINESS CONTINUITY INFORMATION

THE UNCERTAINTY IN ECONOMIC CONDITION AND DEVELOPMENT OF BANKING INDUSTRY REQUIRE BANKING COMPANIES TO SURVIVE IN ANY GIVEN CONDITION. ON THAT BASIS, MANAGEMENT PERFORMS ASSESSMENT AND ANALYSIS ON THE COMPANY'S POSITION BASED ON THE COMPANY'S INTERNAL AND EXTERNAL FACTOR.

BUSINESS CONTINUITY ASSESSMENT

Potential Matters that May Significantly Affect the Business Continuity

Throughout 2016, the Company did not face any matters that affect business continuity significantly.

Management Assessment on Potential Matters that May Significantly Affect the Business Continuity

Based on the notes in audited financial statement in 2016, the Company's management has assessed the Company's capability to continue its business and is confident that the Company has resources to continue their business in the future. In addition, the Company's management knows nothing about the uncertainty material that may rise significant hesitancy on the Company's business continuity capability.

Management Assumption in Carrying Out Assessment

Management uses assumption from various source, both internal and external, i.e. economic indicator such as PDB, inflation rate, exchange rate, and internal performance data, i.e. financial performance statement and the Company's governance implementation indicator.

CORPORATE POSITION

As a commitment on business continuity, the Company analyzes its position and performs improvement efforts taking into account the business environment factors.

Below are the analysis results of the Company's internal and external factors in SWOT and TOWS Matrix as follows:

The Company's SWOT and TOWS Matrix 2017

<p>External Opportunities (O)</p> <ul style="list-style-type: none"> • Global economic conditions that are getting better and will push Indonesian economy. • Government regulations: One Million Houses Program, Tapera, and Easing of LTV KPR. • Middle class population growth in Indonesia • Strategic alliances potential (including synergy and holding BUMN). • Technology development with digital service so that it accelerates business process 	<p>External Threats (T)</p> <ul style="list-style-type: none"> • The slowing down of Europe and China economic growth may hamper Indonesian economic growth • Stricter Banking liquidity. • KPR Business competition in the middle segment is tighter, especially with penetration from bank competitor with low cost of fund. • Limited government fund in supporting One Million Houses Program. • Houses supply problem. 	
<p>Internal Strength (S)</p> <ul style="list-style-type: none"> • BUMN Bank and focus in the housing sector. • The Company's product and image has strong brand as market leader especially for middle lower class segment. • Big customer base for KPR and there is still room to develop KPR based product. • Relationship with housing developer. 	<p>SO Strategy</p> <ul style="list-style-type: none"> • Focus on housing finance to support One Million Houses Program and expansion to middle-upper segment (emerging affluent). • Support strategic alliances, synergy and holding BUMN to create efficiency, capacity, and profitability. • Strengthen communication with housing stakeholders. 	<p>ST Strategy</p> <ul style="list-style-type: none"> • Bolster low cost funding and expansion on the emerging affluent segment. • Use the KPR customer base to obtain low funding that is getting tighter. • Construct value chain to support improvement of house supply.
<p>Internal Weakness (W)</p> <ul style="list-style-type: none"> • Growth of cheap DPK (low cost funding) is not optimal. • Fee based contribution is still minor. • Loan completion is not massive. • SDM competence is in need to be improved. • The digital technology has not been built maximally as to support business operational data. 	<p>WO Strategy</p> <ul style="list-style-type: none"> • Develop cooperation with institution with large funding to fund KPR Program. • Development of information technology infrastructure with digital based service/product to improve mortgage, fund, and fee based income • Centralized operation and automations business process to accelerate process and efficiency. 	<p>WT Strategy</p> <ul style="list-style-type: none"> • Bolster employee's competence through program, KMS, and e-learning, and fulfillment through business pareto. • Improve loan management effectivity on collection & recovery management with acceleration sales on non-performing loan. • Selective on the commercial non-housing segment.

BUSINESS DEVELOPMENT STRATEGIES

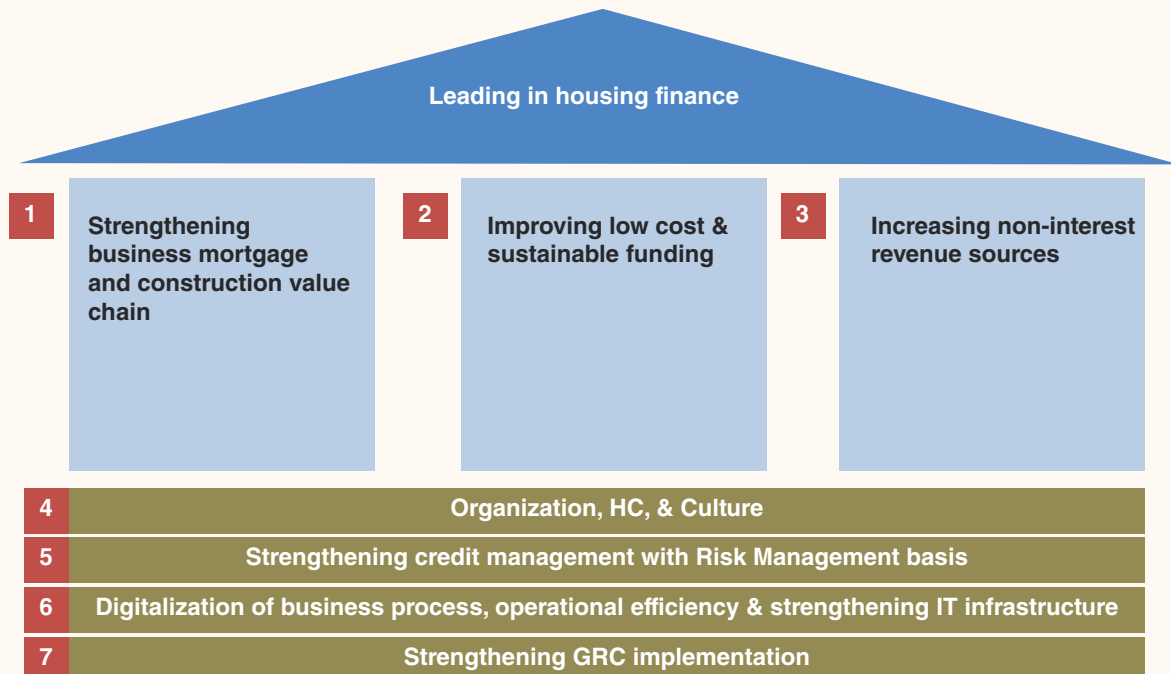
IN RESPONDING TO BUSINESS CHALLENGES AND OPPORTUNITIES IN BANKING INDUSTRY, THE COMPANY ESTABLISHED BUSINESS DEVELOPMENT STRATEGIES WHICH REFER TO MANAGEMENT POLICIES, CORPORATE PLAN, AND SWOT ANALYSIS. BUSINESS DEVELOPMENT IS FOCUSED ON ESTABLISHING ACCURATE STRATEGIES AND PROGRAMS IN ORDER TO ACHIEVE CLIENTS' SATISFACTION AND LOYALTY AS THE OPERATIONAL SPEARHEAD OF THE COMPANY.

Based on the projection of world and national economic conditions as well as banking conditions in 2017, the Company established 2017 work foundation which was compiled in order to achieve its vision and missions. The Board of Directors of the Company established their General Policies with a spirit of:

With the establishment of Bank Business Plan for 2017-2019, business development strategies and programs are focused on several strategic steps to support the direction of the General Policies and to achieve the Company's main strategies, hence a corporate level Grand Strategy has been compiled.

"Transformation of Bank BTN with digital banking basis to strengthen and extend housing business to improve business process as well as to improve the productivity of human resources."

2017 Corporate Strategies



There are 3 main pillars to achieve the long term vision of the Company, i.e. being the leader in housing financing with its 4 supporting enablers. The explanation of the pillars is as follows:

Strengthening business mortgage and construction value chain

Strengthening credit sector means strengthening bank main businesses, i.e. housing sector along with the extension and construction of value chain to support house supply increase. The directions of bank policy in credit sector are:

1. Focusing on and extending housing credit;
2. Constructing value chain to support house supply increase;
3. Being selective in granting non-housing credit;
4. Improving the effectivity of collection & asset recovery management.

Improving low cost & sustainable funding

Strengthening the fund sector is focused on increasing low cost and sustainable funding, i.e. a long term and economic funding. The directions of bank policy in funding sector are:

1. Increasing low cost funding and extending emerging affluent segment;
2. Extending institution funding cooperation;
3. Improving and extending wholesale funding;

Strengthening credit management with Risk Management basis

1. Developing credit;
2. Improvement and enhancement credit business process;
3. Restoring credit administration and documentation.

Increasing non-interest revenue sources

1. Increasing revenues from the services of transactions, digital banking, wealth management, and guarantee bank;
2. Managing off balance sheet credit.

Organization, HC, & Culture

1. Optimum allocation of Human Resources by fulfilling Human Resources with pareto method;
2. Competence development through education, KMS, and e-learning programs;
3. Strengthening human capital authority in regional offices;
4. Strengthening work culture;
5. Building organization with high capability, effectivity and efficiency;
6. Preparation to establish subsidiaries to support bank business.

Digitalization of business process, operational efficiency & strengthening IT infrastructure

1. Operation centralization and process automatization;
2. Developing IT infrastructure towards digital banking implementation;
3. Improving operational efficiency;
4. Improving branch productivity as a sale basis;

Strengthening GRC implementation

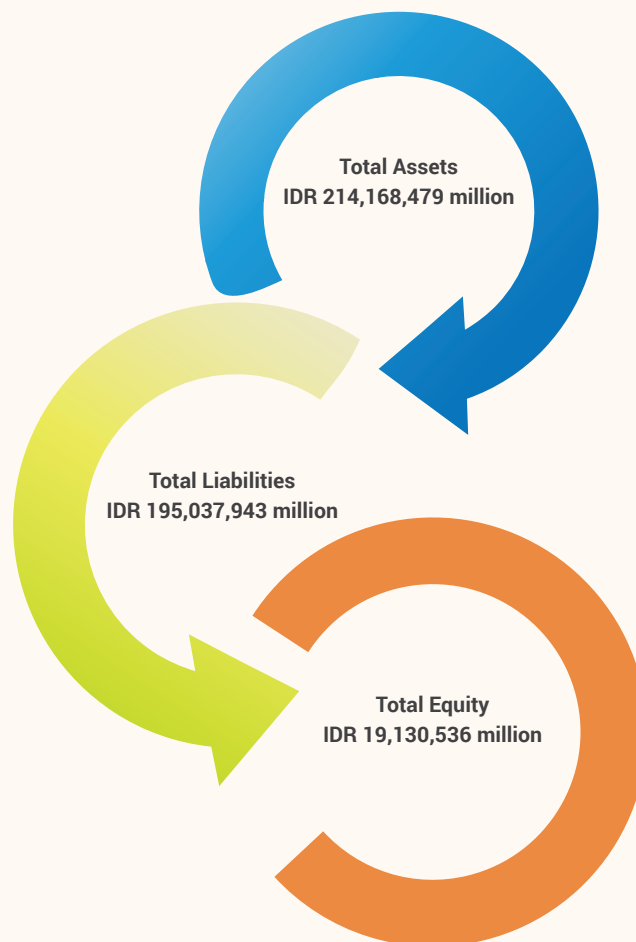
1. Strengthen the implementation of risk management;
2. Completion of the risk mapping;
3. Implementation of GCG by regulators and regional standards;
4. Completion of external audit findings and recurrent findings.

FINANCIAL ANALYSIS

IN THE OPERATIONAL PERFORMANCE OF 2016, THE COMPANY IS ABLE TO RECORD OPTIMAL FINANCIAL PERFORMANCE. THE COMPANY RECORDED INCOME OF THE YEAR FOR IDR 2,618,905 MILLION. IN ADDITION, THE COMPANY SUCCESSFULLY RECORDED STRONG FINANCIAL POSITION WITH TOTAL ASSETS AMOUNTED TO IDR 214,168,479 MILLION, AND TOTAL LIABILITIES AMOUNTED TO IDR 195,037,943 MILLION, AND TOTAL EQUITY AMOUNTED TO IDR 19,130,536 MILLION.

FINANCIAL POSITION STATEMENT

THE BANK BTN'S 2016 FINANCIAL POSITION SHOWS



ASSETS

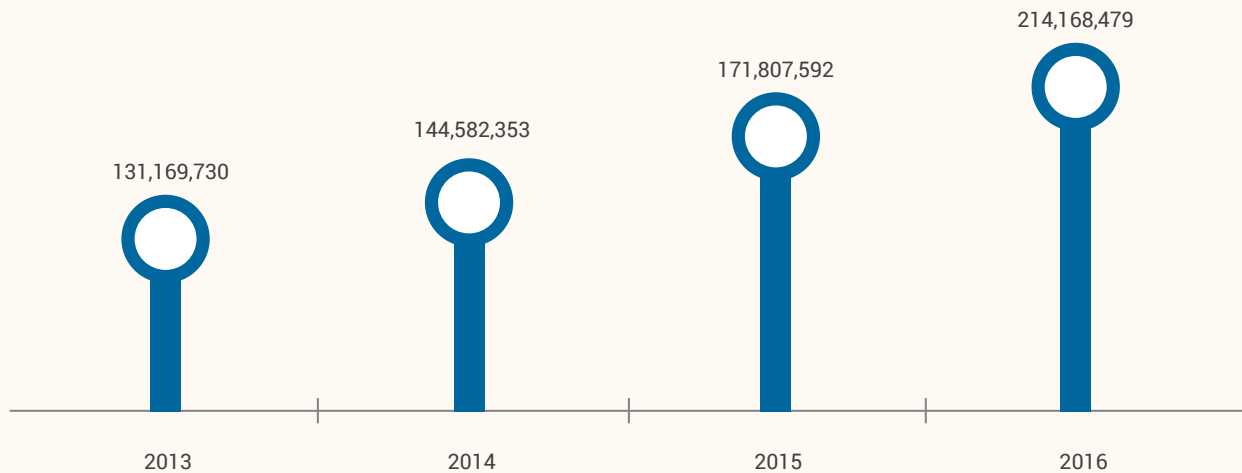
The Company's total assets increased by 24.66% to IDR 214,168,479 million compared to 2015, which was IDR 171,807,592 million. The increase was primarily caused by the increase in financial assets, especially post-loan and Sharia financing/receivable in 2016, i.e. IDR 25,425,121 million. In addition, the

increase on Company's assets in 2016 is influenced by the Placement on Bank Indonesia and Other Banks, Securities, and Government Bonds, i.e. IDR 9,741,873 million, IDR 2,364,139 million, and IDR 1,012,731 million respectively.

Table: Assets 2013-2016 (IDR million)

Description	2013	2014	2015	Increase/ Decrease (%)	2016
Cash	924,451	920,482	1,181,219	(14.78)	1,006,682
Current Account with Bank Indonesia	9,858,758	9,371,509	10,986,351	(2.63)	10,697,378
Current Accounts with Other Banks	400,215	1,093,393	201,361	59.57	321,306
Placements with Bank Indonesia and Other Banks	4,839,268	1,496,455	7,839,477	124.27	17,581,350
Securities	4,201,682	5,436,970	1,807,561	130.79	4,171,700
Government Bonds	8,384,960	8,238,065	8,230,908	12.30	9,243,639
Loans granted and sharia financing/receivables	99,330,214	114,345,618	136,905,226	18.57	162,330,347
Deferred Tax Assets	-	-	-	-	102,791
Fixed Assets	1,522,724	1,488,383	1,553,401	199.95	4,659,379
Interest Receivable	923,688	1,183,489	1,548,489	20.43	1,864,829
Other Assets	783,770	1,007,989	1,553,599	40.90	2,189,078
Total Assets	131,169,730	144,582,353	171,807,592	24.66	214,168,479

Graph: Assets 2013-2016 (IDR million)



Cash

The Company's total cash decreased by 14.78% to IDR 1,006,882 million compared to 2015, which was IDR 1,181,219 million. The decrease was a part of the Company's overall liquidity management. Further information on cash flow in 2016 can be referred to in Cash Flow Report.

No. 15/15/PBI/2013 on Minimum Statutory Reserve of Commercial Bank in Rupiah and Foreign Currency Statutory Reserve for Conventional Commercial Bank". In 2016 and 2015, the Company still complies with the Minimum Statutory Reserve set forth by the Regulator, in this case, Bank Indonesia.

Current Accounts with Bank Indonesia

The Company's current account with Bank Indonesia decreased by 2.63% to IDR 10,697,378 million compared to 2015, which was IDR 10,986,351 million. This was a result of the Current Accounts management with Bank Indonesia, considering the decrease in the Primary Statutory Reserve (Rupiah) in 2016 onto 6.5%, which in 2015 was 7.5%; as stipulated in Bank Indonesia Regulation (PBI) No. 18/3/PBI/2016 dated March 10th 2016 on "Third Amendment of Bank Indonesia Regulation No. 15/15/PBI/2013 on Minimum Statutory Reserve of Commercial Banks in Rupiah and Foreign Currency Statutory Reserve for Conventional Commercial Bank". Meanwhile, GWM ratio per December 31st 2015 was calculated based on the Bank Indonesia Regulation (PBI) No. 17/21/PBI/2015 dated November 26th 2015 on "Second Amendment to Bank Indonesia Regulation

Current accounts with other Banks

The Company's total Current Accounts with Other Banks increased by 59.57% to IDR 321,306 million compared to 2015, which was IDR 201,361 million. The increase mainly caused by the current accounts with other banks in the form of Rupiah amounted to IDR 40,896 million. This was a part of the Company's liquidity management.

Placements with Bank Indonesia and Other Banks

The Company's total Placements with Bank Indonesia and Other Banks increased by 124.27% to IDR 17,581,350 million compared to 2015, which was IDR 7,839,477 million. The increase was primarily caused by the increase in Deposit Facility to Bank Indonesia in order to invest and manage liquidity.

Securities

The Company's total Securities increased by 130.79% to IDR 4,171,700 million compared to 2015, which was IDR 1,807,561 million. The increase in Securities Portfolio was contributed by Traded and Available to Sell Portfolio amounted to IDR 548,521 million and IDR 1,878,391 million respectively. The Securities Portfolio increase in 2016 was a part of treasury management activity.

Government Bonds

The Company's Government Bonds increased by 12.30% to IDR 9,243,639 million compared to 2015, which was IDR 8,230,908 million. The increase in Government Bonds was contributed by the increase in the Traded Portfolio amounted to IDR 1,111,312 million. This increase was a part of the Company's investment activity and liquidity management.

Loans granted and Sharia Financing/ Receivables

Total loans granted and Sharia Financing/Receivables in the Company increased by 18.57% to IDR 162,230,347 million compared to 2015, which was IDR 136,905,226 million. The increase was primarily caused by the portfolio increase, especially in the housing sector, which was the Company's main credit and funding sector; as well as the Company's support for government's program related to provision of houses for Indonesian Public.

Deferred Tax Assets

The Company's Deferred Tax Assets is IDR 102,791 million, and no balances in 2015. There is Deferred Tax Assets in 2016 because during 2013 and 2014, fiscal timing correction in the form of negative fiscal correction, creating Deferred Tax Liabilities. However, in 2015 and 2016, the fiscal timing correction had positive

fiscal correction which reduced Deferred Tax Liabilities, hence the positive in the Deferred Tax Assets. Fiscal timing correction was caused by the lack of reserve that is able to be used in the calculation of tax.

Fixed Assets

The Company's Total Fixed Assets increased by 199.95% to IDR 4,659,379 million compared to 2015 which was IDR 1,553,401 million. The increase was primarily caused by the Company's revaluation of Fixed Assets in 2016, which was part of Economic Package Policy, in which there was a decrease in the tax of Fixed Assets revaluation. The Fixed Assets Revaluation has been approved by Directorate General of Taxation, Decree No. KEP-435/WPJ.19/2016 dated June 8th 2016.

Interest Receivable

The Company's Total Interest Receivable increased by 20.43% to IDR 1,864,829 million compared to 2015 which was IDR 1,548,489 million. The increase was primarily caused by the Interest Receivable increase in the Loan Portfolio amounted to IDR 316,255 million. The increase is parallel with the Company's Loan Portfolio in 2016.

Other Assets

The Company's Total Other Assets increased by 40.90% to IDR 2,189,078 million compared to 2015 which was IDR 1,553,599 million. The increase was primarily caused by the bill increase to the third party amounted

to IDR 593,824 million as a result of increase in the Company's operational activity, such as bill to the ATM management and other Company's partner.

LIABILITIES

The Company's Total Liabilities increased by 23.48% to IDR 195,037,943 million compared to 2015, which was IDR 157,947,485 million. The increase was primarily caused by the increase in Deposits from Customer in the form of Current Accounts and Wadiah Current Accounts,

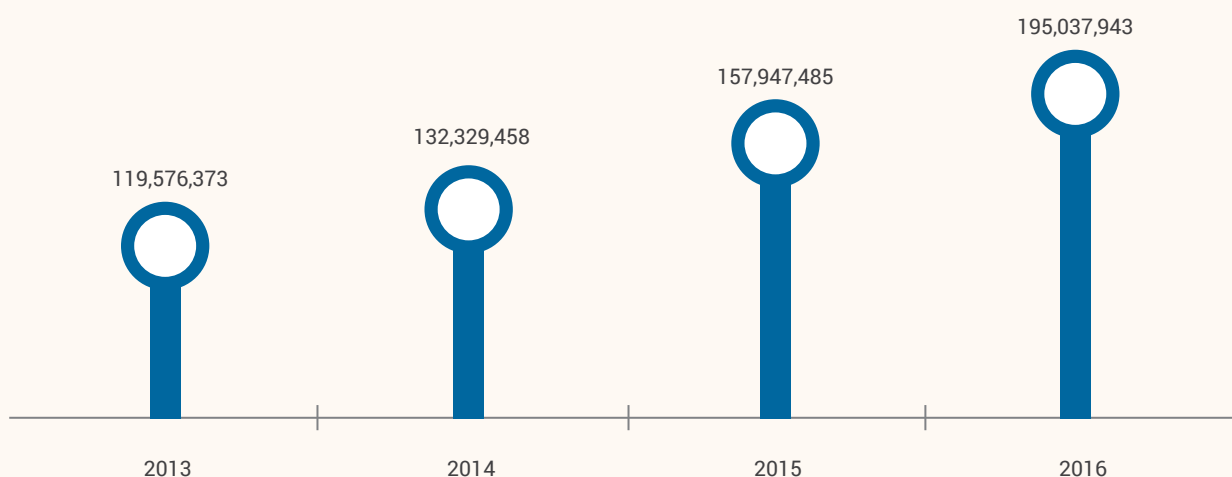
amounted to IDR 13,491,520 million and IDR 14,477,612 million respectively. The increase in Customer's Deposits is influenced by the Company's marketing activity in accumulating Third Party Fund.

Table: Liabilities 2013-2016 (IDR million)

Description	2013	2014	2015	Increase/ Decrease (%)	2016
Liabilities Due Immediately	1,284,306	1,835,807	1,960,789	6.18	2,081,886
Deposits from Customer	96,207,622	106,470,677	127,708,670	25.28	159,987,717
Deposits from Other Banks	275,257	1,179,269	1,721,198	112.22	3,652,735
Securities Sold Under Repurchase Agreements	2,652,730	3,817,603	2,135,091	(35.13)	1,385,000
Securities Issued	8,836,711	8,519,884	12,492,202	19.43	14,919,910
Borrowings	7,073,032	6,998,213	7,726,728	(35.29)	4,999,616
Subordinated loans	-	-	-	-	2,999,118
Interest Payable	241,370	308,996	357,364	7.05	382,551

Description	2013	2014	2015	(%)	2016
Deferred Tax Liabilities	121,139	115,260	9,566	(100.00)	-
Estimated Losses on Commitment and Contingency	6,469	7,198	-	-	-
Employee Benefits and Other Liabilities	2,877,737	3,076,551	3,835,877	20.69	4,629,410
Total Liabilities	119,576,373	132,329,458	157,947,485	23.48	195,037,943

Graph: Liabilities 2013-2016 (IDR million)



Liabilities Due Immediately

The Company's Total Liabilities Due Immediately increased by 6.18% to IDR 2,081,886 million compared to 2015, which was IDR 1,960,789 million. The increase was primarily caused by the increase in the third party's responsibilities amounted by IDR 206,749 million.

Deposits from Customer

The Company's Total Deposits from Customer increased by 25.28% to IDR 159,987,717 million compared to 2015, which was IDR 127,708,670 million. The largest increase came from Time Deposit and Wadiah Time Deposit (IDR 13,491,520 million and IDR 14,477,612 million) particularly as a result of the effectiveness of the Bank's product marketing.

Deposits from Other Banks

The Company's Total Deposits from Other Banks increased by 112.22% to IDR 3,652,735 million compared to 2015, which was IDR 1,721,198 million. The largest increase came from Other Banks' Time Deposit amounted by IDR 1,458,949 million particularly as a result of the effectiveness of the Bank's product marketing.

Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements decreased by 35.13% to IDR 1,385,000 million compared to 2015, which was IDR 2,135,091 million. The decrease was a result of the repurchase of securities sold under repurchase agreements of which the repo agreements were already expired in 2016 amounted by IDR 750,091 million..

Securities Issued

The Company's Total Securities Issued increased by 19.43% to IDR 14,919,910 million compared to 2015 which was IDR 12,492,202 million. This is due to the issuance of Company's Bonds Obligasi Berkelanjutan II phase II which nominal value amounted by IDR 3,000,000 million. Bonds issued by the Company in order to support the Company's funding.

Borrowings

The Company's Total Borrowings decreased by 35.29% to IDR 4,999,616 million compared to 2015 which was IDR 7,726,728 million. The decrease was primarily due to the payment received in 2016.

Subordinated loans

In 2016, the Company has Subordinated Loans in the amount of IDR 2,999,118 million and no balances in 2015. The Subordinated Loans was a loan from PT Sarana Multigriya Finansial (Persero) as to support the One Million Houses Program.

Interest Payable

The Company's Total Interest Payable increased by 7.05% to IDR 382,551 million compared to 2015 which was IDR 357,364 million. This is due to the increase of interest payable from Securities Issued amounted to IDR 17,716 million, parallel with the increase of Securities Issued by the Company.

Deferred Tax Liabilities

The Company's Total Deferred Tax Liabilities decreased by 100% or no balances in 2016 compared to 2015, which was IDR 9,566 million. This was due to the positive fiscal correction caused by reserved that was not calculated in the taxes.

Employee Benefits and Other Liabilities

The Company's Total Employee Benefits and Other Liabilities increased by 20.69% to IDR 4,629,410 million compared to 2015, which was IDR 3,835,877 million. The increase was primarily due to the increase responsibility in the form of Guarantee Fund Development amounted by IDR 445,506 million, in line with the increase of Loan and Funding on new housing projects, in which the Company required its debtor to provide guarantee fund in order to complete their obligations to the customers.

EQUITY

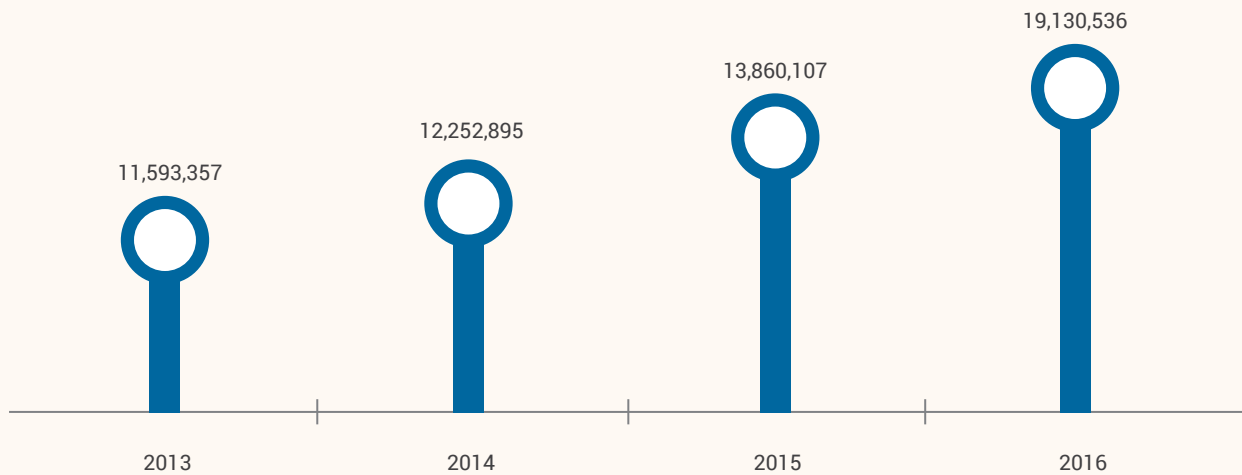
The Company's Total Equity increased by 38.03% to IDR 19,130,536 million compared to 2015, which was IDR 13,860,107 million. This is due to the increase in the Company's Retained Earnings and addition in the equity

component derived from the fixed assets revaluation in 2016, amounted to IDR 2,248,724 million and IDR 2,966,991 million respectively.

Table: Equity 2013-2016 (IDR million)

Description	2013	2014	2015	Increase/ Decrease (%)	2016
Capital Stock	5,282,427	5,283,848	5,291,173	0.07	5,295,000
Additional Paid-Up Capital	2,025,764	2,028,136	2,046,598	0.38	2,054,454
Stock Option	10,600	9,483	2,690	(100.00)	-
Net unrealized loss on available-for-sale securities and Government bonds, net of deferred tax	(90,046)	(90,013)	(133,690)	(13.56)	(115,567)
Remeasurement Losses on defined benefit plan - net of deferred tax	(85,362)	(110,251)	(106,144)	(26.00)	(78,546)
Earnings from Fixed Assets Revaluation	-	-	-	-	2,966,991
Retained Earnings	4,449,974	5,131,692	6,759,480	33.27	9,008,204
Total Equity	11,593,357	12,252,895	13,860,107	38.03	19,130,536

Graph: Equity 2013-2016 (IDR million)



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

WITH OPTIMUM PERFORMANCE, THE COMPANY SUCCESSFULLY INCREASED ITS OPERATIONAL INCOME IN 2016 TO IDR 18,421,641 MILLION AND RECORDED THE COMPREHENSIVE INCOME OF THE YEAR AT IDR 5,631,617 MILLION.

COMPREHENSIVE INCOME FOR THE YEAR

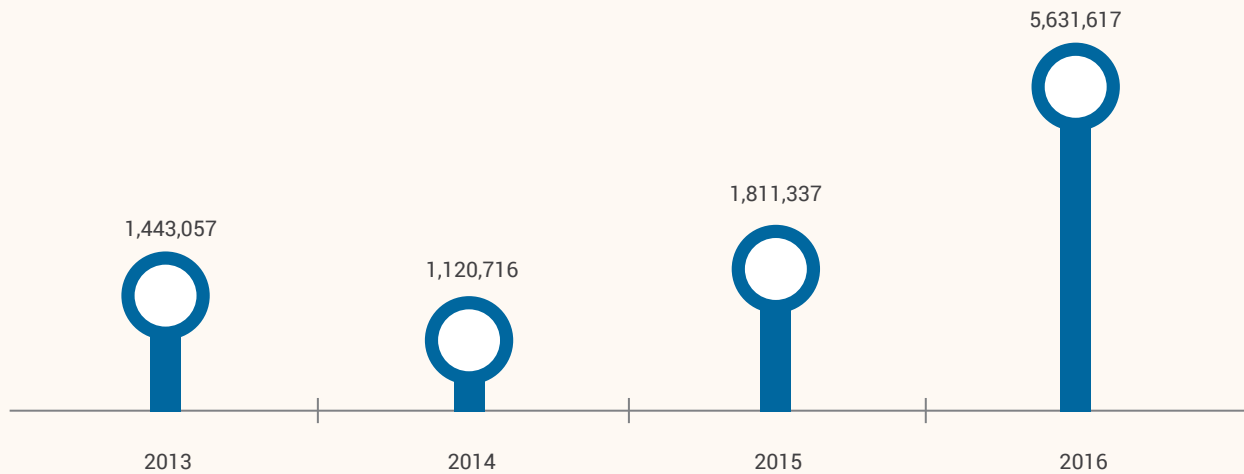
Comprehensive income for the year increased by 210.91% to IDR 5,631,617 million compared to that in 2015 of IDR 1,811,337 million. The increase was mainly caused by the increase in operational income of 19.86%

to IDR 8,163,545 million from IDR 6,811,076 million in 2015. In addition to it, the increase of current year profit was also influenced by the increase of the Company's fee-based income.

Table: Statement of Profit/Loss in 2013-2016 (IDR million)

Remark	2013	2014	2015	(%)	2016
Operational Income and Expense	5,653,323	5,464,581	6,811,076	19.86	8,163,545
- Interest Revenue and Net Split	10,782,877	12,807,328	14,966,209	14.52	17,138,819
- Interest Expense and Bonus	(5,129,554)	(7,342,747)	(8,155,133)	10.06	(8,975,274)
Other Operational Income	763,983	894,820	1,106,526	15.93	1,282,822
Depreciation of Impairment on Financial and Non-Financial Assets	(430,289)	(771,166)	(901,008)	(21.47)	(707,531)
Reversed Estimated Allowance (Expense) on Impairment of Commitment and Contingencies	(2,066)	(729)	7,198	(100.00)	-
Other Operational Income	(3,849,042)	(4,010,139)	(4,490,187)	19.96	(5,386,604)
Operational Profit	2,135,909	1,577,367	2,533,605	32.31	3,352,232
Non-Operational Income - Net	4,862	1,960	8,281	(367.46)	(22,148)
Profit before Tax Expense	2,140,771	1,579,327	2,541,886	31.01	3,330,084
Tax Expense	(578,610)	(433,755)	(690,979)	2.92	(711,179)
Current Year Profit	1,562,161	1,145,572	1,850,907	41.49	2,618,905
Other Comprehensive Income:					
- Accounts that shall not be reclassified to income statement	-	(24,889)	4,107	72,814.27	2,994,589
- Accounts that shall be reclassified to income statement	(119,104)	33	(43,677)	(141.49)	18,123
Total current year comprehensive profit – after tax	1,443,057	1,120,716	1,811,337	210.91	5,631,617
Earnings Per Share					
- Basic (full amount)	148	108	175	41.14	247
- Diluted (full amount)	148	108	175	41.14	247

Graph: Current Year Comprehensive Profit in 2013-2016 (IDR million)



Interest Revenue and Net Split

Interest revenue and net split increased 14.52% to IDR 17,138,819 million compared to that in 2015 of IDR 14,966,209 million. The increase was mainly caused by the increase of interest revenue from the granted credit

of IDR 1.935.085 million as an impact of the increase in the balance of Credit granted by the Company.

Table: Interest Revenue and Net Split in 2013-2016 (IDR million)

Remark	2013	2014	2015	Increase/decrease (%)	2016
Interest	10,392,786	12,394,564	14,455,136	14.16	16,501,472
Sharia Net Split	390,091	412,764	511,073	24.71	637,347
Interest Revenue and Net Split	10,782,877	12,807,328	14,966,209	14.52	17,138,819

Interest Expense and Bonus

Interest expense and bonus increased 10.06% to IDR 8,975,274 million compared to that in 2015 of IDR 8,155,133 million. The increase was mainly caused by the increase in clients' saving interest expense of IDR

510,944 due to the increase of the balance of clients saving managed by the Company.

Table: Interest Expense and Interest in 2013-2016 (IDR million)

Remark	2013	2014	2015	Increase/ decrease (%)	2016
Interest	(5,115,187)	(7,295,733)	(8,073,584)	9.87	(8,870,675)
Other Financing Expenses	(5,656)	(36,685)	(70,383)	29.22	(90,952)
Bonus	(8,711)	(10,329)	(11,166)	22.22	(13,647)
Interest Expense and Bonus	(5,129,554)	(7,342,747)	(8,155,133)	10.06	8,975,274

Other Operational Income and Expense

Other operational income increased 15.93% to IDR 1.282.822 million compared to that in 2015 of IDR 1.106.526 million. The increase was mainly caused by the increase in administrative fees and fines on savings and the granted credit of IDR 57,556 million. Other than that, the increase of gain in the sale of Government Securities and Bonds of respectively IDR 70,533 million and IDR 34,935 million also contributed to the increase of other operational income. This increase was an impact of the increase of the Company's operational transactions.

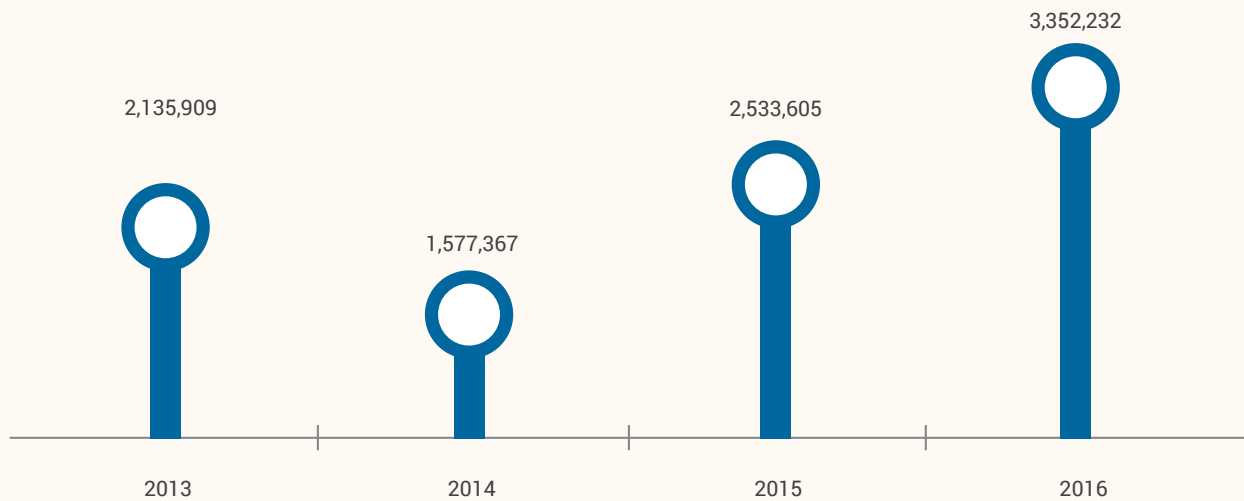
Other operational income increased 19.96% to IDR 5.386.604 million compared to that in 2015 of IDR 4.490.187 million. The increase was mainly caused by the increase in general and administration expenses of IDR 314,440 million, particularly from the contribution of repair and maintenance cost of IDR 154,690 million in order to support the Company's operational activities.

Operational Profit

Operational profit increased 32.31% to IDR 3,352,232 million compared to that in 2015 of IDR 2,533,605 million. The increase was mainly caused by the increase in interest revenue and net split of the Company of IDR

2,172,610 million as an impact of the growth of the Company's productive assets and its maintained quality, in particular the granted credit/sharia financing.

Graph: Operational Profit in 2013-2016 (IDR million)



Profit before Tax

Profit before tax increased 31.01% to IDR 3,330,084 million compared to that in 2015 of IDR 2,541,886 million.

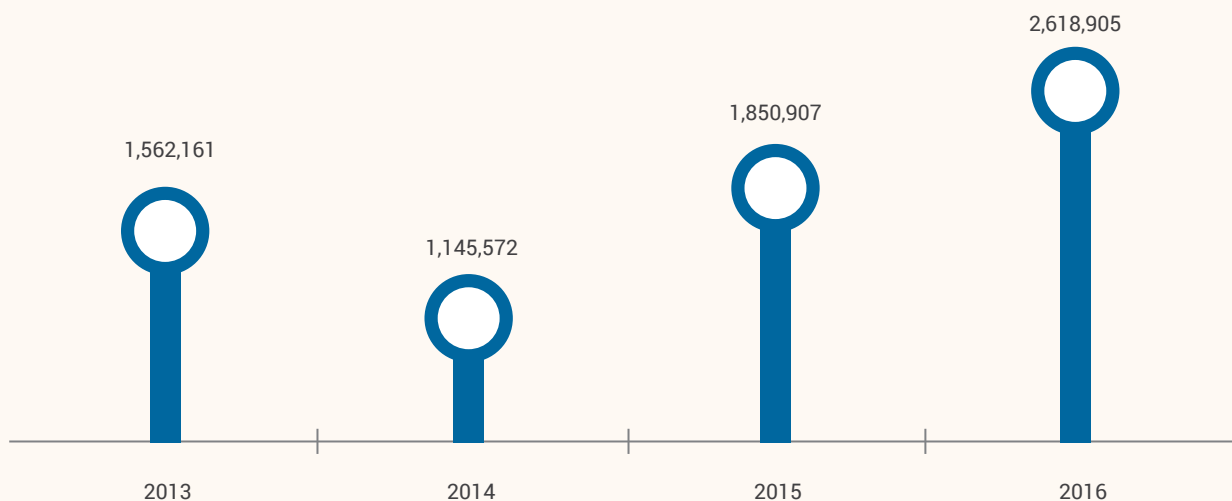
Tax Expense

Tax expense increased 2.92% to IDR 711,179 million compared to that in 2015 of IDR 690,979 million. The increase occurred as the Company's profit before tax increased as well.

Current Year Profit

Current year profit increased 41.49% to IDR 2,618,905 million compared to that in 2015 of IDR 1,850,907 million. The increase was mainly caused by the increase in interest revenue and net split of the Company as an impact of the increase of the Company's business activities in particular the distribution of the Granted Credit and Sharia Financing as well as the maintained quality of the Company's productive assets.

Graph of Current Year Profit in 2013-2016 (IDR million)



Earnings Per Share

Earnings per share – basic in 2016 amounted to IDR 247 and earnings per share – diluted was IDR 247, increasing 41.14% compared to that in 2015, each of IDR 175.

CASH FLOW STATEMENT

FROM THE THREE CASH FLOW ACTIVITIES, THE COMPANY HAD THE FINAL BALANCE OF CASH AND CASH EQUIVALENTS OF IDR 29,608,198 MILLION WITH A NET INCREASE OF IDR 9,398,218 MILLION FROM THE PREVIOUS YEAR.

The increase of cash and cash equivalents in 2016 amounted to IDR 9.398.218 million hence the balance of cash and cash equivalents in 2016 amounted to IDR 29,608,198 million, increased 46.50% compared to that of 2015 which amounted to IDR 20,209,980 million. The

increase mainly derived from operational cash flow, in particular from interest revenues and net split as an impact of the increased balance of Granted Credit/ Sharia Financing as well as the maintained quality of the assets.

Table of Cash Flow in 2013-2016 (IDR million)

Remark	2013	2014	2015	Increase/ Decrease (%)	2016
Net cash provided by (used in) Operational Activities	(1,327,422)	(2,049,009)	1,707,579	472.97	9,783,925
Net cash provided by (used in) Investment Activities	(2,227,290)	(3,332,479)	2,643,735	(174.67)	(1,974,142)
Net cash provided by Financing Activities	2,185,910	301,463	2,826,668	(43.81)	1,588,435
Net Increase (Decrease) in Cash and Cash Equivalents	(1,368,802)	(5,080,025)	7,177,982	30.93	9,398,218
Beginning Balance of Cash and Cash Equivalents	19,480,825	18,112,023	13,031,998	55.08	20,209,980
Ending Balance of Cash and Cash Equivalents	18,112,023	13,031,998	20,209,980	46.50	29,608,198

CASH FLOW FROM OPERATIONAL ACTIVITIES

Net cash provided by (used in) Operational Activities increased 472.97% to IDR 9,783,925 million compared to that in 2015 of IDR 1,707,579 million. The increase was mainly supported by the increase of interest revenues and net split of IDR 2,219,042 million. In addition, net

Cash Flow also derived from the increase in Clients Savings and Savings of Other Banks, with respective amounts of IDR 11,041,054 million and IDR 1,389,608 million.

CASH FLOW FROM INVESTMENT ACTIVITIES

Net cash provided by (used in) Investment Activities decreased 174.67% to IDR 1,974,142 million compared to that in 2015 of IDR 2,643,735 million. The decrease was mainly caused by the Securities available for sale of IDR 1,880,992 million and Securities held to maturity of IDR 20,000 million.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash provided by (used in) Financing Activities decreased 43.81% to IDR 1,588,435 million compared to that in 2015 of IDR 2,826,668 million. The decrease was mainly caused by the payment of granted loans and payment of due issued securities with respective amounts of IDR 2,727,112 million and IDR 1,000,000 million.

SOLVENCY AND COLLECTABILITY OF RECEIVABLES

FINANCIAL PERFORMANCE INDICATORS CAN BE MEASURED BY THE COMPANY'S ABILITY TO MEET THEIR SHORT-TERM OR LONG-TERM LIABILITIES. IN ADDITION, THIS CAN ALSO MAXIMIZE FAST COLLECTABILITY OF RECEIVABLES ESPECIALLY FOR CREDIT GRANTED TO CUSTOMERS.

SOLVENCY

The company's ability to meet their liabilities can be measured by a liquidity ratio and solvency ratio. The ratio is also an indicator in calculating the possible risks that may arise in the company's operations. This encourages the Company to continuously control their financial performance in a sustainable manner.

The company's liquidity is reflected from the financing structure, assets liquidity, liability to third parties and credit commitment to the debtors. The company booked a total of IDR 49,857,317 million of Current Assets in 2016, an increase of 39.41% compared to 2015. This figure represents 23.28% of Total Assets or 31.16% of non-bank savings. This condition indicates that the company's liquidity is in good condition. In addition, the Company strives to control liquidity risk by measuring a number of indicators, including:

1. Primary reserve ratio (ratio of minimum statutory reserve (GWM) and cash)

As of 31 December 2016, the Primary Statutory Reserve for conventional and sharia business unit were respectively 6.72% and 5.08%. On the other hand, for the case of foreign currency, the Company maintained a conventional Foreign Currency Statutory Reserve of 8.47% of total foreign currency third party funds based on the limit set.

2. Secondary Reserve (liquidity reserve)

Supports the primary reserve functioning as a liquidity reserve for miscellaneous expenses. The company manages the secondary reserve by limiting the liquidity reserve through a limit safety level, i.e. projection of the

Company's liquidity reserve for the upcoming three-months. As of December 31st 2016, the company's liquidity reserve is above the safety level.

3. Loan to Deposit Ratio (LDR)

This ratio is used to measure the bank's level of liquidity by comparing the credit granted to third parties against the third-party funds (customer savings). The total funds from the community used to fund the assets in the form of loans can be identified by measuring the liquidity ratio, these funds are commonly short-term hence may affect the bank's level of liquidity. As of December 31st 2016, the Company's LDR is 102.66%.

The bank solvency is measured using a capital ratio. The company continuously ensures that the capital adequacy to meet the credit risks, market risks and operational risks is reflected in the Capital Adequacy Ratio (CAR). CAR is the ratio of capital against risk-weighted assets (RWA). Based on Bank Indonesia regulations, the total capital for credit risk is categorized into Core Capital ("Tier I") and Supplementary Capital ("Tier II"). To calculate Market Risk, the bank can include an Additional Supplementary Capital ("Tier III") component i.e. short term Subordinated Loan meeting certain criteria as a Capital component. As of 2016, the Company has booked 16.54% CAR for core capital and 20.34% CAR for credit, operational and market risks.

In addition, the bonds issued by the Company has achieved idAA+ rate from the rating agency PT. Pemeringkat Efek Indonesia (Indonesia's Credit Rating Agency) or Pefindo, with details as follows:

Bonds	2016 Rating	Rating Agency
Shelf Registration Bonds II Phase II	idAA+	Indonesia's Credit Rating Agency (Pefindo)
Shelf Registration Bonds II Phase I	idAA+	Indonesia's Credit Rating Agency (Pefindo)
Shelf Registration Bonds I Phase I	idAA+	Indonesia's Credit Rating Agency (Pefindo)
Shelf Registration Bonds I Phase I	idAA+	Indonesia's Credit Rating Agency (Pefindo)
Bank BTN Bonds XIV	idAA+	Indonesia's Credit Rating Agency (Pefindo)
Bank BTN Bonds XIV	idAA+	Indonesia's Credit Rating Agency (Pefindo)

At Corporate level, the Company has good credit rate from the rating agencies, as details on the table follows:

Type of Rank	2016 Rating	Rating Agency
Company Rating	idAA+	Indonesia's Credit Rating Agency (Pefindo)
Long Term National Rank	AA(idn)	Fitch Rating
Short Term National Rank	AA(idn)	Fitch Rating

COLLECTABILITY LEVEL OF RECEIVABLES

The Collectability Level of Reserves is reflected in the Non-Performing Loan (NPL) ratio. The NPL ratio serves as a benchmark to understand the portion of non-performing loans out of all loans that the bank has granted to customers. A smaller NPL indicates that the Bank's collectability of receivables is improving and shows good credit quality.

In 2016, the Gross NPL for the Company's conventional banking was 3.02% and sharia banking was 1.01%. On the other hand, the Net NPL for conventional banking was 1.96% and sharia banking was 0.66%. These values were lower compared to 2015. The decline in the NPL was a result of the facilitation and settlement of the Company's non-performing debtors throughout 2016.

Table: NPL Year 2013-2016

Description	2013	2014	2015	2016
Conventional				
Collectability I (IDR million)	76,820,498	86,546,281	106,783,859	130,016,727
Collectability II (IDR million)	11,593,883	12,273,483	16,381,551	15,672,200
Collectability III (IDR million)	437,962	298,237	219,944	223,246
Collectability IV (IDR million)	442,350	428,994	338,138	317,326
Collectability V (IDR million)	3,091,615	3,724,282	4,008,666	3,992,461
Gross NPL (%)	4.30	4.19	3.58	3.02
Net NPL (%)	3.24	2.95	2.26	1.96
Sharia				
Collectability I (IDR million)	7,480,182	8,715,436	10,103,098	12,946,389
Collectability II (IDR million)	507,086	730,313	934,086	1,134,820
Collectability III (IDR million)	20,288	39,516	30,548	36,745
Collectability IV (IDR million)	14,608	24,626	20,402	15,560
Collectability V (IDR million)	58,919	134,633	135,512	90,907
Gross NPL (%)	1.16	2.06	1.66	1.01
Net NPL (%)	0.70	0.67	0.44	0.66

As an effort to minimize the amount of non-performing loans in 2016, the Company implemented a number of efforts including:

1. Applying the principle of prudence in granting loans and financing,
2. Facilitate and collect from non-performing debtors,
3. Foreclosure of collaterals owned by non-performing debtors by holding an auction for the collateral and finding a strategic partner to manage the Company's assets,

FINANCIAL RATIOS

IN ADDITION TO THE COMPANY' CAPABILITY TO MEET OBLIGATIONS AND THE ABILITY OF ITS LOAN COLLECTABILITY, THERE ARE NUMEROUS IMPORTANT RATIOS, I.E. PROFITABILITY RATIO, SOLVABILITY RATIO, COMPLIANCE RATIO, AS WELL OTHER FINANCIAL RATIO. THEY ARE IMPORTANT INDICATORS OF THE COMPANY'S PERFORMANCE.

PROFITABILITY RATIO

Profitability Ratio is measurable through some ratios, such as Return on Asset (ROA) ratio, which assesses the ability of Company's assets to generate profit; Return on Equity (ROE) ratio, which assesses the ability of Company's equities to generate profit; and Net Interest Margin (NIM), which shows the ability of interest revenue to generate the bank's net profit (net interest revenue) .

In 2016, the Company's ROA increased to 1.76% compared to 2015, which was 1.61%. The increase was primarily caused by the assets growth and quality improvement from the Company's productive assets.

The Company's ROE increased to 18,35%, compared to 2015 which was 16.84%. The increase was primarily caused by the Company's stable profit growth parallel with the Company's core capital growth.

For the Company's NIM, it decreased to 4.98%, compared to 2015 which was 4.87%. The increase was primarily due to the growth in yields optimal consumer credit.

Table: Profitability Ratio 2013-2016 (%)

Description	2013	2014	2015	2016
ROA	1.79	1.14	1.61	1.76
ROE	16.05	10.95	16.84	18.35
NIM	5.44	4.47	4.87	4.98

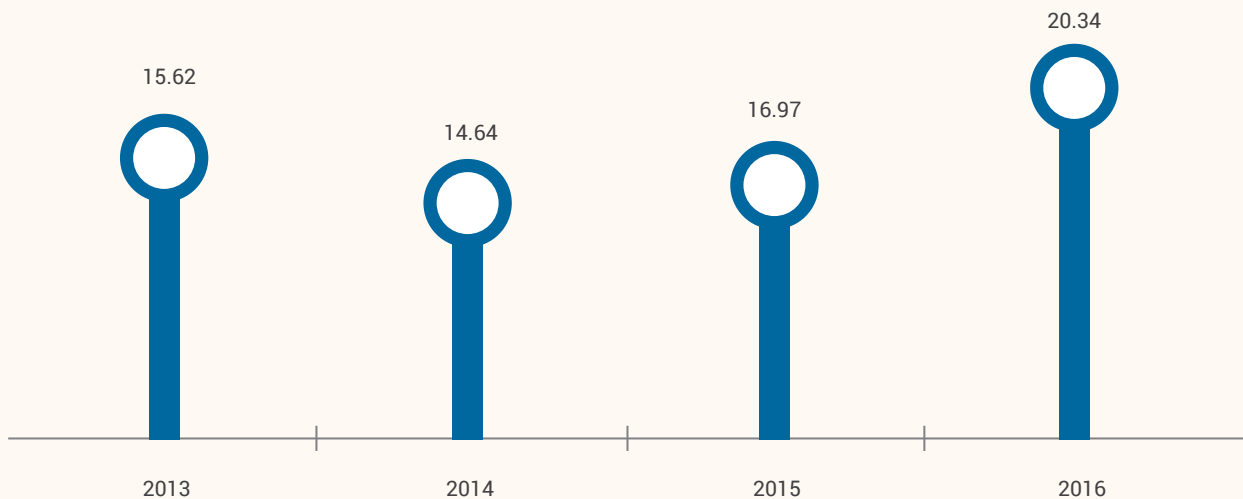
SOLVABILITY RATIO

The Company's solvability measurement uses Capital Adequacy Ratio (CAR), i.e. the capital ratio against the risk-weighted assets (RWA). In line with BI Regulation, Minimum Capital Adequacy (KPMM) set forth by BI for bank with risk profile 2 is 9-10%.

In 2016, the Company's CAR increased to 20.34% compared to 2015, which was 16.97%. With the Company's adequacy ratio in 20.34%, the Company's capital structure has the capability to offset market

risk, credit risk, and operational risk, in which the ratio is higher than the BI minimum adequacy ratio, and the Company's capital structure has meet the BI Regulation requirements. Therefore, the Company has properly managed the Company's capital and has adequate capital to protect itself against solvability risk.

Graph: CAR 2013-2016 (%)



COMPLIANCE RATIO

Compliance ratio is related to the compliance with rules and legislations from regulator, i.e. Legal Lending

Limit (BMPK), Minimum Statutory Reserve (GWM), and fulfillment of Net Open Position (PDN).

Table: Compliance Ratio 2013-2016 (%)

Description	2013	2014	2015	2016
Legal Lending Limit (BMPK)				
BMPK Violation Percentage				
Related Parties	0.00	0.00	0.00	0.00
Non Related Parties	0.00	0.00	0.00	0.00
BMPK Exceedance Percentage				
Related Parties	0.00	0.00	0.00	0.00
Non Related Parties	0.00	0.00	0.00	0.00
Minimum Statutory Reserve (GWM)				
Primary Statutory Reserve (Rupiah)				
Conventional	9.29	8.09	7.95	6.72
Sharia	8.10	5.09	5.04	5.08
Statutory Reserve (Foreign Currency)	8.03	8.39	8.08	8.47
Overall Net Open Position (PDN)	1.01	1.92	1.74	0.29

OTHER FINANCIAL RATIOS

In addition to the ratio mentioned above, herein other financial ratios that are taken into account in assessing the Company's financial performance.

Table: Other Financial Ratios 2013-2016 (%)

Description	2013	2014	2015	2016
Non-Performing Earning Assets and Non-Earning Assets to Total Earning Assets and Non-Earning Assets	3.31	3.26	2.91	2.42
Non-Performing Earning Assets to Total Earning Assets	3.60	3.57	3.20	2.64
Impairment on financial assets (CKPN) to Earning Assets	1.01	1.21	1.38	1.20
Operating Expenses to Operating Revenues (BOPO)	82.19	88.97	84.83	82.48
<i>Loan to Deposit Ratio (LDR)</i>	104.42	108.86	108.78	102.66
NPL Gross	4.05	4.01	3.42	2.84
NPL Net	3.04	2.76	2.11	1.85

CAPITAL STRUCTURE AND IMPLEMENTATION OF RISK MANAGEMENT

THE COMPANY DEVELOPS ITS CAPITAL PLANNING BASED ON A REVIEW AND ASSESSMENT OF THE REQUIRED CAPITAL ADEQUACY REQUIREMENTS COMBINED WITH A REVIEW ON THE LATEST ECONOMIC DEVELOPMENT. STRONG CAPITAL STRUCTURE WILL HIGHLY SUPPORT THE COMPANY'S BUSINESS SUSTAINABILITY.

CAPITAL STRUCTURE

The Company develops its Capital Planning based on a review and assessment of the required capital adequacy requirements combined with a review on the latest economic development. The Capital Plan is prepared by the Board of Directors as part of the Bank's Business Plan and approved by the Board of Commissioners. The Company always connects its financial goals and capital adequacy to risk capital through the capital planning process. Similarly, the Bank's business is also planned based on the Bank's capital and liquidity requirements. The capital requirements are planned and discussed on a regular basis supported with analysis data.

The management policy on capital is intended to ensure that the Company has a strong capital and creates a strong capital structure to support the current business development strategy and sustain the Company's development in the future. In addition, capital policy is set to comply with the capital adequacy requirement set by the regulator and to ensure that the Bank's capital structure is efficient.

In accordance with Bank Indonesia Regulation, the Bank's capital consists of:

CORE CAPITAL

Core capital refers to the bank's capital consisting of: Primary Core Capital (Common Equity Tier – CET 1) and Supplementary Core Capital (Additional Tier 1). The primary core capital includes paid-up capital and disclose reserve. Disclose reserve consists of additional factors (agio, general reserves, previous year's profit, profit for the year, and stock options) and the deducting factors (other comprehensive losses and financial asset transactions classified as available for sale, difference of Allowance for Uncollectible Accounts (PPA) on earning assets with Allowance for Impairment Losses and non-earning PPA).

SUPPLEMENTARY CAPITAL (MAXIMUM 100% OF CORE CAPITAL)

The supplementary capital includes PPA general reserves on earning assets which shall be calculated by a maximum of 1.25% of RWA Credit Risk and Appropriated Reserves.

In 2016, the Company's core capital and supplementary capital amounted to IDR 20,219,637 million, higher than the core capital and supplementary capital in 2015 amounting to IDR 13,893,026 million.

Table: Capital Structure

(IDR million)

No	Capital Component	2016	2015
I.	Core Capital (Tier 1)	16,443,159	12,171,623
1.	Common Equity Tier - Cet 1	16,443,159	12,171,623
1.1.	Paid-up Capital (Net of Treasury Shares)	5,295,000	5,291,173
1.2.	Additional Capital Reserves	11,650,424	7,224,620
1.2.1.	Agio/Disagio	2,054,454	2,046,598
1.2.2.	Donation Capital	-	-
1.2.3.	General Reserves	3,018,884	3,018,884
1.2.4.	Income/Loss of the Previous Years that can be Calculated	2,529,939	1,049,213
1.2.5.	Loss of the Current Year that can be Calculated	2,618,905	1,850,907
1.2.6.	Balance due to financial statements translation	-	-
1.2.7.	Paid-Up Capital	-	-
1.2.8.	Issued warrants	-	-
1.2.9.	Stock option issued for stock-based competence program (50%)	-	1,345
1.2.10.	Other comprehensive revenue	(115,567)	(133,690)
1.2.11.	Fixed asset revaluation surplus balance	2,966,991	-
1.2.12.	The difference between the PPA and less allowance for impairment losses on earning assets	1,407,356	(604,430)
1.2.13.	PPA on non-earning assets that should be calculated	(15,826)	(4,207)
1.2.14.	Negative balance of the total fair value adjustment of financial instruments in trading book	-	-
1.3.	Non-Controlling Interests than can be calculated	-	-
1.4.	Primary Capital Deduction Factor	(502,265)	(344,170)
1.4.1.	Deferred Tax Calculation	(102,791)	-
1.4.2.	<i>Goodwill</i>	-	-
1.4.3.	Other Intangible Assets	-	-
1.4.4.	Equity Investment calculated as deducting factors	-	-
1.4.5.	Capital shortage in insurance subsidiary	-	-
1.4.6.	Securitization Exposure	(399,474)	(344,170)
1.4.7.	Other Core Capital Deducting Factors	-	-
1.4.8.	Investment in AT1 Instruments and Tier 2 of other banks	-	-
2.	Additional Tier - AT 1	-	-
2.1.	Instruments qualifying as AT1	-	-
2.2.	Agio / Disagio	-	-

(IDR million)

No	Capital Component	2016	2015
2.3.	Deducting Factors: Investment in AT1 and Tier 2 instrument of Other Banks	-	-
II.	Supplementary Capital	3,776,478	1,721,403
1.	Capital instruments in the form of shares or other eligible instruments	2,699,118	-
2.	Agio or disagio from the issuance of supporting capital instrument	-	-
3.	General Reserves of statutory PPA for earning assets (max 1.25% of Credit Risk RWA)	1,077,360	880,927
4.	Specific Reserve		840,476
5.	Deducting Factors of Supplementary Capital	-	-
5.1.	Sinking Fund	-	-
5.2.	Investment on Tier 2 Instruments of other banks	-	-
	Total Capital	20,219,637	13,893,026
III.	Risk Weighted Assets (RWA)		
1.	Credit Risk RWA	86,188,782	70,474,182
2.	Market Risk RWA	343,820	222,737
3.	Operational Risk RWA	12,899,251	11,185,168
	Total RWA	99,431,853	81,882,087
IV.	CAR		
1.	CET 1 Ratio	16.54%	14.87%
2.	Tier 1 Ratio	16.54%	14.87%
3.	Tier 2 Ratio	3.80%	2.10%
	Total Ratio	20.34%	16.97%
V.	CAR based on Risk Profile	9.00%	9.00%
*CAR is calculated based on Bank Indonesia Regulation (PBI) No. 15/12/PBI/2013 on Capital Adequacy Ratio for Commercial Banks			

RISK MANAGEMENT IMPLEMENTATION

BASIS FOR DETERMINING RISK MANAGEMENT

The Company manages its capital to maintain the Bank's capital adequacy in accordance with the overall risk profile and strategy for maintaining capital levels. The amount of capital managed by the Company should be able to cover risks arising from the Company's activities but not limited to business expansion plans and other activities. The capital adequacy calculation refers to the Regulators' applicable regulations.

The Company has consistently reported capital adequacy to regulators and the public through the CAR Report and specifying the Bank's CAR in the Bank's Publication Report. The Bank's CAR shows that its Capital (CAR 16.97%) can cover risks (potential losses) arising from the Company's current and future activities.

RISK MANAGEMENT GENERAL IMPLEMENTATION

1. The Board of Commissioners and the Board of Directors active supervision ensures that Risk Management has been implemented adequately in accordance with the characteristics, complexity and profile of the Company's risks.
2. The Board of Commissioners and the Board of Directors have a good understanding of the type and level of Risks inherent in the Company's business activities.
3. The Board of Commissioners has conducted supervision by:
 - a. Approving risk management policies, including the determined risk management strategies and framework.
 - b. Evaluating the Risk Management Policy and Strategies at least once a year or more frequent if there are changes in the factors significantly affecting the Bank's business activities.
 - c. Evaluating and deciding the Board of Directors' request in respect of transactions requiring the Board of Commissioners' approval.
 - d. Evaluating the accountability of the Board of Directors and periodically providing direction for improvement in the implementation of Risk Management policies.
4. The Board of Directors has conducted supervision by:
 - a. Formulating policies, strategies, and Risk Management framework in writing and comprehensively including the Risk limits as an overall and by Risk type.
 - b. Developing, establishing, and updating procedures as a tool to identify, measure, monitor and control Risks.
 - c. Preparing and establishing the mechanism for approving transactions including those that exceed limits and authority for each hierarchy.
 - d. Evaluating and updating Risk Management policy, strategy, and framework at least once a year or more frequently in the event of changes in the factors significantly affecting the Company's business activities, Risk exposure, and/or Risk profile.
 - e. Establishing organizational structure including clear authority and responsibility of every position level related to the implementation of Risk Management.
 - f. Being responsible for the implementation of Risk Management policies, strategies, and framework as well as evaluating and providing guidance based on the reports submitted by the Risk Management Division (RMD), including reports on risk profile.
 - g. Ensuring that all material Risks with adverse effects have been followed-up and reported to the Board of Commissioners on a regular basis.
 - h. Ensuring the implementation of remedial measures for problems or irregularities in the Company's business activities discovered by the Internal Audit Division (IAD).

- i. Developing risk awareness culture including anti-fraud culture at all levels of the organization.
- j. Ensuring adequate financial support and infrastructure for managing and controlling Risk.
- k. Ensuring that the Risk Management function has been implemented independently among others, the segregation of functions between the RMD with the work units conducting and completing transactions.

ADEQUACY OF POLICIES, PROCEDURES AND LIMIT SET

The Company has policies, procedures and limits in place for implementing Risk Management policies. The procedures and processes are set forth in the implementation guidelines reviewed and updated periodically to accommodate the occurring changes. In setting these policies, procedures and limits, the Company considers risk management strategies, the level of risk taken and risk tolerance, as well as the limit with due regard to the ability of the Company's capital to absorb risk exposures. Adequacy of the Risk Identification, Measurement, Monitoring and Control Process as well as Risk Management Information System.

Identification

The risk identification process is done by analyzing all sources of Risks, Risk events and Risk impacts the least on the risk of the Company's products and activities and ensure that the Risks of new products and activities have gone through a proper Risk Management process before being introduced or executed.

Measurement

The Risk measurement system is used to measure the Risk exposures inherent in the Company's activity compared with the Company's risk appetite so the Company can take risk mitigation actions and measure the Company's capital adequacy to cover the residual risk. Risk Measurement is done periodically both for product and portfolio as well as all business activities of the Company.

Monitoring

The monitoring system and procedures include monitoring of the risk exposure magnitude, risk tolerance, adherence to internal limit, and results of stress testing and the consistent implementation with the established policies and procedures. The monitoring is carried out either by the executing unit or by RMD.

Risk Control

The risk control processes applied by the Company are tailored in accordance with the risk exposure, risk level and risk tolerance. Risk control may be done, among others, by hedging mechanism and other risk mitigation methods such as the issuance of guarantees, asset securitization and credit derivatives, as well as the Company's capital increase to absorb potential losses.

Risk Management Information System

The Risk Management Information System is developed according to the needs of the Company in order to implement effective Risk Management. The Risk Management Information System and the resulting information are tailored to the characteristics and complexity of the Company's business activities and are adaptive to changes. In developing information system technology and new software, the Company makes sure that the implementation of the information system and new technologies will not disrupt the continuity of the Company's information system.

A Comprehensive Internal Control System

1. Effective implementation of Risk Management is equipped with a reliable internal control system. Reliable and effective implementation of the Company's internal control system is the responsibility of all operational and supporting units and also IAD. Effective implementation of the internal control system in the implementation of the Company's Risk Management refers to the set policies and procedures.
2. The Company implements the four eyes principle (segregation of functions) between the credit units and risk management unit, especially in terms of decision-making in lending by the Credit Risk Desk unit.
3. The internal control system in the application of Risk Management at least includes:
 - a. Correspondence between the internal control system with the type and level of Risks inherent in the Bank's business activities;
 - b. Establishment of authority and responsibility for monitoring the compliance with policies, procedures and limits;
 - c. Determination of reporting lines and a clear segregation of functions of the operating units with the unit performing control function;
 - d. Organization chart that clearly illustrates the duties and responsibilities of each unit and individual;
 - e. Accurate and timely financial and operational;
 - f. Adequate procedures to ensure the Bank's compliance with the legislation in force;
 - g. An effective, independent, and objective review of the Bank's policies, frameworks and operating procedures;
 - h. Adequate testing and review of the management information system;
 - i. Complete and adequate documentation of the audit scope, operational procedures, audit findings, as well as the Bank management's response on the audit results;
 - j. Regular and continuous verification and review of handling the Company's weaknesses that are material and the bank management's actions to fix occurring deviations.
4. Periodic Review of the Risk Management implementation at least every year by the RMD and IAD.

RISK MANAGEMENT SPECIFIC IMPLEMENTATION

Risk management specific implementation is focused on the implementation of 7 specific risks namely:



Credit Risk

Credit Risk Management

The Company's credit risk management is part of the overall risk management referring to Bank Indonesia Regulation (PBI) No. 11/25/PBI/2009 dated July 1st 2009 on the Amendment to Bank Indonesia Regulation No. 5/8/PBI/2003 on the Implementation of Risk Management for Commercial Banks, where credit risk is the risk that occurs due to the failure of debtors and/or other parties in meeting their liabilities to the Bank. Credit and Financing Policy Guidelines for the Company's loan and financing as part of the risk assessment process. Credit Risk exposures are monitored since the credit approval process until the maturity of the credit.

Credit Risk Management Organization

Credit risk management organization in the loan approval process has implemented the four eyes principle with a segregation of credit risk unit and business units for commercial loans. Credit risk monitoring includes evaluating the credit risk exposure to the credit risk limit, building Internal Credit Rating application for commercial credit and reviewing the Credit Scoring Model on an ongoing basis.

Credit Risk Management Strategy

Other strategic measures in the Company's credit risk management is to distribute the credit risk and credit concentration control by increasing credit portfolio and non-housing related financing as well as monitoring the core debtors.

Credit Risk Management Policy

As a follow up to the implementation of Pillar 1 of Basel II, the Bank has implemented credit risk measurement by using the Standardized Approach in accordance with BI Circular Letter No. 13/6/DPNP dated February 18th 2011 on the Guidelines for Calculating Risk Weighted Assets (RWA) for Credit Risk by using the Standard Approach.

Past Due Receivables and Impairment

In accordance with the provisions of SFAS No. 55 and Bank Indonesia Circular Letter on the RWA calculation using a standard approach, past due receivable refers to a receivable that has been overdue for more than 90 (ninety) days, either for principal payment and/or for interest payment. On the other hand, impairment is a condition where there is a detrimental objective evidence resulted from one or more events occurring after the Early Recognition and the detrimental event brings impact on the future cash flows estimates of the financial assets. This condition is marked by the fact that the carrying value is greater than the recoverable value measured by the present value of future cash flows discounted using the effective interest rate.

The Company determines whether there is an objective evidence of individual impairment for the individually significant financial assets or collective impairment for financial assets that are not individually significant. If the Bank determines that there are no objective evidence of impairment for financial assets assessed individually, regardless of the financial assets significance, the

Bank will put the assets in a group of financial assets with similar credit risk characteristics and assess the impairment of the group collectively

1. Individual Evaluation

In evaluating individual impairment and measuring the impairment loss, the Bank uses the following techniques:

- a. Discounted cash flow, the Bank keep records based on the discounted amount obtained by estimating future cash flows and discounted based on the initial effective interest rate of each loan.
- b. Fair value of collateral, the Bank keep records based on the recoverable amount through the acquisition of loan collaterals.

2. Collective evaluation

In evaluating collective impairment and measuring impairment loss, the Bank uses the roll rate analysis method, which is a method that applies a statistical analysis for a 3-year historical data in calculating the Probability of Default (PD) and Loss Given Default (LGD).

The disclosures of Net Receivables by Region, Net Receivables by Contractual Maturity, Net Receivables by Economic Sector, Receivables and Reserves by Region, Receivables and Reserves by Economic Sector, as well as Movement of the Allowance for Impairment Loss (CKPN) are described in the following tables:

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Table : Net Receivables by Region

No	Portfolio Category	31 December 2016		
		Net Receivables by Region		
		Jabodetabek	Java Non Jabodetabek	Sumatera
1	Receivables to Government	37,657,046	-	-
2	Receivables to Public Sector Entities	94,634	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-
4	Receivables to Bank	2,057,921	7,499	852
5	Loans Secured by Residential Property	49,064,374	32,348,218	19,090,646
6	Loans Secured by Commercial Real Estate	11,000,150	5,042,495	2,256,226
7	Employee/Retired Loans	407,358	270,936	135,760
8	Receivables to Micro, Small Business and Retail Portfolio	2,566,048	1,765,332	675,611
9	Receivables to Corporations	11,045,483	2,761,702	616,468
10	Past Due Receivables	1,051,466	572,200	515,190
11	Other Assets	4,255,619	2,112,084	581,537
	Total	119,200,099	44,880,466	23,872,290

* Other regions: Kalimantan, Sulawesi, Bali, Maluku and Papua

(IDR million)

31 December 2016		31 December 2015				
Net Receivables by Region		Net Receivables by Region				
Others	Total	Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
-	37,657,046	27,597,262	-	-	-	27,597,262
-	94,634	85,693	-	-	-	85,693
-	-	-	-	-	-	-
539	2,066,811	1,000,238	1,975	541	1,375	1,004,129
20,856,896	121,360,134	42,780,478	27,928,538	15,696,541	17,624,921	104,030,478
2,542,140	20,841,011	9,408,224	3,660,359	1,903,359	2,141,660	17,113,602
141,196	955,250	339,948	189,283	100,420	103,454	733,105
1,197,645	6,204,636	946,684	1,125,211	511,849	1,049,414	3,633,158
1,020,578	15,444,231	7,304,242	3,324,374	1,100,544	1,430,547	13,159,707
751,906	2,890,762	1,010,796	619,309	511,448	700,913	2,842,466
915,561	7,864,801	2,517,889	957,123	370,569	478,857	4,324,438
27,426,461	215,379,316	92,991,454	37,806,172	20,195,271	23,531,141	174,524,038

Table: Disclosure of Net Receivables by Contractual Maturity

No	Portfolio Category	31 December 2016					
		Net Receivables by Contractual Maturity					
		<1 Year	> 1 Year s.d 3 Years	> 3 Years s.d 5 Years	>5 Years	Non Contractual	Total
1	Receivables to Government	34,930,945	921,774	1,465,310	339,017	-	37,657,046
2	Receivables to Public Sector Entities	69,849	-	3,084	21,701	-	94,634
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	1,669,382	270,853	126,576	-	-	2,066,811
5	Loans Secured by Residential Property	211,240	2,148,941	4,993,931	114,006,022	-	121,360,134
6	Loans Secured by Commercial Real Estate	5,878,042	10,763,009	4,161,796	38,164	-	20,841,011
7	Employee/Retired Loans	1,509	30,326	58,850	864,565	-	955,250
8	Receivables to Micro, Small Business and Retail Portfolio	808,905	865,207	664,930	3,865,594	-	6,204,636
9	Receivables to Corporations	6,617,096	4,407,531	1,325,515	3,094,089	-	15,444,231
10	Past Due Receivables	789,746	256,820	203,897	1,640,299	-	2,890,762
11	Other Assets	-	-	-	-	7,864,801	7,864,801
	Total	50,976,714	19,664,461	13,003,889	123,869,451	7,864,801	215,379,316

(IDR million)

31 December 2015					
Net Receivables by Contractual Maturity					
<1 Year	> 1 Year s.d 3 Years	> 3 Years s.d 5 Years	>5 Years	Non Contractual	Total
25,130,083	692,039	1,335,263	439,877	-	27,597,262
54,686	28,007	3,000	-	-	85,693
-	-	-	-	-	-
864,252	89,907	49,970	-	-	1,004,129
1,240,004	2,662,994	4,677,134	95,450,346	-	104,030,478
5,110,033	8,865,428	2,725,384	412,757	-	17,113,602
6,197	31,597	51,308	644,003	-	733,105
640,770	1,108,664	596,175	1,287,549	-	3,633,158
5,606,018	3,953,707	1,428,091	2,171,891	-	13,159,707
752,704	285,797	222,477	1,581,488	-	2,842,466
-	-	-	-	4,324,438	4,324,438
39,404,747	17,718,140	11,088,802	101,987,911	4,324,438	174,524,038

Table : Disclosure of Net Receivables by Economic Sectors

31 December 2016

No	Economic Sector	Receivables to Government	Receivables to Public Sector Entities	Receivables to Multilateral Development Banks and International Institutions	Receivables to Bank	Loans Secured by Residential Property
1	Agriculture, Hunting and Forestry	-	-	-	-	-
2	Fishery	-	-	-	-	-
3	Mining and Quarrying	-	-	-	-	-
4	Manufacturing	-	20,581	-	-	-
5	Electricity, Gas and Water	-	31,749	-	-	-
6	Construction	-	-	-	-	-
7	Wholesale and Retail Trading	-	-	-	-	-
8	Hotel and Food & Beverage	-	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-	-
10	Financial Intermediary	29,805,016	42,304	-	2,066,811	-
11	Real Estate, Rental and Business Services	-	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-	-
13	Education Services	-	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	-	-	-	-	-
16	Individual Services for Households	-	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-	-
18	Undefined Activities	-	-	-	-	-
19	Non Business Field	-	-	-	-	121,360,134
20	Others	7,852,030	-	-	-	-
	Total	37,657,046	94,634	-	2,066,811	121,360,134

(IDR million)

Loans Secured by Commercial Real Estate	Employee/Retired Loans	Receivables to Micro, Small Business and Retail Portfolio	Receivables to Corporations	Past Due Receivables	Other Assets
-	-	15,048	21,996	19,359	-
-	-	2,299	4,472	2,887	-
-	-	4,218	189,530	12,640	-
-	-	28,531	123,845	31,606	-
-	-	8,142	31,879	16	-
18,365,111	-	345,263	7,407,846	553,402	-
-	-	279,677	1,214,624	146,794	-
-	-	20,753	804,050	79,816	-
-	-	13,821	104,998	22,644	-
-	-	36,321	1,114,002	3,107	-
2,475,900	-	15,009	1,278,096	18,605	-
-	-	-	-	-	-
-	-	12,300	261,628	11,396	-
-	-	23,809	588,884	5,774	-
-	-	148,417	371,907	32,378	-
-	-	1,161	-	-	-
-	-	-	-	-	-
-	-	28,884	167,749	140	-
-	955,250	5,212,417	1,758,725	1,950,198	-
-	-	8,566	-	-	7,864,801
20,841,011	955,250	6,204,636	15,444,231	2,890,762	7,864,801

31 December 2015

No	Economic Sector	Receivables to Government	Receivables to Public Sector Entities	Receivables to Multilateral Development Banks and International Institutions	Receivables to Bank	Loans Secured by Residential Property
1	Agriculture, Hunting and Forestry	-	-	-	-	-
2	Fishery	-	-	-	-	-
3	Mining and Quarrying	-	-	-	-	-
4	Manufacturing	-	24,686	-	-	-
5	Electricity, Gas and Water	-	61,007	-	-	-
6	Construction	-	-	-	-	576,829
7	Wholesale and Retail Trading	-	-	-	-	-
8	Hotel and Food & Beverage	-	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-	-
10	Financial Intermediary	18,515,828	-	-	1,004,129	-
11	Real Estate, Rental and Business Services	-	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-	-
13	Education Services	-	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	-	-	-	-	-
16	Individual Services for Households	-	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-	-
18	Undefined Activities	-	-	-	-	-
19	Non Business Field	-	-	-	-	103,453,649
20	Others	9,081,434	-	-	-	-
	Total	27,597,262	85,693	-	1,004,129	104,030,478

(IDR million)

Loans Secured by Commercial Real Estate	Employee/Retired Loans	Receivables to Micro, Small Business and Retail Portfolio	Receivables to Corporations	Past Due Receivables	Other Assets
-	-	35,578	18,686	26,613	-
-	-	5,134	4,638	2,973	-
-	-	2,648	83,997	16,748	-
-	-	60,447	174,958	33,424	-
-	-	1,890	25,095	-	-
14,876,448	-	393,743	3,668,564	451,443	-
10,010	-	615,552	3,406,784	212,075	-
-	-	22,808	988,030	14,796	-
-	-	21,895	128,106	14,410	-
-	-	28,848	308,265	16,302	-
2,227,144	-	14,740	206,897	18,912	-
-	-	-	-	-	-
-	-	11,224	251,312	2,961	-
-	-	7,187	304,227	6,577	-
-	-	4,980	34,782	2,742	-
-	-	-	-	-	-
-	-	-	-	-	-
-	733,105	2,298,419	1,730,918	2,022,490	-
-	-	108,065	1,824,448	-	4,324,438
17,113,602	733,105	3,633,158	13,159,707	2,842,466	4,324,438

Table: Disclosure of Receivables and Reserves by Region

No	Description	31 December 2016				
		Receivables and Reserves by Region				
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables	115,276,835	43,251,740	23,660,205	27,160,408	209,349,188
2	Impaired Receivables	312,832	55,294	18,669	183,246	570,041
	a. Non Past Due	39,554	23,426	9,845	118,772	191,597
	b. Past Due	273,278	31,868	8,824	64,474	378,444
3	Allowances for Impairment Losses - Individual	174,895	37,782	11,158	154,735	378,570
4	Allowances for Impairment Losses - Collective	766,811	308,579	271,857	406,140	1,753,387
5	Written Off Receivables	255,149	167,440	134,288	102,344	659,221

* Other regions: Kalimantan, Sulawesi, Bali, Maluku and Papua

(IDR million)

31 December 2015				
Receivables and Reserves by Region				
Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
90,279,316	36,921,220	20,070,635	23,493,572	170,764,743
366,681	49,537	74,230	122,351	612,799
123,994	20,565	34,984	55,701	235,244
242,687	28,972	39,246	66,650	377,555
194,396	14,352	39,710	51,559	300,017
783,925	326,769	264,029	389,411	1,764,134
210,269	94,673	84,714	44,943	434,599

Table: Disclosure of Receivables and Reserves by Economic Sectors

No	Economic Sector	Receivables	31 December 2016			
			Impaired Receivables		Allowances for Impairment Losses - Individual Allowances for Impairment Losses - Individual	Allowances for Impairment Losses - Collective Allowances for Impairment Losses - Collective
			Non Past Due	Past Due		
1	Agriculture, Hunting and Forestry	84,211	-	26,794	18,160	10,426
2	Fishery	12,496	-	-	-	2,913
3	Mining and Quarrying	217,189	-	6,298	2,042	9,023
4	Manufacturing	235,700	-	23,800	16,052	15,421
5	Electricity, Gas and Water	71,039	-	-	-	20
6	Construction	24,326,680	69,917	134,300	133,946	587,506
7	Wholesale and Retail Trading	1,789,060	5,519	52,305	48,723	142,399
8	Hotel and Food & Beverage	987,674	72,040	81,682	78,331	6,230
9	Transportation, Warehousing and Communications	186,807	23,556	5,018	30,574	15,077
10	Financial Intermediary	33,588,488	-	1,480	1,480	23,868
11	Real Estate, Rental and Business Services	3,803,051	-	42,178	26,084	17,804
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-	-
13	Education Services	291,108	-	-	-	6,956
14	Human Health and Social Work Activities	646,737	20,565	4,589	23,178	14,034
15	Public, Socio-Culture, Entertainment and Other Personal Services	564,749	-	-	-	71,911
16	Individual Services for Households	1,160	-	-	-	2
17	International Institution and Other Extra International Agencies	-	-	-	-	-
18	Undefined Activities	196,166	-	-	-	4,739
19	Non Business Field	131,995,304	-	-	-	825,058
20	Others	10,351,569	-	-	-	-
	Total	209,349,188	191,597	378,444	378,570	1,753,387

(IDR million)

Written Off Receivables Written Off Receivables	Receivables	31 December 2015					Written Off Receivables Written Off Receivables
		Impaired Receivables		Allowances for Impairment Losses - Individual Allowances for Impairment Losses - Individual	Allowances for Impairment Losses - Collective Allowances for Impairment Losses - Collective		
		Non Past Due	Past Due				
23,890	113,988	-	26,794	10,884	18,254	14,971	
1,723	15,548	-	-	-	2,811	2,515	
11,680	136,901	-	10,692	7,531	14,261	991	
31,318	307,143	-	19,135	19,135	25,328	7,888	
139	88,104	-	-	-	155	182	
169,897	19,617,087	108,573	172,250	134,917	538,134	68,718	
263,776	3,344,368	9,884	46,092	39,567	280,846	145,618	
3,373	1,055,551	66,805	12,488	4,501	6,370	1,235	
5,403	210,868	4,938	7,018	7,041	39,820	1,716	
6,674	20,596,127	6,108	1,572	2,392	9,979	1000	
7,255	3,471,044	18,371	71,665	65,653	41,449	895	
-	-	-	-	-	-	-	
469	269,441	-	-	-	2,208	238	
1,266	324,541	20,565	4,589	3,136	1,255	-	
244	220,165	-	5,260	5,260	38,673	24,440	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
132,114	110,980,502	-	-	-	739,609	164,192	
-	10,013,365	-	-	-	4,982	-	
659,221	170,764,743	235,244	377,555	300,017	1,764,134	434,599	

Table : Disclosure of the Movement of Allowance for Impairment Losses (CKPN)

No	Description	31 December 2016		31 December 2015	
		Individual CKPN	Collective CKPN	Individual CKPN	Collective CKPN
1	Starting Balance - Allowance for Impairment Losses	300,017	1,764,134	116,015	1,465,141
2	Additional (reversal) allowance for impairment losses during the year (Net)	203,928	523,099	209,027	708,567
2.a.	Additional allowance for impairment losses during the year	203,928	523,099	209,027	708,567
2.b.	Reversal allowance for impairment losses during the year	-	-	-	-
5	Allowance for impairment losses used for written off receivables during the year	(125,375)	(533,846)	25,025	409,574
6	Other additional (reversal) of allowance during the year	-	-	-	-
7	Ending Balance of Allowance for Impairment Losses	378,570	1,753,387	300,017	1,764,134

The Company has consistently reported capital adequacy to regulators and the public through the CAR Report and specifying the Bank's CAR in the Bank's Publication Report. In 2016, the KPMM Ratio showed

that the Bank's Capital (CAR 16.97%) can cover risks (potential losses) arising from the Company's current and future activities.

Credit Risk with Standard Approach

The Company implements Bank Indonesia Circular Letter No. 13/6/DPNP dated February 18th 2011 on the Guidelines for Calculating Risk Weighted Assets (RWA) for Credit Risk by using the Standard Approach. The Company considers credit ratings in calculating credit risk. The use of credit rating and rating agency in calculating credit risk refers to the regulations set forth by the regulator (Bank Indonesia).

Since August 21st 2015, the Company has applied the Financial Services Authority Regulation (POJK) No. 11/POJK.03/2015 on the Prudence Provisions as

National Economic Stimulus for the Commercial Banks. Financial Services Authority Regulation (POJK) No. 11/POJK.03/2015 is valid until August 21st 2017.

The Company's counterparty credit risk exposure is typically with securities under repurchase agreement with bonds of a higher value than the securities purchased by the Company.

Descriptions on the Disclosure of Net Receivables by Portfolio Category and Rating Scale and Counterparty Credit Risk are provided below:

Table: Disclosure of Net Receivables by Portfolio and Rating Category

31 December 2016

No	Portofolio Category	Net Receivables				
		Rating Agency	Long-Term Rating			
		Standards and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT Fitch Ratings Indonesia	AAA (IDN)	AA+ (idn) s.d AA- (idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	idBBB+ s.d idBBB-
1	Receivables to Government	-	-	-	37,657,046	
2	Receivables to Public Sector Entities	94,634	-	-	-	
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	
4	Receivables to Bank	1,877,362	-	10,572	-	
5	Loans Secured by Residential Property	-	-	-	-	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
9	Receivables to Corporation	-	-	-	-	
10	Past Due Receivables	-	-	-	-	
11	Other Assets	-	-	-	-	

(IDR million)

Net Receivables									
Long-Term Rating			Short-Term Rating				Unrated	Total	
BB+ s.d BB-	B+ s.d B-	lower than B-	A-1	A-2	A-3	lower than A-3			
BB+ s.d BB-	B+ s.d B-	lower than B-	F1 s.d F1	F2	F3	lower than F3			
Ba1 s.d Ba3	B1 s.d B3	lower than B3	p-1	p-2	p-3	lower than P-3			
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	lower than F3(idn)			
idBBZ+ s.d idBB-	idB+ s.d idB-	lower than idB-	idA1	idA2	idA3 s.d idA4	lower than idA4			
-	-	-	-	-	-	-	-	37,657,046	
-	-	-	-	-	-	-	-	94,634	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	178,877	2,066,811
-	-	-	-	-	-	-	-	121,360,134	121,360,134
-	-	-	-	-	-	-	-	20,841,011	20,841,011
-	-	-	-	-	-	-	-	955,250	955,250
-	-	-	-	-	-	-	-	6,204,636	6,204,636
-	-	-	-	-	-	-	-	15,444,231	15,444,231
-	-	-	-	-	-	-	-	2,890,762	2,890,762
-	-	-	-	-	-	-	-	7,864,801	7,864,801

31 Desember 2015

No	Portfolio Category	Net Receivables				
		Rating Agency	Long-Term Rating			
		Standards and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT Fitch Ratings Indonesia	AAA (IDN)	AA+ (idn) s.d AA- (idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB- (idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	idBBB+ s.d idBBB-
1	Receivables to Government	-	-	-	26,023,295	
2	Receivables to Public Sector Entities	24,686	61,007	-	-	
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	
4	Receivables to Bank	252,706	67,766	9,779	366,908	
5	Loans Secured by Residential Property	-	-	-	-	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
9	Receivables to Corporation	-	-	-	-	
10	Past Due Receivables	-	-	-	-	
11	Other Assets	-	-	-	-	

(IDR million)

Net Receivables								
Long-Term Rating			Short-Term Rating				Unrated	Total
BB+ s.d BB-	B+ s.d B-	lower than B-	A-1	A-2	A-3	lower than A-3		
BB+ s.d BB-	B+ s.d B-	lower than B-	F1 s.d F1	F2	F3	lower than F3		
Ba1 s.d Ba3	B1 s.d B3	lower than B3	p-1	p-2	p-3	lower than P-3		
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	lower than F3(idn)		
idBB+ s.d idBB-	idB+ s.d idB-	lower than idB-	idA1	idA2	idA3 s.d idA4	lower than idA4		
-	-	-	-	-	-	-	1,573,967	27,597,262
-	-	-	-	-	-	-	-	85,693
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	306,970	1,004,129
-	-	-	-	-	-	-	104,030,478	104,030,478
-	-	-	-	-	-	-	17,113,602	17,113,602
-	-	-	-	-	-	-	733,105	733,105
-	-	-	-	-	-	-	3,633,158	3,633,158
-	-	-	-	-	-	-	13,159,707	13,159,707
-	-	-	-	-	-	-	2,842,466	2,842,466
-	-	-	-	-	-	-	4,324,438	4,324,438

Counterparty Credit Risk is categorized into the following:

1. Derivative Transactions

The Company did not have derivative transaction as of December 31st 2016 and 2015.

2. Repo Transactions

Descriptions on Repo Transactions are detailed in the table below:

Table: Repo Transactions

(IDR million)

No	Portfolio Category	31 December 2016				31 December 2015			
		SB Repo Fair Value	Repo Liabilities	Net Receivables	RWA	SB Repo Fair Value	Repo Liabilities	Net Receivables	RWA
1	Receivables to Government	-	-	-	-	-	-	-	-
2	Receivables to Public Sector Entities	-	-	-	-	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-	-	-
4	Receivables to Bank	1,532,768	1,385,000	147,768	73,884	2,446,515	2,135,091	311,424	155,712
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-	-	-
6	Receivables to Corporation	-	-	-	-	-	-	-	-
	Total	1,532,768	1,385,000	147,768	73,884	2,446,515	2,135,091	311,424	155,712

3. Reverse Repo Transaction

The Company did not have Reverse Repo transaction as of December 31st 2016 and 2015.

Credit Risk Mitigation by using the Standard Approach.

The Company sets the type and value of the pledged collateral in accordance with the credit schemes and estimation of the counterparty credit risk as the established second way out. The types of collateral are as follows:

1. Physical collateral, in the form of land and buildings.
2. Financial collateral, in the form of deposits (savings, current accounts and time deposits), securities, and others.
3. Other form of guarantee, insurance, etc.

The lending undertaken by the Company is provided in the credit policies and procedures where the minimal collateral for each loan type or scheme is predetermined. The commercial loan segment, typically a “kredit yasa griya”, in accordance with the credit provisions, shall be guaranteed with adequate collateral. The collateral can be that can be either physical collateral, financial collateral or other form of business bills or warranty. A revaluation will be conducted for all collaterals particularly physical collateral, where the liquidity value

of the collateral will be used to determine the coverage ratio. The guarantor or guarantee held by the Company is typically provided by insurance companies.

The Company performs debtor pre-screening, requires debtors to meet the collateral requirements, analyzes and evaluates credit worthiness, and makes legally binding loan agreements in order to reduce credit risk exposure.

The Company has allocated credit exposure by geographic area/region in which they operate, and allocate credit exposure categorized by industry sector to find out the credit risk concentration.

Descriptions on the Disclosure of Net Receivables Based on Risk Weighting after Considering the Impact of Credit Risk Mitigation and Disclosure of Net Receivables and Credit Risk Mitigation Techniques are described as follows.

Table: Net Receivables based on Risk Weight after Considering the Impact of Credit Risk Mitigation

31 December 2016

No	Portofolio Category	Net Receivables after Considering the Impact of Credit Risk Mitigation	
		0%	20%
A	Balance Sheet Exposures		
1	Receivables to Government	37,657,046	-
2	Receivables to Public Sector Entities	-	94,634
3	Receivables to Multilateral Development Banks and International Institution	-	-
4	Receivables to Bank	-	1,884,053
5	Loans Secured by Residential Property	-	44,009,059
6	Loans Secured by Commercial Real Estate	-	-
7	Employee/Retired Loans	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	212,330	185,395
9	Receivables to Corporation	1,432,170	9,209
10	Past Due Receivables	-	255,216
11	Other Assets	1,006,683	-
	Total Exposures - Balance Sheet	40,308,229	46,437,566
B	Off-Balance Sheet Exposures		
1	Receivables to Government	-	-
2	Receivables to Public Sector Entities	-	-
3	Receivables to Multilateral Development Banks and International Institution	-	-
4	Receivables to Bank	-	-
5	Loans Secured by Residential Property	-	-
6	Loans Secured by Commercial Real Estate	-	-
7	Employee/Retired Loans	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	-	-
9	Receivables to Corporation	-	-
10	Past Due Receivables	-	-
	Total Exposures - Off-Balance Sheet	-	-
C	Exposures due to Counterparty Credit Risk		
1	Receivables to Government	-	-
2	Receivables to Public Sector Entities	-	-
3	Receivables to Multilateral Development Banks and International Institution	-	-
4	Receivables to Bank	-	-

Tagihan Bersih Setelah Memperhitungkan Dampak Mitigasi Risiko Kredit

(IDR million)

Net Receivables after Considering the Impact of Credit Risk Mitigation								RWA	Capital Expenses
35%	40%	45%	50%	75%	100%	150%	Others		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	18,927	1,703
-	-	-	-	-	-	-	-	-	-
-	-	-	34,990	-	-	-	-	394,306	35,488
77,351,075	-	-	-	-	-	-	-	35,874,688	3,228,722
-	-	-	-	-	20,724,387	-	-	20,724,387	1,865,195
-	-	-	955,250	-	-	-	-	477,625	42,986
-	-	-	-	5,795,119	-	-	-	4,383,419	394,508
-	-	-	-	-	11,256,465	-	-	11,258,307	1,013,248
-	-	-	-	-	1,579,781	1,055,765	-	3,214,471	289,302
-	-	-	-	-	6,780,527	77,591	-	6,896,913	620,722
77,351,075	-	-	990,240	5,795,119	40,341,160	1,133,356	-	83,243,043	7,491,874
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	116,624	-	-	116,624	10,496
-	-	-	-	-	-	-	-	-	-
-	-	-	-	11,792	-	-	-	8,844	796
-	-	-	-	-	2,746,387	-	-	2,746,387	247,175
-	-	-	-	-	-	-	-	-	-
-	-	-	-	11,792	2,863,011	-	-	2,871,855	258,467
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	147,768	-	-	-	-	73,884	6,650

No	Portfolio Category	Net Receivables after Considering the Impact of Credit Risk Mitigation	
		0%	20%
5	Receivables to Micro, Small Business and Retail Portfolio	-	-
6	Receivables to Corporation	-	-
	Total Exposures - Counterparty Credit Risk	-	-

31 December 2015

No	Portfolio Category	Net Receivables after Considering the Impact of Credit Risk Mitigation	
		0%	20%
A	Balance Sheet Exposures		
1	Receivables to Government	27,597,262	-
2	Receivables to Public Sector Entities	-	24,686
3	Receivables to Multilateral Development Banks and International Institution	-	-
4	Receivables to Bank	-	623,430
5	Loans Secured by Residential Property	-	25,943,315
6	Loans Secured by Commercial Real Estate	-	-
7	Employee/Retired Loans	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	122,014	354,245
9	Receivables to Corporation	1,305,017	61,007
10	Past Due Receivables	-	243,686
11	Other Assets	1,169,123	-
	Total Exposures - Balance Sheet	30,193,416	27,250,369
B	Off-Balance Sheet Exposures		
1	Receivables to Government	-	-
2	Receivables to Public Sector Entities	-	-
3	Receivables to Multilateral Development Banks and International Institution	-	-
4	Receivables to Bank	-	-
5	Loans Secured by Residential Property	-	-
6	Loans Secured by Commercial Real Estate	-	-
7	Employee/Retired Loans	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	-	-
9	Receivables to Corporation	-	-
10	Past Due Receivables	-	-
	Total Exposures - Off-Balance Sheet	-	-

Net Receivables after Considering the Impact of Credit Risk Mitigation								RWA	Capital Expenses
35%	40%	45%	50%	75%	100%	150%	Others		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	147,768	-	-	-	-	73,884	6,650
(IDR million)									
Net Receivables after Considering the Impact of Credit Risk Mitigation								RWA	Capital Expenses
35%	40%	45%	50%	75%	100%	150%	Others		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	61,007	-	-	65,944	5,935
-	-	-	-	-	-	-	-	-	-
-	-	-	69,275	-	-	-	-	159,324	14,339
78,087,163	-	-	-	-	-	-	-	32,519,170	2,926,725
-	-	-	-	-	17,013,753	-	-	17,013,753	1,531,238
-	-	-	733,105	-	-	-	-	366,553	32,990
-	-	-	-	2,577,090	330,971	-	244,361	2,542,344	228,811
-	-	-	-	-	9,366,618	-	-	9,378,819	844,094
-	-	-	-	-	1,707,381	891,399	-	3,093,218	278,390
-	-	-	-	-	3,077,727	77,590	-	3,194,112	287,470
78,087,163	-	-	802,380	2,577,090	31,557,457	968,989	244,361	68,333,237	6,149,992
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	99,849	-	-	99,849	8,986
-	-	-	-	-	-	-	-	-	-
-	-	-	-	4,477	-	-	-	3,357	302
-	-	-	-	-	1,479,173	-	947,892	1,882,027	169,382
-	-	-	-	-	-	-	-	-	-
-	-	-	-	4,477	1,579,022	-	947,892	1,985,233	178,670

No	Portfolio Category	Net Receivables after Considering the Impact of Credit Risk Mitigation	
		0%	20%
C	Exposures due to Counterparty Credit Risk		
1	Receivables to Government	-	-
2	Receivables to Public Sector Entities	-	-
3	Receivables to Multilateral Development Banks and International Institution	-	-
4	Receivables to Bank	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-
6	Receivables to Corporation	-	-
	Total Exposures - Counterparty Credit Risk	-	-

Table: Net Receivables and Credit Risk Mitigation Techniques

31 December 2016

No	Portfolio Category	Net Receivables
A	Balance Sheet Exposures	
1	Receivables to Government	37,657,046
2	Receivables to Public Sector Entities	94,634
3	Receivables to Multilateral Development Banks and International Institution	-
4	Receivables to Bank	1,919,043
5	Loans Secured by Residential Property	121,360,134
6	Loans Secured by Commercial Real Estate	20,724,387
7	Employee/Retired Loans	955,250
8	Receivables to Micro, Small Business and Retail Portfolio	6,192,844
9	Receivables to Corporation	12,697,844
10	Past Due Receivables	2,890,762
11	Other Assets	7,864,801
	Total Exposures - Balance Sheet	212,356,745
B	Off-Balance Sheet Exposures	
1	Receivables to Government	-
2	Receivables to Public Sector Entities	-
3	Receivables to Multilateral Development Banks and International Institution	-
4	Receivables to Bank	-

Net Receivables after Considering the Impact of Credit Risk Mitigation								RWA	Capital Expenses
35%	40%	45%	50%	75%	100%	150%	Lainnya		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	311,424	-	-	-	-	155,712	14,014
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	311,424	-	-	-	-	155,712	14,014

(IDR million)

Secured Portion				Unsecured Portion
Collateral	Garansi	Credit Insurance	Others	
-	-	-	-	37,657,046
-	-	-	-	94,634
-	-	-	-	-
-	-	-	-	1,919,043
-	-	44,009,059	-	77,351,075
-	-	-	-	20,724,387
-	-	-	-	955,250
212,330	-	185,395	-	5,795,119
1,432,170	-	9,209	-	11,256,465
-	-	255,216	-	2,635,546
-	-	-	-	7,864,801
1,644,500	-	44,458,879	-	166,253,366
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

No	Portfolio Category	Net Receivables
5	Loans Secured by Residential Property	-
6	Loans Secured by Commercial Real Estate	116,624
7	Employee/Retired Loans	-
8	Receivables to Micro, Small Business and Retail Portfolio	11,792
9	Receivables to Corporation	2,746,387
10	Past Due Receivables	-
	Total Exposures - Off-Balance Sheet	2,874,803
C	Exposures due to Counterparty Credit Risk	
1	Receivables to Government	-
2	Receivables to Public Sector Entities	-
3	Receivables to Multilateral Development Banks and International Institution	-
4	Receivables to Bank	147,768
5	Receivables to Micro, Small Business and Retail Portfolio	-
6	Receivables to Corporation	-
	Total Exposures - Counterparty Credit Risk	147,768
31 December 2015		
No	Portfolio Category	Net Receivables
A	Balance Sheet Exposures	
1	Receivables to Government	27,597,262
2	Receivables to Public Sector Entities	85,693
3	Receivables to Multilateral Development Banks and International Institution	-
4	Receivables to Bank	692,705
5	Loans Secured by Residential Property	104,030,478
6	Loans Secured by Commercial Real Estate	17,013,753
7	Employee/Retired Loans	733,105
8	Receivables to Micro, Small Business and Retail Portfolio	3,628,681
9	Receivables to Corporation	10,732,642
10	Past Due Receivables	2,842,466
11	Other Assets	4,324,440
	Total Exposures - Balance Sheet	171,681,225

Secured Portion				Unsecured Portion
Collateral	Garansi	Credit Insurance	Others	
-	-	-	-	-
-	-	-	-	116,624
-	-	-	-	-
-	-	-	-	11,792
-	-	-	-	2,746,387
-	-	-	-	-
-	-	-	-	2,874,803
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	147,768
-	-	-	-	-
-	-	-	-	-
-	-	-	-	147,768
				(IDR million)
Secured Portion				Unsecured Portion
Collateral	Garansi	Credit Insurance	Others	
-	-	-	-	27,597,262
-	-	-	-	85,693
-	-	-	-	-
-	-	-	-	692,705
-	-	25,943,314	-	78,087,164
-	-	-	-	17,013,753
-	-	-	-	733,105
113,293	-	354,245	-	3,161,143
1,250,859	-	-	-	9,481,783
-	-	243,686	-	2,598,780
-	-	-	-	4,324,440
1,364,152	-	26,541,245	-	143,775,828

No	Portofolio Category	Net Receivables
B		
1	Receivables to Government	-
2	Receivables to Public Sector Entities	-
3	Receivables to Multilateral Development Banks and International Institution	-
4	Receivables to Bank	-
5	Loans Secured by Residential Property	-
6	Loans Secured by Commercial Real Estate	99,849
7	Employee/Retired Loans	-
8	Receivables to Micro, Small Business and Retail Portfolio	4,477
9	Receivables to Corporation	2,427,065
10	Past Due Receivables	-
	Total Exposures - Off-Balance Sheet	2,531,391
C	Exposures due to Counterparty Credit Risk	
1	Receivables to Government	-
2	Receivables to Public Sector Entities	-
3	Receivables to Multilateral Development Banks and International Institution	-
4	Receivables to Bank	311,424
5	Receivables to Micro, Small Business and Retail Portfolio	-
6	Receivables to Corporation	-
	Total Exposures - Counterparty Credit Risk	311,424

Asset Securitization

The Bank's objective in conducting securitization is to transform illiquid assets into liquid assets in the form of securities/marketable securities (referred to as Asset Backed Securities (ABS)).

The Bank conducts KPR Asset Securitization for the purpose of, among others, mitigating maturity mismatch, as alternative sources of KPR financing, and increasing lending capacity.

The Bank's functions in securitization transactions are as follows:

1. Originator,
2. Servicer,
3. Investor.

In the securitization of receivables on KPR ("collective receivables"), the Bank has been selling the collective receivables to third parties (KPR securitization).

Secured Portion				Unsecured Portion
Collateral	Garansi	Credit Insurance	Others	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	99,849
-	-	-	-	-
-	-	-	-	4,477
-	-	-	-	2,427,065
-	-	-	-	-
-	-	-	-	2,531,391
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	311,424
-	-	-	-	-
-	-	-	-	-
-	-	-	-	311,424

The Company recognizes the securitization of housing loans (Asset Backed Securities) as the sale on the KPR receivable because the Company has transferred the risks and benefit of the ownership to the counterparty. Therefore, the effective date of the Company's securitization derecognizes the mortgage collective receivables including in the securitization.

The accounting policy for securitization transactions conducted by the Company refers to the substance of the transactions undertaken. In the event the securitization undertaken by the Company falls under

the category of true sale, all the contractual rights to the cash flows from the asset is derecognized on the date of transfer of assets. At the time of derecognition of the whole assets, the difference between the carrying amount and the amount of payments received and the cumulative gains and losses are recognized in profit loss.

A description of the Company's securitization activities as well as Rating and the Rating Agencies performed by the Company is provided in the table below:

Table: Asset Securitization, Rating, and Rating Agency

Year of Securitization	Securities Series	Amount of Securitization	Senior Class
2016	SP BTN 02	1,000,000	913,000
2015	SP BTN 01	200,000	181,600
2014	KIK DBTN 05	1,500,000	1,371,000
2013	KIK DBTN 04	1,000,000	928,000
2012	KIK DBTN 03	1,000,000	925,000
2011	KIK DBTN 02	703,450	645,000
2010	KIK DBTN 01	750,000	688,500
2009	KIK DSMF II	391,305	360,000
2009	KIK DSMF I	111,111	100,000

A description of the Securitization Transaction and Activities – the Company acts as the Originator is provided below:

Table: Securitization Transactions

No	Securitization Exposure	31 December 2016			Profit/ Loss from Securitization
		Value of Securitized Assets	Impaired Value of Securitized Assets		
			Past Due	Not Yet Due	
1	Bank acts as the Originator				
	Receivables secured by Residential Property	6,655,866	-	-	-
2	Bank acts as Supporting Credit Facility				
	a. First loss facility	-	-	-	-
	b. Second loss facility	-	-	-	-
3	Banks act as the Liquidity Facility Provider	-	-	-	-
4	Banks act as the Service Provider	6,655,866	-	-	-
5	Banks act as the Custodian Bank	-	-	-	-
6	Banks act as the Investor	-	-	-	-
	a. Senior tranche				
	Receivables secured by Residential Property	-	-	-	-
	b. Junior tranche				
	Receivables secured by Residential Property	-	-	-	-

Junior Class	Rating - Senior Class	Rating Agency
87,000	idAAA	PT Pemeringkat Efek Indonesia
18,400	idAAA	PT Pemeringkat Efek Indonesia
129,000	idAAA	PT Pemeringkat Efek Indonesia
72,000	idAAA	PT Pemeringkat Efek Indonesia
75,000	idAAA	PT Pemeringkat Efek Indonesia
58,450	idAAA	PT Pemeringkat Efek Indonesia
61,500	idAAA	PT Pemeringkat Efek Indonesia
31,305	idAAA	PT Pemeringkat Efek Indonesia
11,111	AAA	PT Moody's Indonesia

(IDR million)

31 December 2016		31 December 2015					
RWA	Asset Deduction	Value of Securitized Assets	Impaired Value of Securitized Assets		Profit/Loss from Securitization	RWA	Asset Deduction
			Past Due	Not Yet Due			
-	-	5,655,866	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,655,866	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	399,474	-	-	-	-	-	344,170

Table: Summary of securitization transaction and activities – the Company acts as the Originator

No	Underlying Asset
1	Receivables to Government
2	Receivables to Public Sector Entities
3	Receivables to Multilateral Development Banks and International Institution
4	Receivables to Bank
5	Loans Secured by Residential Property
6	Loans Secured by Commercial Real Estate
7	Employee/Retired Loans
8	Receivables to Micro, Small Business and Retail Portfolio
9	Receivables to Corporation
10	Other Assets
	Total

A description on the calculation of RWA of Credit Risk by using standard approach is as follows:

1. On-Balance Sheet Asset Exposure

Table: On-Balance Sheet Asset Exposure

No	Portfolio Category
1	Receivables to Government
2	Receivables to Public Sector Entities
3	Receivables to Multilateral Development Banks and International Institution
4	Receivables to Bank
5	Loans Secured by Residential Property
6	Loans Secured by Commercial Real Estate
7	Employee/Retired Loans
8	Receivables to Micro, Small Business and Retail Portfolio
9	Receivables to Corporation
10	Receivables Past Due
11	Other Assets
	Total

(IDR million)

31 Desember 2016		31 Desember 2015	
Value of Securitized Assets	Sales Profit (Loss)	Value of Securitized Assets	Sales Profit (Loss)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,655,866	-	5,655,866	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,655,866	-	5,655,866	-

(IDR million)

31 December 2016			31 December 2015		
Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
37,657,046	-	-	27,597,262	-	-
94,634	18,927	18,927	85,693	65,944	65,944
-	-	-	-	-	-
1,919,043	394,306	394,306	692,705	159,324	159,324
121,360,134	42,476,047	35,874,688	104,030,478	32,519,170	32,519,170
20,724,387	20,724,387	20,724,387	17,013,753	17,013,753	17,013,753
955,250	477,625	477,625	733,105	366,553	366,553
6,192,844	4,644,633	4,383,419	3,628,681	2,542,344	2,542,344
12,697,844	12,697,844	11,258,307	10,732,642	9,378,819	9,378,819
2,890,762	3,428,490	3,214,471	2,842,466	3,093,218	3,093,218
7,864,801	6,896,913	6,896,913	4,324,440	3,194,112	3,194,112
212,356,745	91,759,172	83,243,043	171,681,225	68,333,237	68,333,237

2. Off-Balance Sheet Asset Exposure

Table: Off-Balance Sheet Asset Exposure

No	Portofolio Category
1	Receivables to Government
2	Receivables to Public Sector Entities
3	Receivables to Multilateral Development Banks and International Institution
4	Receivables to Bank
5	Loans Secured by Residential Property
6	Loans Secured by Commercial Real Estate
7	Employee/Retired Loans
8	Receivables to Micro, Small Business and Retail Portfolio
9	Receivables to Corporation
10	Receivables Past Due
	Total

3. Exposures causing Counterparty Credit Risk

Table: Exposures causing Counterparty Credit Risk

No	Portofolio Category
1	Receivables to Government
2	Receivables to Public Sector Entities
3	Receivables to Multilateral Development Banks and International Institution
4	Receivables to Bank
5	Receivables to Micro, Small Business and Retail Portfolio
6	Receivables to Corporation
	Total

(IDR million)

December 31, 2016			December 31, 2015		
Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
116,624	116,624	116,624	99,849	99,849	99,849
-	-	-	-	-	-
11,792	8,844	8,844	4,477	3,357	3,357
2,746,387	2,746,387	2,746,387	2,427,065	1,882,027	1,882,027
-	-	-	-	-	-
2,874,803	2,871,855	2,871,855	2,531,391	1,985,233	1,985,233

(IDR million)

31 December 2016			31 December 2015		
Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
147,768	73,884	73,884	311,424	155,712	155,712
-	-	-	-	-	-
-	-	-	-	-	-
147,768	73,884	73,884	311,424	155,712	155,712

4. Exposures causing Credit Risk due to Settlement Risk

The Company has not been exposed to credit risk due to settlement risk as of December 31st 2016 and 2015.

Table: Exposures causing Credit Risk caused by Settlement Risk

No	Portofolio Category
1	Delivery versus payment
	a. Capital Charge 8% (5-15 days)
	b. Capital Charge 50% (16-30 days)
	c. Capital Charge 75% (31-45 days)
	d. Capital Charge 100% (> 45 days)
2	Non-Delivery versus payment
	Total

31 December 2016			31 December 2015		
Exposure Value	Capital Deducting Factors	RWA after CRM	Exposure Value	Capital Deducting Factors	RWA after CRM
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

5. Securitization Exposure

Table: Securitization Exposure

(IDR million)

No	Type of Transaction	31 December 2016		31 December 2015	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
1	Eligible Supporting Credit Facility	399,474	-	344,170	-
2	Ineligible Supporting Credit Facility	-	-	-	-
3	Eligible Supporting Liquidity Facility	-	-	-	-
4	Ineligible Supporting Liquidity Facility	-	-	-	-
5	Eligible Purchase of Assets Collateralized Securities	-	-	-	-
6	Ineligible Purchase of Assets Collateralized Securities	-	-	-	-
7	Exposure to Securitizations not Included in Bank Indonesia Regulation on the Principle of Prudence in Securitization Activities for Commercial Banks	-	-	-	-
	Total	399,474	-	344,170	-

6. Total Credit Risk Measurement

Table: Credit Risk Measurement

No	Description	31 December 2016	31 December 2015
1	Total RWA for Credit Risk	86,188,782	70,474,182
2	Total Capital Deduction Factor	399,474	344,170

Market Risk

The Company has a cut loss limit, stop gain and budget loss limit for managing the trading book portfolio. In addition, the Company also sets transaction limit for each personnel performing treasury transactions. The valuation of trading book portfolio is performed daily by RMD, which is independent from the personnel performing treasury transactions. The valuation method is done by using quoted market prices from independent sources. Monitoring of trading book portfolios is routinely performed weekly and monthly.

Banking book portfolio management is done centrally by ALCO. In management efforts, the Company has a limit interest rate risk in the banking book. The measurement and monitoring of interest rate risk in the banking book is done routinely every month. The interest rate risk in the banking book is measured using the gap report method.

The CAR calculation refers to a standard method where the calculation of interest rate risk is carried to the position of financial instruments in the trading book exposed to interest rate risk, while exchange rate risk calculation is carried out on foreign exchange positions

in the trading book and the banking book exposed to foreign exchange risk.

In anticipating market risk on foreign currency transactions, the Company has established an internal limit on the Net Open Position (NOP). In addition, the Company has set a limit of foreign exchange transactions such as cut loss limit, stop gain limit, budget loss limit and holding period limit to manage exchange rate risk.

All the foreign exchange transactions conducted by the Company are spot transactions. At present, the Company has no derivative foreign currency transaction. The Company uses standard methods to calculate CAR as stipulated in BI Circular Letter No. 9/33/DPNP dated December 18th 2007 on the Guidelines for Using a Standardized Method for Calculating the Minimum Capital Adequacy Requirement for Commercial Banks by Considering Market Risks, and BI Circular Letter No. 14/21/DPNP dated July 18th 2012 on the Amendment to the BI Circular Letter No. 9/33/DPNP.

A description on the Market Risk using standard method is as follows:

Table: Market Risk using Standardized Method

(IDR million)

No	Risk Type	31 December 2016		31 December 2015	
		Bank		Bank	
		Capital Expenses	RWA	Capital Expenses	RWA
1	Interest Rate Risk	6,372	79,654	572	7,150
	a. Specific Risk	-	-	-	-
	b. General Risk	6,372	79,654	572	7,150
2	Exchange Rate Risk	21,134	264,166	17,247	215,587
3	Equity Risk	-	-	-	-
4	Commodity Risk	-	-	-	-
5	Option Risk	-	-	-	-
	Total	27,506	343,820	17,819	222,737

Operational Risk

The RMD responsible is for implementing the risk management function for Operational Risk as a whole and ensuring that risk management policies for Operational Risk are implemented at all levels of the organization, which include:

1. Developing a Risk Management policy for the overall Operational Risk;
2. Designing and implementing tools to assess and report Operational Risk;
3. Coordinating risk management activities for Operational Risk across all units;
4. Preparing an Operational Risk profile report that will be submitted to the Director of Strategic, Compliance & Risk and Risk Management Committee;
5. Reviewing policies, procedures, products and new activities for Operational Risk;
6. Assisting the business units on risk management issues for Operational Risk and risk management training for Operational Risk.

The Company has an BTN Loss Event Database (BTN-LED) to identify and measure risk. This BTN-LED application is connected with the Branch Office. Therefore, the Branch Office may periodically transmit data lost event online through web media (web based). Collected data will be processed and analyzed. The processing and analysis will identify the mapping of operational risk exposures of each Branch Office. Based on the operational risk exposures mapping obtained, further mitigating measures against the identified risk exposure will be conducted. The operational risk position against operational risk limit will be evaluated in monitoring Operational Risk. The Bank has started the initiation plan for implementing the Risk & Control Self-Assessment (RCSA) by carrying out RCSA training and preparing its development.

Operational Risk mitigation will be carried out by all units at the Bank. Compliance to policies and procedures is a form of Operational Risk mitigation. The Risk Management Division ensures that the Bank has sufficient risk management policies and procedures to carry out transactions and activities in an accurate, efficient and timely manner.

To mitigate the possible occurrence of operational risks resulted from human resources, the operational risk management policy should contain at least:

1. Risk control policies related to human resources management, among others, by establishing the employee's code of conduct, improving the competence and integrity of human resources, adequate regulation and internal controls for recruitment, rotation, transfer, promotion, and leave.
2. Requirements and qualifications for specific positions;
3. Clear authorities and responsibilities;
4. Implementation of the Know Your Employee (KYE) principle;
5. A clear and transparent remuneration system;
6. Periodic policy evaluation.

To mitigate the possible occurrence of Operational Risk derived from the system and infrastructure, the Bank's risk management policy should be supported by the procedures on the access to management information system, accounting information system, risk management system, security in the dealing room, and data processing room.

To mitigate the possible occurrence of operational risk resulted from external events, the Company's risk management policy is supported by, among others, the insurance protection against the Company's physical assets, backup system and work safety insurance for certain high-risk jobs.

To reduce the possible occurrence of Operational Risk derived from existing and potential customers, the risk management policy should provide the obligation to conduct Customer Due Diligence (CDD) or Enhanced Due Diligence (EDD) periodically and consistently in accordance with the Operational Risk exposure. The implementation of CDD/EDD shall refer to all the requirements and guidelines set out in the applicable provisions of the Anti-Money Laundering and Combating the Financing of Terrorism (AML-PPT) including priority customers. The CDD/EDD is supported by effective internal control especially to mitigate internal fraud.

A description on the Operational Risk is provided below :

Table: Operational Risk

(IDR million)

Approach	31 December 2016			31 December 2015		
	Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA	Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA
Basic Indicator Approach	6,879,600	1,031,940	12,899,251	5,965,423	894,813	11,185,168

Liquidity Risk

The Company has a committee that reports to the Board of Directors which manages liquidity risk, i.e. ALCO which is chaired by the President Director as Chairman and the Treasury Division as Secretary. The ALCO meeting is held regularly at least once a month. As the second line, the Company has a Risk Management Unit, i.e. the Risk Management Division which has a special department to monitor the liquidity risk on a periodic basis, i.e. the Market and Other Risks Department.

The Company has set early warning indicators for the Bank's liquidity risk. The indicators are set out in an internal regulation on the Contingency Funding Plan. The early warning indicators include a decrease in the secondary reserve which is less than the minimum consecutive working days, the increase in the limit of one-month maturity gap, the decrease in the LCR ratio, the trend of customer deposits (DPK) decline in the last one month, and a decrease in the total DPK of 50 major customers.

Liquidity risk measurement and monitoring are done weekly and monthly by the RMD. To measure the resistance of the Company to liquidity risk, the Bank conducts a routine stress test on liquidity risk at least once in three months with the Bank's Specific Crisis and General Market Crisis scenario.

The Company has a secondary reserve limit that must be maintained and monitored daily to control liquidity risk. The Company has a Contingency Funding Plan policy to serve as a guideline for controlling liquidity risk under stress conditions. Liquidity risks are controlled by the ALCO.

A description on Maturity Profile in Rupiah and Foreign Currency is elaborated as follows:

Table: Rupiah Maturity Profile

No	Accounts	31 December 2016				
		Balance	Past Due			
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months
I. Balance Sheet						
A.	Assets	998,981	998,981	-	-	-
1	Cash	28,274,095	28,274,095	-	-	-
2	Placements to Bank Indonesia	360,367	360,367	-	-	-
3	Interbank Placements	13,077,579	9,812,231	-	-	28,201
4	Securities	164,446,381	2,880,401	1,445,806	3,099,012	5,322,567
5	Loans granted	-	-	-	-	-
6	Other receivables	6,684,120	-	-	-	-
7	Others	213,841,523	42,326,075	1,445,806	3,099,012	5,350,768
	Total Assets					
B.	Liabilities	159,758,668	128,217,067	14,158,242	4,299,991	696,716
1	Third Party Funds	-	-	-	-	-
2	Liabilities to Bank Indonesia	5,637,230	3,599,117	-	985,329	1,052,784
3	Interbank Liabilities	12,935,415	-	-	-	-
4	Issues Securities	7,998,734	-	-	1,999,695	1,000,000
5	Loans Received	1,385,000	-	-	-	-
6	Other Liabilities	7,084,268	-	-	-	-
7	Others	194,799,315	131,816,184	14,158,242	7,285,015	2,749,500
	Total Liabilities	19,042,208	(89,490,109)	(12,712,436)	(4,186,003)	2,601,268
	Difference between Balance Sheet Assets and Liabilities					
II. Off-Balance Sheet						
A.	Off-Balance Sheet Receivables					
1	Commitment	-	-	-	-	-
2	Contingency	3,889,006	3,889,006	-	-	-
	Total Off-Balance Sheet Receivables	3,889,006	3,889,006	-	-	-
B.	Off-Balance Sheet Liabilities					
1	Commitment	16,448,549	16,448,549	-	-	-
2	Contingency	2,435,320	2,435,320	-	-	-
	Total Off-Balance Sheet Liabilities	18,883,869	18,883,869	-	-	-
	Difference between Off-Balance Sheet Assets and Liabilities	(2,435,320)	(2,435,320)	-	-	-
	Difference [(IA-IB)+(IIA-IIB)]	4,047,345	(104,484,972)	(12,712,436)	(4,186,003)	2,601,268
	Cummulative Difference	4,047,345	(104,484,972)	(12,712,436)	(4,186,003)	2,601,268

(IDR million)

		31 December 2015					
Past Due	Balance	Past Due					
> 12 Months		≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months	
-	1,179,438	1,179,438	-	-	-	-	
-	18,511,362	18,511,362	-	-	-	-	
-	486,356	486,356	-	-	-	-	
3,237,147	9,994,383	6,535,512	-	38,002	139,817	3,281,052	
151,698,595	138,955,804	2,858,707	1,564,572	2,618,926	4,151,482	127,762,117	
-	-	-	-	-	-	-	
6,684,120	2,541,338	-	-	-	-	2,541,338	
161,619,862	171,668,681	29,571,375	1,564,572	2,656,928	4,291,299	133,584,507	
	171,668,681	25,341,614	1,764,073	2,642,199	5,224,311	136,696,484	
12,386,652	127,668,168	102,119,340	10,854,665	4,809,151	7,334,495	2,550,517	
-	-	-	-	-	-	-	
-	3,277,231	1,173,206	547,342	997,094	559,589	-	
12,935,415	10,936,594	-	-	-	999,617	9,936,977	
4,999,039	7,197,515	-	-	-	-	7,197,515	
1,385,000	2,135,091	-	-	-	750,091	1,385,000	
7,084,268	6,685,318	-	-	-	-	6,685,318	
38,790,374	157,899,917	103,292,546	11,402,007	5,806,245	9,643,792	27,755,327	
122,829,488	13,768,764	(73,721,171)	(9,837,435)	(3,149,317)	(5,352,493)	105,829,180	
	13,768,764	(84,109,118)	(10,042,616)	(4,266,332)	(8,637,160)	120,823,990	
-	-	-	-	-	-	-	
-	2,874,283	2,874,283	-	-	-	-	
-	2,874,283	2,874,283	-	-	-	-	
-	13,210,290	13,210,290	-	-	-	-	
-	1,075,991	1,075,991	-	-	-	-	
-	14,286,281	14,286,281	-	-	-	-	
-	(11,411,998)	(11,411,998)	-	-	-	-	
122,829,488	2,356,766	(85,133,169)	(9,837,435)	(3,149,317)	(5,352,493)	105,829,180	
122,829,488	2,356,766	(85,133,169)	(9,837,435)	(3,149,317)	(5,352,493)	105,829,180	

Table: Foreign Currency Maturity Profile

No	Accounts	31 December 2016				
		Balance	Past Due			
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months
I. Balance Sheet						
A. Assets						
1	Cash	7,701	7,701	-	-	-
2	Placements to Bank Indonesia	4,365	4,365	-	-	-
3	Interbank Placements	204,817	204,817	-	-	-
4	Securities	110,073	40,634	13,602	-	-
5	Loans granted	-	-	-	-	-
6	Other receivables	-	-	-	-	-
7	Others	-	-	-	-	-
	Total Assets	326,956	257,517	13,602	-	-
B. Liabilities						
1	Third Party Funds	238,628	225,958	12,555	-	115
2	Liabilities to Bank Indonesia	-	-	-	-	-
3	Interbank Liabilities	-	-	-	-	-
4	Issues Securities	-	-	-	-	-
5	Loans Received	-	-	-	-	-
6	Other Liabilities	-	-	-	-	-
7	Others	-	-	-	-	-
	Total Liabilities	238,628	225,958	12,555	-	115
	Difference between Balance Sheet Assets and Liabilities	88,328	31,559	1,047	-	(115)
II. Off-Balance Sheet						
A. Off-Balance Sheet Receivables						
1	Commitment	-	-	-	-	-
2	Contingency	475,728	475,728	-	-	-
	Total Off-Balance Sheet Receivables	475,728	475,728	-	-	-
B. Off-Balance Sheet Liabilities						
1	Commitment	-	-	-	-	-
2	Contingency	294,831	294,831	-	-	-
	Total Off-Balance Sheet Liabilities	294,831	294,831	-	-	-
	Difference between Off-Balance Sheet Assets and Liabilities	180,897	180,897	-	-	-
	Selisih [(IA-IB)+(IIA-IIB)]	269,225	212,456	1,047	-	(115)
	Selisih Kumulatif	269,225	212,456	1,047	-	(115)

(IDR million)

		31 December 2015				
		Past Due				
> 12 Months	Balance	≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months
-	1,781	1,781	-	-	-	-
-	4,466	4,466	-	-	-	-
-	125,858	125,858	-	-	-	-
55,837	6,806	6,806	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
55,837	138,911	138,911	-	-	-	-
-	47,568	46,813	362	393	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	47,568	46,813	362	393	-	-
55,837	91,343	92,098	(362)	(393)	-	-
-	-	-	-	-	-	-
-	547,013	547,013	-	-	-	-
-	547,013	547,013	-	-	-	-
-	-	-	-	-	-	-
-	384,077	384,077	-	-	-	-
-	384,077	384,077	-	-	-	-
-	162,936	162,936	-	-	-	-
55,837	254,279	255,034	(362)	(393)	-	-
55,837	254,279	255,034	(362)	(393)	-	-

Tabel Liquidity Coverage Ratio (LCR)

LCR Value (%)							
	2016				2015		
	Quarter I	Quarter II	Quarter III	Quarter IV	Quarter II	Quarter III	Quarter IV
Bank Only	66,40%	124,12%	169,11	162,25%	65,74%	77,42%	73,70%

Legal Risk

Legal risks are jointly measured by the Risk Management Division (RMD) and the Legal Division (LGD) based on the evaluation report on the analysis of individual legal cases against the contingency liability arising from the lawsuits. Legal Risks are monitored by the Risk Management Division by evaluating the effectiveness of policies, procedures and compliance with policies, regulations and bank limits. Monitoring is routinely carried out for Legal Risk positions. The LGD provides legal input and recommendation for all divisions and units and conducts a periodical review on the agreements and partnership contracts with counterparties to control Legal Risks.

There are Branch Legal Representative personnel assigned in 86 out of the Bank's 87 Branch Offices (Conventional & Sharia), and a Regional Legal Representative (RLR) is assigned in 1 out of the Bank's 4 Regional Offices serves to provide opinions and legal consultation to Branch Offices in order to secure the legal aspects with regard to loan disbursement and loan restructuring, conduct observations and research and also provide advice on the operations of units in Branch Offices considered having potential legal risks as well as accompany and support the process for legal settlements.

Strategic Risk

Risk Owner

All business units and supporting units are responsible for assisting the Board of Directors in preparing strategic planning and implementing the strategies effectively.

1. Business units and supporting units are responsible for ensuring that:
 - a. The strategic risk management practice is already consistent with the control in business units;
 - b. The business units and supporting units have policies, procedures and resources to support the effectiveness of the Risk Management framework for Strategic Risk.
2. The Board of Directors leads the change program required in the implementation of the set strategies.
3. The Strategic Innovation and Performance Management Division (SIPD) is responsible for assisting the Board of Directors in managing Strategic Risk and facilitating change management for the Company's sustainable management.
4. The Risk Management Division (RMD) and SIPD are responsible for the risk management process for strategic risk in coordination with all business units in preparing the strategic plan, monitoring and evaluating the progress of the strategic plan implementation, and providing advice on the opportunities and options available for sustainable development and improvement of the strategies and ensure that all the strategies and the effects on their achievements are already followed up in a timely manner.

Strategic Risk Management Strategy

1. The SIPD shall evaluate the Bank's competitive position in the industry in formulating strategies. In this case, the Bank needs to:
 - a. Understand the business environment, economic condition and the banking industry in which the Company operates, including the impact of environmental changes on the Company's business, products, technology, and office network.
 - b. Measuring the Company's strengths and weaknesses related to the Company's competitive position, business position in the banking industry, financial performance, organizational structure and risk management, infrastructure for today's business needs and future, managerial ability, as well as the Company's resource availability and limitation.
 - c. Analyze all alternative strategies available after considering the Bank's strategic objectives and risk tolerance. The depth and scope of analysis must be in line with the scale and complexity of the Company's business activities.
2. The SIPD should establish business strategic and plans in writing and implement the policies;
3. The strategic plan and business plan should be evaluated and adjustable in case of deviations from the targets to be achieved due to significant external and internal changes;
4. In the event that the Company plans to implement a long-term and sustainable development, the Company is required to have an adequate managerial succession plan to support the effectiveness of strategic implementation in a sustainable manner.
5. All implementation of the strategic plan should be supported with sufficient funding in accordance with the Company's financial condition.

Strategic Risks are measured based on the Bank's performance i.e. by comparing actual results with the targets set. Strategic Risk is periodically monitored by the SIPD by monitoring the Key Performance Indicators (KPI) achieved and the RMD monitoring the risk exposure compared to the Bank's risk appetite. Afterwards, the Board of Commissioners, Board of Directors and Divisions will review the strategies by focusing on business transformation, infrastructure and HR.

The SIPD analyses the gap between the actual report and the business plan target in controlling Strategic Risks, the division also informs the steps to be periodically taken by the Board of Directors.

Compliance Risk

In accordance with BI Regulation No. 13/2/PBI/2011 on the Implementation of Compliance Function in Commercial Banks, Risk Management for Compliance Risk is carried out by the Compliance Desk (CMPD) in accordance with its defined authority and responsibility. The Risk Management Policies and Procedures include:

Compliance

1. The CMPD prepares an adequate compliance work plan;
2. The CMPD ensure an effective implementation of Risk Management for Compliance Risk, especially in the preparation of policies and procedures that are in accordance with the applicable standards in general and the prevailing legislation by doing the following:
 - a. Limit establishment;
 - b. Policy to exclude transactions that exceed the limit;
 - c. Implementation of policies regularly checking compliance;
 - d. Communicating policies to all employees at every level of the organization in a timely manner,
 - e. Adequacy of control of new product development;
 - f. Adequacy of reports and data systems, especially in controlling the accuracy, completeness, and integrity of data.

The Company evaluates each regulation issued by regulators and adjusts its Internal regulations with the new regulation. In identifying the Compliance Risk, The Compliance Division (CMPD) through BCSO evaluates the Compliance Risk exposures to the external

provisions that are inherent in the internal regulations. In addition, the CMPD analyzes the events leading to the emergence of Compliance Risk by:

1. Reviewing compliance with new products and concepts of internal regulation.
2. Reviewing the applicable internal regulations.
3. Disseminating new regulatory policies to the divisions and branches.

Compliance Risks are measured against the potential loss caused by non-compliance and the bank's failure to meet the prevailing external provisions. The Compliance Risk is estimated based on the Company's ability to comply with all regulations in the past and future. Such activities include reviewing all penalties, litigation, and customer complaints the Bank has received.

The RMD and CMPD controls Compliance Risk by evaluating the effectiveness of Compliance Risk management by periodically monitoring all types of activities that potentially incur a Compliance Risk.

Reputational Risk

The unit implementing Risk Management for Reputation Risk is CSD (Corporate Secretary Division), who is responsible for the following:

1. Performing public relations function and responding to negative news or other events that affect the Company's reputation and could lead to Bank's losses.
2. Communicating all information needed by stakeholders, i.e. investors, customers, creditors, associations, and public.

The Company has a policy to anticipate and manage its Reputation Risks, one of which resulted from negative publicity on the Company's business activities. The policy is set out in the Board of Directors Regulation No. 01/PD/DHHP/2005 dated December 16th 2005 on Reputation Risk Management Policies and Procedures of PT. Bank Tabungan Negara (Persero) Tbk. This Board of Directors Regulation aims to manage Reputational Risk on each event, especially in the form of negative perceptions and publicity on the Company, to prevent all obstacles that may harm the Company's business activities. The objective of the Board of Directors Regulation's is so the Company's business operations can run in accordance with Good Corporate Governance principles, particularly the Bank's accountability to the public.

In the quest of monitoring Reputational Risk and maintaining customer satisfaction, the Company has established a Customer Complaint System to support services and handle customer complaints online between the relevant parties in the Branches and the Head Office. In controlling Reputational Risk, the CSD is responsible for the implementation of policies relating to the handling and settlement of negative news or avoiding counter-productive information, and also performing the function of Public Service Obligation (PSO) in order to implement Corporate Social Responsibility (CSR). CSR activities are not merely focused on charity activities, but also on other social programs to improve the Company's reputation in the eyes of public.

The Company manages Reputation Risk in times of crisis through the communication line in the Corporate Secretary Division (CSD).

CONTRIBUTION TO THE COUNTRY

THE COMPANY HAS OBLIGATION TO THE COUNTRY BY GIVING CONTRIBUTION TO THE NATION, BOTH DIRECTLY OR INDIRECTLY. DIRECT CONTRIBUTION IS IN THE FORM OF STATE REVENUES, DERIVED FROM TAX INCOME AND DIVIDEND PAYMENT. WHEREAS INDIRECT CONTRIBUTION IS IN THE FORM OF MULTIPLIER EFFECT FOR NATIONAL ECONOMIC DEVELOPMENT.

TAX PAYMENT

Tax obedient become the Company's commitment, especially in fulfilling its obligations as taxpayer, i.e. paying tax and cutting/collecting tax. The tax payments in 2016 amounted to IDR 1,948,503,394,645, whilst for 2015 amounted to IDR 1,950,525,746,797.

As tax collector, the Company actively have a role in cutting/collecting, remitting, and reporting every tax object.

Total Tax Payment Period January – December 2016 (IDR)

Tax	2016
PPh Institution	743,020,000,000
PPh Individual	199,643,150,360
PPN	7,931,211,906
PPnBM	-
PBB	8,609,488,033
Other Taxes:	
PPh Article 22	3,303,367,804
PPh Article 23	44,063,089,281
PPh Article 26	16,851,390,731
PPh Article 4 paragraph 2	886,369,817,725
Others (SKP, STP, Revaluation)	38,711,878,805
Total Tax Paid	1,948,503,394,645

DIVIDEND PAYMENT

DIVIDEND POLICIES

Based on Law No. 40 year 2007 on Limited Liability Company, the dividend distribution shall be conducted based on the Annual General Meeting of Shareholders (AGMS) or Extraordinary General Meeting of Shareholders (EGMS) decisions. The dividend amount and payment must be performed with regards and consideration to these following factors, among others, the level of financial health, the level of capital adequacy, the required capital for further business expansion, without disrupting the rights of the Company's GMS in determining based on the Articles of Association.

The amount of Company dividend will be determined during the GMS. The management plans to distribute the dividend if there is surplus cash from the operational activities after the fund is set aside from the reserve fund, funding activities, capital expenditure plan and the Company's working capital.

DIVIDEND DISTRIBUTION

Dividend distribution is conducted based on GMS Decision as described:

Dividend Distribution Fiscal Year 2015

Dividend distribution of fiscal year 2015 is conducted based on the Annual GMS decision dated April 12th 2016 with provision as follows:

1. The Company's Net Profit for fiscal year 2015 amounted to IDR 1.85 trillion,
2. Shareholders agreed to dividend payment of 20% from the Company's net profit, which is IDR 370.18 billion, and allocation for retained earnings amounted to 80% from the net profit, which is IDR 1.48 trillion, set forth as retained earnings. The

- cash dividend per share amounted to IDR 34.96 per share will be distributed to the Company's shareholders with payout ratio amounted to 20%,
3. Dividend distribution for fiscal year 2015 was paid on May 12th 2016 to the Shareholders whose names are registered in the Company's Shareholders' Register dated April 22nd 2016.

Dividend Distribution Fiscal Year 2014

Dividend distribution of fiscal year 2014 is conducted based on the Annual GMS decision dated March 24th 2015 with provision as follows:

1. The Company's Net Profit for fiscal year 2014 amounted to IDR 1.12 trillion,
2. Shareholders agreed to dividend payment of 20% from the Company's net profit, which is IDR 223.12 billion, and allocation for retained earnings amounted to 80% from the net profit, which is IDR

- 892,473 billion, set forth as retained earnings. The cash dividend per share amounted to IDR 21.11 per share will be distributed to the Company's shareholders with payout ratio amounted to 20%,
3. Dividend distribution for fiscal year 2014 was paid on April 24th 2015 to the Shareholders whose names are registered in the Company's Shareholders' Register dated April 6th 2015.

Table: Dividend Distribution Fiscal Year 2012-2015

Description	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Net Profit (IDR billion)	1,364	1,562	1,116	1,851
Cash Dividend (IDR billion)	409	469	223	370
Dividend Per Share (IDR)	38.74	44.36	21.11	34.96
Dividend Pay Out Ratio (%)	30	30	20	20
Announcement Date	April 1st 2013	February 27th 2014	March 26th 2015	April 13th 2016
Payment Date	May 10th 2013	April 7th 2014	April 24th 2015	May 12th 2016

COMMITMENTS FOR CAPITAL EXPENDITURE

Investment in the form of Capital Expenditure is an expenditure activity to purchase fixed Assets or to increase the value for expected fixed assets so it will be beneficial in the future.

In 2016, the Company has commit to invest on capital expenditure with various party, as described below:

Table: Commitments for Capital Expenditure

No	Commitment to Party	Purpose	Fund Source	Denomination (IDR million)
1	Nagabaling Persada, PT	Learning Center Facility	WP&B Capital Expenditure 2016	1,560
2	Nuansa Karya Selaras, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,470
3	Casa Prima Indonesia, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,932
4	Integra Daya Cipta Grahatama, PT	Bank Officers Facility	WP&B Capital Expenditure 2016	1,926
5	Binayasa Putra Batara, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,156
6	Pawit Jaya Utama, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,150
7	Casa Prima Indonesia, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,910
8	Casa Prima Indonesia, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,666
9	Asia Pacific True Trust, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,700
10	Aman Putera jaya, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,705
11	Aleksa Putra Sejati, PT	Office Supporting Facility	WP&B Capital Expenditure 2016	1,110
12	Maju Kaya, PT	Pengamanan Bank	WP&B Capital Expenditure 2016	1,635
13	Casa Prima Indonesia, PT	Bank Officers Facility	WP&B Capital Expenditure 2016	1,528
14	Aleksa Putra Sejatim PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,765

No	Commitment to Party	Purpose	Fund Source	Denomination (IDR million)
15	Casa Prima Indonesia, PT	Bank Officers Facility	WP&B Capital Expenditure 2016	1,800
16	Aman Putra Jaya, PT	Bank Officers Facility	WP&B Capital Expenditure 2016	1,835
17	Nuanza Karya Selaras, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,506
18	Nuanza Karya Selaras, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,941
19	Pawit Jaya Utama, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,590
20	Elkanusa Sanggadata, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,254
21	Casa Prima Indonesia, PT	Bank Officers Facility	WP&B Capital Expenditure 2016	1,700
22	Casa Prima Indonesia, PT	Bank Operational Need	WP&B Capital Expenditure 2016	6,475
23	Brahmakerta Adiwira, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,825
24	Ayu Mustika Rizki, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,985
25	Binayasa Putra Batara, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,140
26	Brahmakerta Adiwira, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,250
27	Binayasa Putra Batara, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,335
28	Taruna Bangun Persada, PT	Learning Center Facility	WP&B Capital Expenditure 2016	1,790
29	Ayu Mustika Rizki, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,195
30	Mitsubishi Jaya Elevator, PT	Bank Operational Need	WP&B Capital Expenditure 2016	15,500
31	Casa Prima Indonesia, PT	Bank Operational Need	WP&B Capital Expenditure 2016	12,875
32	Casa Prima Indonesia, PT	Bank Operational Need	WP&B Capital Expenditure 2016	9,950
33	AsiaPacific TrueTrust, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,800

No	Commitment to Party	Purpose	Fund Source	Denomination (IDR million)
34	Integra Daya Cipta Grahatama, PT	Bank Officers Facility	WP&B Capital Expenditure 2016	16,000
35	Pawit Jaya Utama, PT	Bank Officers Facility	WP&B Capital Expenditure 2016	1,430
36	Elkanusa Sanggalata, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,593
37	Access Micro Sistem, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,320
38	Taruna Bangun Perkasa, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,723
39	Binayasa Putera Batara, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,699
40	Visionet Data Internasional, PT	Bank Operational Need	WP&B Capital Expenditure 2016	1,068
41	Nuanza Karya Selaras, PT	Bank Operational Need	WP&B Capital Expenditure 2016	3,875

INVESTMENT IN CAPITAL GOODS

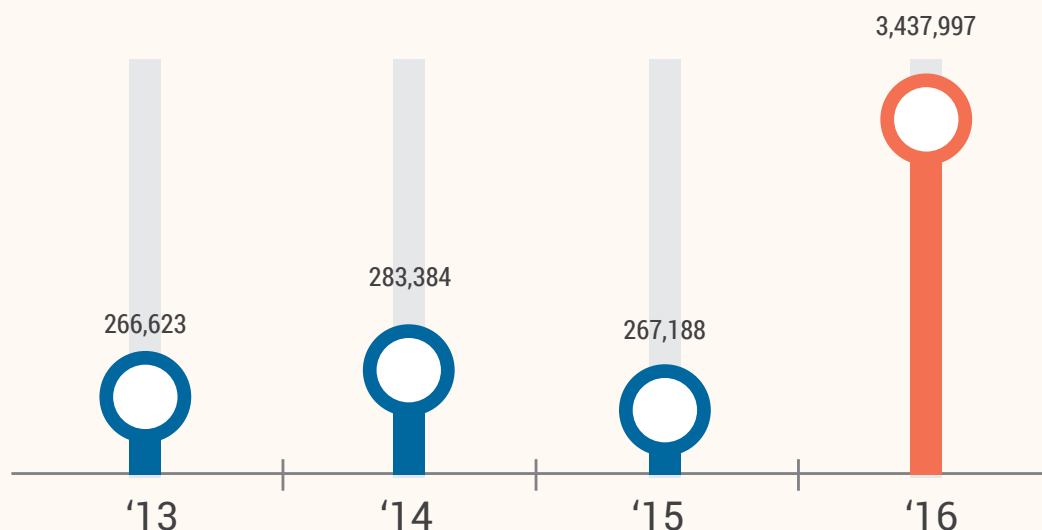
The Company made capital investments in the form of fixed assets such as land, buildings, vehicles, office equipment, and construction in progress in the form of buildings. The investment in capital goods aims to support the Company's operations. In 2016, the total

additional investment in capital goods amounted to IDR 3,437,997 million or increasing by 1,186.73% compared to 2015 i.e. IDR 267,188 million.

Table: Additional Investment in Capital Goods in the form of Fixed Assets Year 2013-2016 (IDR)

Type of Fixed Assets	2013	2014	2015	2016
Land	1,525	4,583	286	3,042,845
Building	83,019	120,584	60,698	125,856
Office Equipment and Vehicles	153,544	97,149	151,407	180,832
Construction in progress assets	28,535	16,068	54,797	88,464
Total Interest Expenses	266,623	238,384	267,188	3,437,997

Graph: Additional Investment in Capital Goods in the form of Fixed Assets Year 2013-2016 (IDR million)



MANAGEMENT AND/OR EMPLOYEE STOCK OPTION PROGRAM

Further details on the Management Stock Option Program (MSOP) and/or Employee Stock Option Program (ESOP) regarding total stocks, realization, term, management/employees entitlement requirements,

and exercise price is provided in the section on Good Corporate Governance.

UTILIZATION OF PROCEEDS FROM PUBLIC OFFERING

The Company has obtained a license to conduct Public Offering in accordance with the approval of House of Representatives of the Republic of Indonesia, as stated in Chairman Letter of the House of Representatives of the Republic of Indonesia No. PW.01/3104/DPRRI/V/2009 dated May 29th 2009, as well as the Government's regulation stated in Government's Regulation No. 66 year 2009 and promulgated in the State Gazette No. 167 dated November 16th 2009 on Change to The State's Shareholding Structure Through New Share Issuance and Sale in PT Bank Tabungan Negara (Persero) Tbk.

By the Capital Market and Financial Institution Supervisory Board (BAPEPAM-LK) Letter No. S-10523/BL/2009 dated December 8th 2009, the Bank proposed an IPO amounted to 6,353,999,999 common shares of Series B owned to the Republic of Indonesia; and 2,360,057,000 new common shares Series B, with nominal value of IDR 500 (full amount) per share to the public, which was effective on December 8th 2009. The shares offered would be listed and traded in Indonesia Stock Exchange on December 17th 2009 with selling price of IDR 800 (full amount) per share.

Related to the Initial Public Offering, the Company has implemented Management and Employee Stock Allocation/MESA program. MESA Program offered the maximum of 9.62% new shares issued on September 30th 2009 to the employees. This program has been

effective since September 17th 2009, and all employee is eligible to partake in the program, with a total of 226,928,500 common shares Series B (nominal value of IDR 500 per share) at selling price of IDR 640 per share (after 20% discount from the initial public offering amounted to IDR 800 per share) and a six months lock up period.

The discount share for MESA Program is borne by the Company in 2009, amounted to 20% or ID 41,353, including income tax.

The use of Initial Public Offering/IPO in 2009 is realized in 2009 and 2010 in line with the plan fund.

In addition to public offering in the form of shares, on June 30th 2015, the Company listed Bonds Obligasi Berkelanjutan II in 2015 in Indonesia Stock Exchange. Report of the use of proceeds from the Company's Bonds Obligasi Berkelanjutan II phase I year 2015, has been submitted to OJK and Indonesia Stock Exchange on October 7th 2015; and has been reported on the Company's Annual General Meeting of Shareholders dated April 12th 2016. Report of the use of proceeds from the Company's Bonds Obligasi Berkelanjutan II phase II year 2016, has been submitted to OJK and Indonesia Stock Exchange on January 11th 2017; and shall be reported on the Company's 2017 Annual General Meeting of Shareholders.

Table: Proceeds from Public Offering 2016

Type of Public Offering	Effective Date	Value of Public Offering Realization			Prospectus Fund Plan		Prospectus Fund Realization		Remaining Funds of Public Offering
		Total Proceeds of Public Offering	Public Offering Cost	Net Profit	Credit Realization	Total	Credit Realization	Total	
Public Offering	June 30th 2015*	3,000,000	2,958.50	2,997,041.50	2,997,041.50	2,997,041.50	2,997,041.50	2,997,041.50	-

* Statement of Registration of the Company's Bonds Obligasi Berkelanjutan II in 2015 effective on June 30th 2015. Listed in Indonesia Stock Exchange and Receipt of Public Offering Proceeds were effective on July 8th 2015.

COMMITMENT AND CONTINGENCY

The commitment and contingency balance for the last three years are as follows:

Table: Commitment and Contingency

Item	2014	2015	2016
Commitment			
Commitment Liability			
Unused credit facilities for customers	11,224,658	13,209,613	16,446,763
Total Commitment	11,224,658	13,209,613	16,446,763
Contingency			
Contingency Charges			
Interest Revenue in progress	1,644,444	1,908,418	1,954,131
Contingency Liability			
Guarantee issued	(1,354,852)	(1,460,068)	(2,730,151)
Total Contingency	289,592	448,350	(776,020)

IMPACT OF CHANGES IN INTEREST RATE TO COMPANY PERFORMANCE

In 2016, Bank Indonesia has changed the Bank Indonesia interest rate three times from 7.25% in January to 7.0% in February which was then subsequently lowered to 6.75% in March. This condition remained until May. Afterwards, Bank Indonesia lowered the Bank Indonesia interest rate to 6.50% in June and July. In August, Bank Indonesia reinforced the monetary operations framework by introducing a benchmark interest rate or interest rate of new policies i.e. BI 7-Day Repo Rate in August. The BI 7-Day Repo Rate as a new reference has a stronger relationship with the money market interest rates, that are transactional in nature or are traded in the market, and financial market deepening. Such changes

have an impact on interest rates in the banking industry, i.e. interest rate for savings, deposits, and loans. It also encourages an increase in interest revenue and the profit sharing exceeds the Company's interest expenses and bonuses. Company's interest revenue and profit sharing reached IDR 17,138,819 million or an increase of 14.52% from IDR 14,966,209 million in 2015. Interest expense amounted to IDR 8,975.274 million or an increase of 10.06% from IDR 8,155,133 million in 2015.

MATERIAL INFORMATION AFTER THE ACCOUNTING REPORTING PERIOD

There were no material facts and information after the 2016 accounting reporting period has ended on December 31st 2016, hence there is no information to

be disclosed neither is there any impact on performance and business risk in the future.

MATERIAL INFORMATION ON INVESTMENT, EXPANSION, DIVESTMENT, ACQUISITIONS, OR RESTRUCTURATION OF DEBT AND CAPITAL

INVESTMENT

In 2016, the Company did not invest in any institutions/companies hence there is no information on to the objective, transaction value and the source of funds for investment.

EXPANSION

In 2016, the Company did not expand hence there is no information on to the objective, transaction value and the source of funds for expansion.

DIVESTMENT

In 2016, the Company did not carry out any divestment hence there is no information on to the objective, transaction value and the source of funds for divestment.

ACQUISITION

In 2016, the Company did not carry out any acquisition hence there is no information on to the objective, transaction value and the source of funds for acquisition.

RESTRUCTURATION OF DEBT AND CAPITAL

In 2016, the Company did not restructure any debt or capital hence there is no information on to the objective, transaction value and the source of funds for restructuration.

FINANCIAL INFORMATION CONTAINING EXTRAORDINARY AND RARE EVENTS

Based on the Company's Consolidated Financial Statements in 2016 which has been audited and

reported, there was no financial information containing extraordinary and rare events in 2016.

INFORMATION ON MATERIAL TRANSACTIONS WITH CONFLICT OF INTEREST AND/OR TRANSACTIONS WITH AFFILIATED OR RELATED PARTIES

ALL TRANSACTIONS WITH RELATED PARTIES HAVE BEEN DISCLOSED IN THE ANNUAL REPORT AND FINANCIAL REPORT (NOTE) AS STATED IN THE SFAS NO. 7 (REVISED 2010) "RELATED PARTY DISCLOSURES" AND CAPITAL MARKET AND FINANCIAL INSTITUTIONS SUPERVISORY AGENCY NO. IX.E.1 ON "AFFILIATED TRANSACTIONS AND CONFLICTS OF INTEREST ON CERTAIN TRANSACTIONS". ALL TRANSACTIONS WITH RELATED PARTIES CARRIED OUT IN 2016 HAVE BEEN APPROVED BY BOTH PARTIES AND ARE DEEMED FAIR.

MATERIAL TRANSACTIONS WITH CONFLICT OF INTEREST

There were no transactions with conflict of interest in 2016, hence no information is disclosed.

TRANSACTIONS WITH AFFILIATED OR RELATED PARTIES

All transactions with related parties carried out in 2016 have been approved by both parties and are deemed

fair based on SFAS No. 7 (revised 2010) "Related Party Disclosures".

RELATED PARTIES

A party is considered to have relations with the Company if:

- a. a party, directly or indirectly through one or more intermediaries, (i) controls, or is controlled by, or under joint control with the Bank, (ii) has significant influence over the Bank or (iii) has joint control over the Bank;
- b. a party is a member of the same business group as the Bank;
- c. a member is a joint venture in which the Bank has ventured in;
- d. a party is a key management personnel of the Bank;
- e. a party is a close family member of the individual as stated in point (a) or (d);
- f. a party is an entity that is controlled, jointly controlled or is significantly influenced by several entities, directly or indirectly, individual as stated in point (d) or (e);
- g. an entity which is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.

NATURE OF RELATIONS

In the normal course of business, the Company enters into transactions with related parties. Transactions with related parties are carried out with the same terms

and conditions as those applied for parties who are not related, except for loans granted to key employees.

Table: Related Parties

Related Parties	Type of Relationship	Nature of Related Party Transaction
Lembaga Pembiayaan Ekspor Indonesia	Ownership through the Central Government of the Republic of Indonesia	Securities
PT Bank Mandiri (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities, Deposits from Other Banks and Guarantees issued
PT Bank Rakyat Indonesia (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities and Deposits from Other Banks
PT Bank Negara Indonesia (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Current accounts with other banks, Securities, Deposits from Other Banks, and Fund Borrowings
PT Bank Syariah Mandiri	Ownership through the Central Government of the Republic of Indonesia	Current accounts with other banks and Guarantees issued
PT BRISyariah	Ownership through the Central Government of the Republic of Indonesia	Placement with Bank Indonesia and other banks
PT Pupuk Indonesia (Persero)	Ownership through the Central Government of the Republic of Indonesia	Securities and Guarantees issued
PT Perusahaan Listrik Negara (Persero)	Ownership through the Central Government of the Republic of Indonesia	Securities and Guarantees issued
Perum Percetakan Negara RI (Perum PNRI)	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Permodalan Nasional Madani	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
Pemerintah Republik Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Fund borrowings, Government Bonds and Guarantees issued
PT Sarana Multigriya Finance (Persero)	Ownership through the Central Government of the Republic of Indonesia	Fund borrowings and Subordinated Loan

Related Parties	Type of Relationship	Nature of Related Party Transaction
PT PP Pracetak (Persero)	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Yodya Karya (Persero)	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT HK Realtindo	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Adhi Karya (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Jasamarga Bali Tol	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Inhutani IV (Persero)	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Adhi Persada Properti	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Amarta Karya	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Utama Karya	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables and Guarantees issued
PT PP Properti	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT PPA Finance	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT Wijaya Karya Industri dan Konstruksi	Ownership through the Central Government of the Republic of Indonesia	Loans and sharia financing/receivables
PT BNI Life Insurance	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Wijaya Karya (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Jasa Marga (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Barata Indonesia (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Sucofindo (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued

Related Parties	Type of Relationship	Nature of Related Party Transaction
PT Timah (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Pertamina (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Pindad (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Brantas Abipraya (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Antam (Persero) Tbk	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Indonesia Asahan Alumunium (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Perkebunan Nusantara V (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
PT Kereta Api Indonesia (Persero)	Ownership through the Central Government of the Republic of Indonesia	Guarantees issued
Key Management	Control on company's activities	Loans and sharia financing/ receivables and Deposit from Customers

PURPOSE OF RELATED PARTY TRANSACTION

In general, the main purpose of transactions with related parties is for the Company's interest and business sustainability.

TRANSACTION VALUE OF RELATED PARTIES

The transaction value with related parties is provided in the table below:

Table: Transaction Value of Related Parties Year 2015-2016 (IDR million)

a. Transaction with related parties due to ownership by the Government of Indonesia

Description	2015	2016
Assets		
Current accounts with other banks	39,918	16,958
Placement in Bank Indonesia and other banks	160,000	268
Securities	101,224	998,812
Government bonds	8,230,908	9,243,639
Loans granted and sharia financing/receivables	1,355,393	2,037,903
Total assets for related parties	9,887,443	12,297,580
Allowance for impairment losses from related parties	(336)	(877)
Total assets of related parties – net	9,887,107	12,296,703
Percentage of total assets of related parties to the total assets	5.75%	5.74%
Liabilities		
Deposits from customers	61,498,158	83,630,966
Deposits from other banks	151,484	500,000
Borrowings	5.728.553	1,999,921
Subordinated loans	-	2,999,118
Total liabilities for related parties	67,378,195	89,130,005
Percentage of total liabilities of related parties to the total liabilities	42.66%	45.70%
Interest revenue and profit sharing		
Placement in Bank Indonesia and other banks	5,757	22,332
Securities	17,079	42,454
Government bonds	494,136	568,417
Loans granted and sharia financing/receivables	59,949	69,460
Total interest revenue and profit sharing for related parties	576,921	702,663
Percentage to total interest revenue and profit sharing	3.85%	4.09%
Interest and bonus expenses		
Deposits from customers	2,954,635	3,392,776
Securities sold under repurchase agreements	6,560	-
Borrowings	392,863	357,222
Subordinated loans	-	150,750
Total Interest and bonus expenses from related parties	3,354,058	3,900,748

Description	2015	2016
Percentage to total interest revenue and bonus	41.13%	43.46%
Commitments and Contingencies on Off-Balance Sheet		
Guarantee issued	50,041	568,502
Unused loan facility (committed)	8,350	-
Total Commitments and Contingencies in Administrative Accounts from related parties	58,391	568,502
Percentage to commitments and contingencies on off-balance sheet	2.81%	16.25%

Table: Transaction Value of Related Parties Year 2015-2016 (IDR million)

b. Transactions with key management

Description	2015	2016
Assets		
Borrowings and sharia financing/receivables	48,422	83,535
Allowance for impairment losses from related parties	-	-
Total borrowings and sharia financing/receivables for key management	48,422	83,535
Percentage to total assets	0.03%	0.04%
Liabilities		
Deposits from customers	46,940	60,402
Compensation for Key Management	95,304	115,320
Total Liabilities of the Key Management	142,244	175,722
Percentage to total liabilities	0.09%	0.09%
Interest revenue and profit sharing		
Loans granted and sharia financing/receivables	3,948	3,757
Percentage to total interest revenue and profit sharing	0.03%	0.02%
Interest and bonus expenses		
Deposits from customers	1,548	2,172
Percentage to total interest revenue and bonus	0.02%	0.02%
Salaries and Allowance Expenses		
Board of Directors	37,216	52,767

Description	2015	2016
Board of Commissioners	16,292	20,785
Key Employees	146,123	86,922
Total	199,631	160,474
Percentage to total employee salaries and allowance expenses	10.35%	7.56%

FAIRNESS OF RELATED PARTY TRANSACTION

The fairness of all transactions carried out with related parties, under the conditions and requirements with third parties or not, disclosed in the financial statements, in

accordance with the SFAS 7 standard (revised 2010) on Related Party Disclosures.

REVIEW MECHANISM AND REGULATORY COMPLIANCE FOR TRANSACTIONS WITH RELATED PARTIES

The review mechanism for transactions with related parties is done through an audit conducted by the internal auditor and the external auditor. The affiliate transactions reports have been audited by the Auditor as an effort to ensure the level of fairness of transactions and compliance with accounting standards generally

applicable in Indonesia. One of the purpose of the disclosure of related party transactions is to comply with SFAS 7 (revised 2010) on Related Party Disclosures and Capital Market and Financial Institutions Supervisory Agency No. IX.E.1 regarding Affiliated Transactions and Conflicts of Interest on Certain Transactions.

LEGISLATION AMENDMENTS WITH SIGNIFICANT IMPACT

ONE OF THE COMPANY'S COMMITMENT ON COMPLIANCE IMPLEMENTATION IS TO ALWAYS COMPLY TO THE RULES FROM REGULATOR, THAT IS RELEVANT TO BUSINESS AND OPERATIONAL OF THE COMPANY. THE COMMITMENT IS IMPLEMENTED BY CONDUCTING ASSESSMENT ON THE NEW REGULATIONS AND AMENDMENTS TO THE REGULATIONS SO THAT THE COMPANY ALWAYS COMPLY TO THE RULES.

The legislations and their amendments effective in 2016 as well as the impact on the Company's performance are as follows.

No.	Legislation	Description	Impact on the Company
1.	RI Law No. 11 year 2016 on Tax Amnesty	<ul style="list-style-type: none"> • Background and Purpose: In order to fulfill the increasing needs of tax revenue, it is necessary that the public is aware and comply to the implementation of tax obligations, because there are properties both inside and outside the country that has not been fully reported. Therefore, to increase state revenues and economic growth, as well as the public awareness and compliance to the implementation of tax obligations, it is deemed necessary to issue Tax Amnesty policy. • Matters Governed: <ol style="list-style-type: none"> a. Subjects and objects of tax amnesty; b. Rates and how to count the payment; c. Procedure for submission of affidavit, issuance of a certificate, and remission of the tax obligations; d. Investment obligations on the assets disclosed and reported; e. Tax treatment; f. Treatment on properties that has not been disclosed or has not been completely reported; g. Legal effort; h. Information and data management; i. Criminal provisions; j. Implementation provisions of tax amnesty. 	The Company as one of the institution appointed by the Government to collect the fund on Tax Amnesty.

No.	Legislation	Description	Impact on the Company
2.	Financial Services Authority Regulation No: 29/POJK.04/2016 on Public Annual Report or Public Company	<ul style="list-style-type: none"> • Background and Purpose: Considering the importance of Annual Report for Investor or Shareholders and regulator, the quality of Annual Report needs to be improved both in the quality of information in the Annual Report and the presentation of the Annual Report. In order to improve the quality of information, it is necessary to conduct a refinement on substance and the accuracy of information contained in the Annual Report. • Matters Governed: <ol style="list-style-type: none"> a. Draft, form, and content of the Annual Report: <ol style="list-style-type: none"> 1) Directors shall compile Annual Report, and shall be reviewed by the Board of Commissioners; 2) Annual Report shall be printed and bind as well as reproduced both in prints and electronic copies; 3) Have clear information regarding Issuer or Public Company. b. Annual Report Delivery c. Annual Report Availability Annual reports shall be available to Shareholders when they are summoned to the Annual GMS and shall be posted on the website of the Issuer or Public Company. d. Accountability for the Director's Annual Report and Board of Commissioners is responsible for the content accuracy of the Annual Report. 	<ol style="list-style-type: none"> a. The Company has implemented the regulations by compiling Annual Report that contents truth and can be accounted for by the Board of Directors and Board of Commissioners; b. If the rules are not implemented, the Company will be subject to administrative sanctions.
3.	Financial Services Authority Circular Letter No: 30/SEOJK.041 2016 on Form and Content of Issuer or Public Company Annual Report	<ul style="list-style-type: none"> • Background and Purpose: <ol style="list-style-type: none"> a. As a follow up from POJK No. 29/POJK.04/2016 dated July 22nd 2016 on Public Annual Report or Public Company; b. The purpose of this regulation is to regulate form and content of Issuer or Public Company Annual Report. • Matters Governed: <ol style="list-style-type: none"> a. Annual Report has to at least contain information about: <ol style="list-style-type: none"> 1) Overview of important financial data; 2) Shares Information (if available); 3) Director's Report; 4) Board of Commissioners' Report; 5) Issuer or Public Company's Profile; 6) Management Discussion and Analysis; 7) Issuer or Public Company's Governance; 8) Issuer or Corporate Social Responsibilities and Environmental; 9) Audited Annual Financial Statements; and 10) Statement Letters from member of Board of Directors and Board of Commissioners on the responsibilities of Annual Report. b. Annual Report shall present information in the form of pictures, graphics, tables, and/or diagrams and specified their titles and/or clear description, thus it shall be easy to read and understand. 	<p>This SEOJK has impacts on the Company, specifically in the form of draft preparation of the Annual Report that has been prepared by the Company as an accountability to GMS.</p>

No	Legislation	Description	Impact on the Company
4.	Financial Services Authority Regulation No: 18/POJK.03/2016 on Risk Management for Commercial Bank	<ul style="list-style-type: none"> • Background and Purpose: In order to deal with rapid development from external environment and internal banking that resulted in complex risk for banking activities, so it is needed to improve identification function, measurement, monitoring, and risk management so that the business activities conducted will not result in losses exceeding the bank's capability or disrupt the continuity of business. • Matters Governed: <ol style="list-style-type: none"> a. The bank shall implement effective Risk Management, which covers: <ol style="list-style-type: none"> 1) Active supervision of Directors and Board of Commissioners; 2) Adequacy of identification process, measurement, monitoring, and risk management, as well as risk management information system; and 3) Comprehensive internal control system b. Bank are required to establish Risk Management Committee and Risk Management Work Unit to support implementation process and effective Risk Management system. c. Bank shall have policy and written procedures to manage risk inherent in the products or new Bank activities. d. Bank shall submit risk profile report to Financial Services Authority and shall be sanctioned in case of there is delay in submitting report. 	The Company has Risk Management Policy Guidelines set forth in the internal regulation and in accordance with rules established by the Financial Services Authority Regulation.
5.	Financial Services Authority Regulation No: 27/POJK.03/2016 on Fit and Proper Test for the Main Player in Financial Services Institution	<ul style="list-style-type: none"> • Background and Purpose: In order to create healthy Financial Services Institution, protect the stakeholders, and improve compliance with the prevailing rules and legislations, it is necessary to implement governance and to achieve that, the Financial Services Institution must be owned and managed by the party that always meet the fit and proper requirements. • Matters Governed: Factors and ordinances for fit and proper test for the main player candidates for the Bank, namely: <ol style="list-style-type: none"> a. Controlling Shareholders (PSP); b. Member of Board of Directors; and c. Member of Board of Commissioners. 	Appointment of the Company's Board of Directors and Board of Commissioners assigned at the General Meeting of the Shareholders is effective immediately after passing the Fit and Proper test as stipulated in this POJK.

No	Legislation	Description	Impact on the Company
6.	Financial Services Authority Circular Letter No: 39/SEOJK.03/2016 on Fit and Proper Test for Candidates of Controlling Shareholders, Member of Board of Directors, and Member of Board of Commissioners of the Bank.	<ul style="list-style-type: none"> • Background and Purpose: <ul style="list-style-type: none"> a. As a follow up of POJK No. 27/POJK.03/2016 dated July 22nd 2016 on Fit and Proper Test for the Main Player in Financial Services Institution. b. The purpose of this regulation is to arrange the provision implementation on fit and proper test for prospective member of Controlling Shareholders, Board of Directors, and Board of Commissioners of the Bank. • Matters Governed: <ul style="list-style-type: none"> a. Parties obliged to do a fit and proper test Assessment of the fit and proper test is organized by OJK for prospective member of Controlling Shareholders (PSP), member of Board of Directors, and member of Board of Commissioners. b. Fit and proper assessment factor: <ul style="list-style-type: none"> 1) Integrity for prospective PSP, Board of Directors, and Board of Commissioners; 2) Financial reputation for prospective member of Directors or Board of Commissioners; 3) Financial eligibility for prospective PSP; 4) Competence for prospective member of Directors and Board of Commissioners. c. Administrative requirements for prospective PSP, prospective Directors, and prospective Board of Commissioners, supporting documents for administrative requirement documents and submission of administrative requirement documents. d. Capability and compliance assessment. e. Result of capability and compliance assessment. f. Resubmission of candidate of Directors and candidate of Board of Commissioners that was not approved. g. Report of plan to change the business structure. 	PSP, Directors, and Board of Commissioners shall be appointed by the Company after the fit and proper test organized by OJK based on the matters set forth in this SEOJK.

No	Legislation	Description	Impact on the Company
7.	Bank Indonesia Regulation No. 18/12/PBI/2016 on Monetary Operation	<ul style="list-style-type: none"> • Background and Purpose: In order to achieve and maintain stability of Rupiah, Bank Indonesia establishes and implements the monetary policy conducted through the monetary control with monetary implementation and operations. In addition, to improve the effectiveness of monetary operations, the availability of information needs to support the monetary operation related to financial markets. • Matters Governed: <ul style="list-style-type: none"> a. Monetary operation implementation, by: <ul style="list-style-type: none"> 1) Open Market Operation <ul style="list-style-type: none"> - Issuance of SBI and SDBI; - Repurchase Agreement (repo) and Reverse Repo transactions; - Buy and sell transactions of securities using outright method; - Term deposit in Bank Indonesia in Rupiah; - Term deposit in Bank Indonesia in foreign currency; - Foreign exchange against Rupiah; and - Other transaction both in Rupiah money market or foreign exchange. 2) Standing Facilities <ul style="list-style-type: none"> - Rupiah lending facility; and - Rupiah deposit facility. b. Completion of Monetary Operation transaction In order to settle Monetary Operation transaction, Bank Indonesia is authorized to debit the demand deposit in Bank Indonesia and/ or securities account in Bank Indonesia and/or in the custodian institute owned by Monetary Operation participant. c. Money market monitoring In order to support the implementation of Monetary Operation, Bank Indonesia conducts money market monitoring, which includes monitoring the money market, foreign exchange market, and SBN market that is carried out through monitoring of transactions directly or indirectly. 	

AMENDMENT TO ACCOUNTANCY POLICY

ONE OF INDICATOR FOR GOOD AND ACCOUNTABLE FINANCIAL STATEMENT IS A REPORT THAT IS IN LINE WITH ALL ACCOUNTING POLICY RELEVANT TO THE COMPANY'S BUSINESS. THEREFORE, THE COMPANY COMMITS TO COMPLY WITH ALL FINANCIAL ACCOUNTING STANDARD, ESPECIALLY ON NEW POLICY OR POLICY AMENDMENT.

COMPLIANCE STATEMENT WITH THE ACCOUNTING POLICY

The Company's accounting policy contains basic principles, rules, and accounting practices applied in the bank so that the implementation of recording, administrating, monitoring, as well as compiling and presenting the Bank's Financial Statement in Head Office and Branch Offices, is in line with the Financial Accounting Standards (SAK), Bank Indonesia Regulation, Financial Services Authority (OJK) Regulations, and other prevailing rules and legislations.

The financial statements as of and for the years ended December 31, 2016 and 2015 were prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies".

The financial statements is presented in conformity with the Statement of Financial Accounting Standards ("SFAS") No.1 (Revised 2013), "Presentation of Financial Statements".

The financial statements of the Bank's sharia branches have been presented in conformity with the Statement of Financial Accounting Standards ("SFAS") No. 101 on "Sharia Financial Statements Presentation", SFAS No. 102 (Revised 2013) on "Accounting for Murabahah", SFAS No. 104 on "Accounting for Istishna", SFAS No. 105 on "Accounting for Mudharabah", SFAS No. 106 on "Accounting for Musyarakah" and SFAS 107 on "Accounting for Ijarah", which supersede SFAS No. 59 on "Accounting for Sharia Banking" associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No.110 on "Accounting for Sukuk" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and Indonesian Institute of Accountants (IAI).

The presentations currency used in the financial statement is the Indonesian Rupiah, which is the Bank's functional currency. Unless otherwise stated, all figures presented in the financial statement are rounded off to millions of Rupiah.

AMENDMENT TO ACCOUNTING POLICY, DISCLOSURE, AND THEIR IMPACT ON FINANCIAL STATEMENTS

The Company has applied accounting standards on January 1st 2016, which are considered relevant with the Bank's financial statement, i.e.:

EFFECTIVE ON OR AFTER JANUARY 1, 2016

- a. Amendment SFAS 16, "Acceptable amortization and depreciation method of fixed assets", added explanation for indication of technical or commercial obsolescence of an asset. Amendment SFAS 16 clarified that depreciation using income cash flow method is no longer viable.
- b. Amendment SFAS 24 (Revised 2013), "Employee Benefit: Defined Contribution Plans", simplify the accounting method for defined contribution plans for workers and third parties' contribution that does not rely on the total number of service years, for instance contribution plans that is measured using percentage of salary.
- c. SFAS 5 (Improvement 2015), "Operating Segments", added short disclosure on combined operating segment and economic indicators that have similar characteristics.
- d. SFAS 7 (Improvement 2015), "Related Party Disclosure", added criteria of related parties and clarify disclosure for payables that are given to the management entity.
- e. SFAS 16 (Improvement 2015), "Property, Plant and Equipment", have clarified in paragraph 35 relating revaluation model, that when an entity uses revaluation model, carrying amount of assets are presented in the revaluated value.
- f. SFAS 25 (Improvement 2015), "Accounting Policies, Changes in Accounting Estimates and Errors", given editorial correction to SFAS 25 paragraph 27 about limitation in applying retrospective application.
- g. SFAS 53 (Improvement 2015), "Share-Based Payment", clarify definition of vesting conditions and separately define performance and service condition.
- h. SFAS 68 (Improvement 2015), "Fair Value Measurement", clarified that portfolio exception, for companies that allow fair value measurement of asset group or liability group as net value, is to be applied for the whole contract (including non-financial contract) in the scope of SFAS 55.
- i. SFAS 110 (Revised 2015), "Sukuk Accounting", regulate recognition, measurement, presentation and disclosure or sukuk ijarah and sukuk mudharabah transaction, both as either buyer or seller.

IMPACT ON THE FINANCIAL STATEMENTS

The impact on the financial statements of the adoption of the accounting standards mentioned above has been disclosed in the relevant notes to the financial statements.

EFFECTIVE ON OR AFTER JANUARY 1, 2017

Amendment SFAS 1, “Presentation of Financial Statements”, have given clarification regarding materiality, hierarchy flexibility, systematic notes for financial statements and identification of significant accounting policy. Amendment SFAS 1 have impacted other SFAS (consequential amendment) such

as: SFAS 3 “Interim Financial Reporting”, SFAS 5 “Operating Segments”, SFAS 60 “Financial Instruments: Disclosures”, and SFAS 62 “Insurance Contract”.

COMPARISON OF TARGET, REALIZATION, AND PROJECTION

OPERATIONAL AND FINANCIAL ACHIEVEMENTS IN 2016 ON THE WP&B TARGET IS VERY GLORIOUS. THIS YEAR REALIZATION BECAME THE BASE RUNWAY AND OPTIMISTIC SPIRIT TO ACHIEVE TARGET IN 2017, WITH THE OPTIMISM OF BETTER OUTCOME

COMPARISON OF TARGET, REALIZATION, AND PROJECTION ON OPERATIONAL ASPECT

TARGET, REALIZATION, AND PROJECTION OF LOAN POSITION AND SHARIA FINANCING`

The loan position realization in 2016 was IDR 164,446,381 million, achieving 100.19% from the Work Program and Budget (WP&B) target of 2016, which is IDR 164,130,497 million. Subsequently in 2017, the loan position according to WP&B 2017 is projected to grow 21-23%. The projection is based on the Company's high business opportunities and support from the government budget for subsidized housing that increased compared to 2016.

Meanwhile, the position of sharia financing in 2016 was IDR 14,224,421 million, achieving 103.57% from the WP&B target of 2016, which is IDR 13,734,114 million. In 2017, the position of sharia financing according to WP&B 2017 is projected at 16-18%. The projection is in line with the main business potential of the Company in the housing sector.

Table: Target, Realization, and Projection of Loan Position and Sharia Financing (IDR million)

Description	Target 2016		Realization 2016		Achievement on WP&B 2016 (%)	WP&B Projection 2017
	IDR Million	Growth %	IDR Million	Growth %		
Housing Loan	138,482,351	19.20	135,840,819	16.93	98.90	23-25
Non-Housing Loan	11,914,031	3.11	14,381,141	24.46	120.71	1-3
Total Loan	150,396,383	17.74	150,221,960	17.61	99.88	21-23
Total Sharia Financing	13,734,114	22.37	14,224,421	26.67	103.57	16-18
Total Loan and Sharia Financing	164,130,497	18.12	164,446,381	18.34	100.19	21-22

TARGET, REALIZATION, AND PROJECTION OF THIRD PARTY FUND

The realization of third party fund in 2016 amounted to IDR 159,987,717 million, achieving 99.63% from the WP&B target of 2016, which is IDR 160,581,196 million. Subsequently in 2017, the third party fund according to WP&B 2017 is projected at IDR 22-24%. The projection is

based on assumption that the Company will improve the network quality and services, as well as digital banking access which will push the increase of third party fund collection.

Table: Target, Realization, and Projection of Third Party Fund (IDR million)

Description	Target 2016		Realization 2016		Achievement on WP&B 2016 (%)	WP&B Projection 2017
	IDR Million	Growth %	IDR Million	Growth %		
Demand Deposit	47,260,631	50.56	45,846,055	46.15	97.01	26-28
Savings	35,268,446	14.67	34,826,208	13.23	98.75	18-20
Deposits	78,052,118	19.00	79,315,454	21.18	101.62	21-23
Total Third Party Fund	160,581,196	25.73	159,987,717	25.40	99.63	22-24

COMPARISON OF TARGET, REALIZATION, AND PROJECTION ON FINANCIAL ASPECT

TARGET, REALIZATION, AND PROJECTION OF FINANCIAL POSITION

Below is description related to the WP&B 2016 and projection in 2017 on the Company's financial position:

Table: Target, Realization, and Projection of Financial Position (IDR million)

Description	WP&B 2016		Realization 2016		Achievement on WP&B 2016 (%)	WP&B Projection 2017 (%)
	IDR Million	Growth %	IDR Million	Growth %		
Assets	209,589,232	50.66	214,168,479	24.66	102.18	16-18
Liabilities	190,256,886	14.67	195,037,943	23.48	102.51	15-17
Equity	19,332,346	19.00	19,130,536	38.03	98.96	24-26

The realization of total assets in 2016 amounted to IDR 214,168,479 million, achieving 102.18% from the WP&B target of 2016, which is IDR 209,589,235 million. Subsequently in 2017, the total assets according to WP&B 2017 will grow to 16-18%. The projection is based on the assumption that the loan and funding position is achieved as projected.

The realization of total liabilities in 2016 amounted to IDR 195,037,943 million, achieving 102.51% from the WP&B target of 2016, which is IDR 190,256,886 million. Subsequently in 2017, the total liabilities according to WP&B 2017 is projected to grow to 15-17%. The projection is based on the assumption that there will be short-term funding increase, i.e third party fund and long-term fund, such as bonds issuance, bilateral loan, and negotiable certificate of deposits.

The realization of total equity in 2016 amounted to IDR 19,130,536 million, achieving 98.96% from the WP&B target of 2016, which is IDR 19.332.346 million. Subsequently in 2017, the total equity according to WP&B 2017 is projected to grow at 24-26%. The projection is based on assumption that the net income

with 20% more from the net income achieved in 2016 can be achieved as projected.

TARGET, REALIZATION, AND PROJECTION OF INCOME AND PROFIT

The realization of interest revenue and net split in 2016 amounted to IDR 17,138,819 million, achieving 96.15% from the WP&B target of 2016, which is IDR 17,825,712 million. Subsequently in 2017, the interest revenue and net split according to WP&B 2017 is projected at IDR 20,267,774 million

The realization of income for the year after tax in 2016 amounted to IDR 5,631,617 million, achieving 231.18% from the WP&B target of 2016, which is IDR 2,436,078 million. Subsequently in 2017, the income for the year after tax according to WP&B 2017 is projected at IDR 2,800,684 million.

TARGET, REALIZATION, AND PROJECTION CAPITAL STRUCTURE

Below are descriptions related to the achievement of the WP&B target of 2016 and 2017 projections on the Company's capital structure:

Table: Target, Realization, and Projection of Capital Structure (IDR million)

Description	WP&B Target 2016	Realization 2016	Achievement on WP&B 2016 (%)	WP&B Projection 2017
	RKAP 2016	2016		RKAP 2017
Core Capital (Tier 1)	16,107,351	16,443,159	102.08	18,415,176
Common Equity Tier - Cet 1	16,107,351	16,443,159	102.08	18,415,176
Additional Tier	-	-	-	-
Supplementary Capital (Tier II)	3,788,569	3,776,478	99.68	3,551,314
Total Capital	19,895,920	20,219,637	101.63	21,996,490

The realization of total capital in 2016 amounted to IDR 20,219,637 million, achieving 101.63% from the WP&B target of 2016, which is IDR 19,895,920 million. Subsequently in 2017, the total capital according to WP&B 2017 is projected at IDR 21,996,490 million.

TARGET, REALIZATION, AND PROJECTION OF FINANCIAL RATIO

The financial ratio realization against the target is described on table as follows:

Table: Target, Realization, and Projection of Financial Ratio (%)

Description	WP&B Target 2016	Realization 2016	Achievement on WP&B 2016 (%)	WP&B Projection 2017
ROA	1.69	1.76	104.14	1.6-1.8
ROE	16.92	18.35	108.45	16-18
NIM	4.80	4.98	103.75	4.5-5
LDR	102.21	102.66	100.44	101-103
CAR	22.43	20.34	90.68	17-19
Gross NPL (%)	2.99	2.84	94.98	<2.5
Net NPL	1.75	1.85	105.71	<1.5

KPI AND BANK HEALTH RATE

CORPORATE KPI IN 2016 ACHIEVED 131.31% AND OBTAINED THE BANK HEALTH RATE ASSESSMENT RESULTS AT THE RANK OF “COMPOSITE 2 (PK-2) FOR THE POSITION OF JUNE 2016”

KEY PERFORMANCE INDICATOR (KPI) ACHIEVEMENT

KPI achievement in 2016 consists of two aspects, i.e. financial aspect and non-financial aspect. The table below shows more details of Corporate KPI achievement in 2016:

No	Strategic Target	2016		
		Target	Realization	Achievement
Financial Perspective				
1	Sustainable to Valuable Shareholder			
	- % Profit growth	12,00%	34,01%	283,38
	- % Asset growth	11,00%	24,56%	223,26
	- % NIM	4,80%	4,76%	99,25
	- % Ratio of Operating Expenses to Operating Revenues	83,16%	82,61%	100,66
	- % LDR (only Third Party Fund)	102,21%	102,66%	99,57
2	Credit Quality Improvement			
	- % NPL gross	2,99%	2,80%	106,33
3	Growth of credit focusing on housing sector to support sejuta rumah (one million houses) program			
	- % Credit Growth	18,12%	18,34%	101,25
4	Growth of funding which supported bank's focus on housing			
	- % Growth of Third Party Fund (excl. FLPP (Housing Financing Liquidity Facilities) fund conversion)	25,71%	25,40%	98,81
	- % CASA (excl. FLPP (Housing Financing Liquidity Facilities) fund conversion)	51,40%	50,36%	97,97
	- Issuance of wholesale funding (incl. securitization) IDR	10.260	14.726	143,53
5	Increase of other operational incomes			
	- Growth of Fee Based Income	33,44%	13,60%	40,66
Customer's Perspective				
6	Excellent in house financing			
	- % Market share of House Ownership Credit	30,00%	33,57%	111,91

No	Strategic Target	2016		
		Target	Realization	Achievement
Internal Business Process Perspective				
7	Increasing strategic management quality			
	- % Score Increase of State-Owned Enterprises Criteria for Performance Excellence	10,00%	17,62%	176,23
8	Strengthening bank capital			
	- % capital strengthening project (conversion of FLPP fund/other actions)	100,00%	100,00%	100
9	Establishing business subsidiaries			
	- % Subsidiary establishment project	100%	100,00%	100
10	Strengthening collection & asset management			
	- % Collectable composition 2	8,00%	10,26%	71,75
	- Recovery (IDR billion)	1.204	1.574	130,7
	- % Debtor Already in Arrears in First Year	0,50%	0,24%	152,03
11	Increasing GCG, Risk Management & Compliance			
	- RBBR composite rank (bank health rate)	2	2,00	100
Learning & Growth Perspective				
Strengthening Corporate Culture				
	- Culture Assessment Index	3,00	3,29	109,67
	- Productivity of employees (earning per employee IDR million/person)	241	267	110,80
	- % Implemented IT project	100%	70%	70,20
Amount of Weighted Achievement				131,31

BANK HEALTH RATE

Bank health rate reflects the assessment results towards the conditions of the Company which is carried out towards the risks and performance of the Bank which might be seen from the rank of the assessment final results based on the Regulation of Financial Services Authority No. 4/POJK.03/2016 dated January 26th 2016 on Public Bank Health Rate Assessment by using risk-based bank rating which includes four factors, i.e.:

1. Risk Profile,
2. Good Corporate Governance (GCG),

3. Earnings,
4. Capital.

In 2016 (Position of June 2016), the Company has obtained the Bank health rate rank of “**Composite 2 (PK-2)**” which reflected the general healthy condition of the Company which was deemed to be able to overcome significant negative influence from the changes in business conditions and other external factors.

HUMAN RESOURCES MANAGEMENT

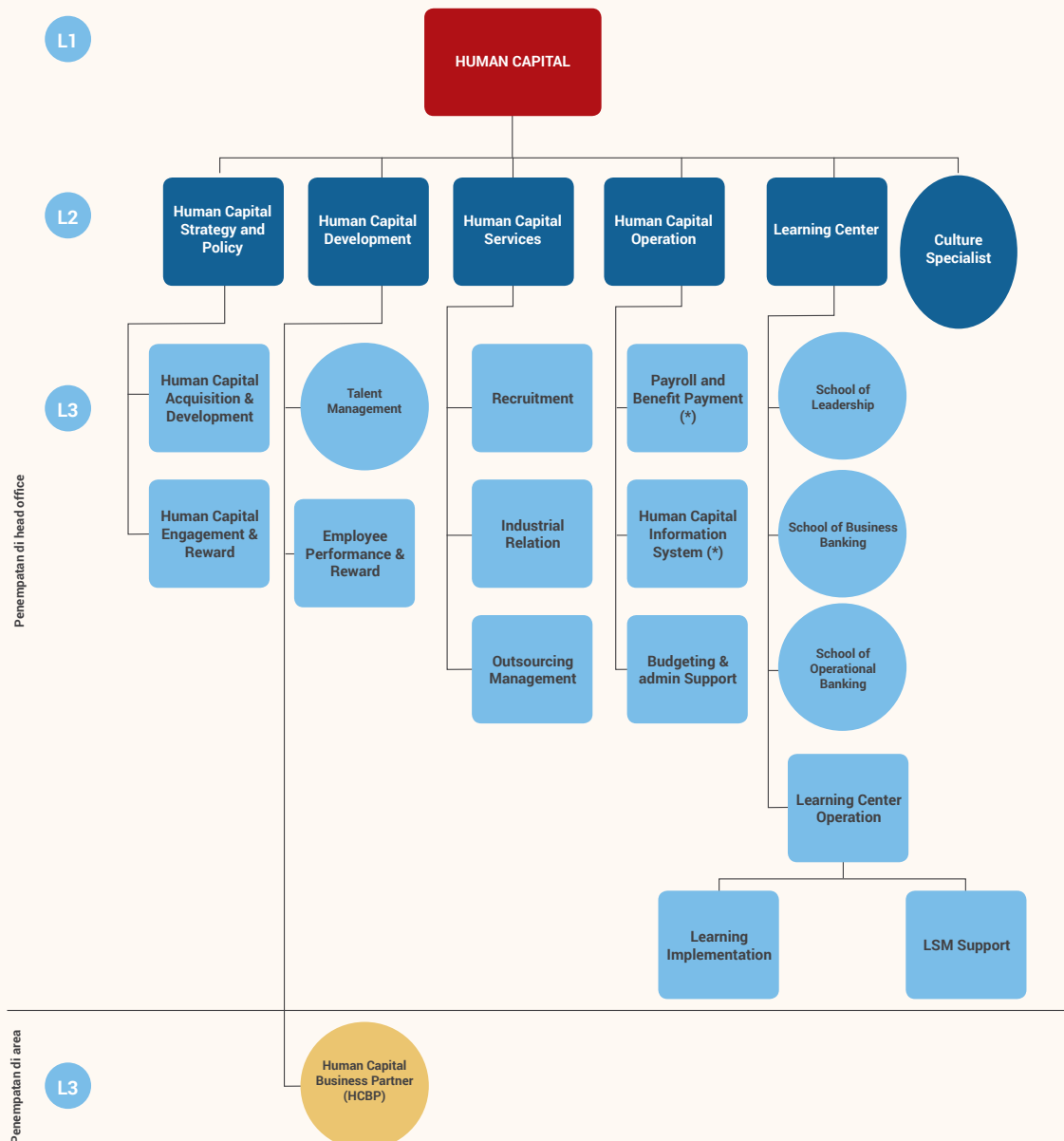
HUMAN RESOURCES ARE THE KEY ENABLERS FOR COMPANY OPERATIONS. SUSTAINABLE AND CONTINUOUS PLANNING AND COMPETENCY DEVELOPED MUST BE DONE CAREFULLY TO PRODUCE SKILLED HR. SKILLED HR BECOMES THE KEY FACTOR TO ACHIEVE OPERATIONAL EXCELLENCE AND BUSINESS SUSTAINABILITY.

HUMAN RESOURCES MANAGEMENT

In accordance with the Board of Directors Regulation No. 07/KD/DIR/SIPD/2016 dated September 8th 2015, the management of human resources is carried out by

the Human Capital Division led by the Division Head who directly reports to the President Director.

HR Management Organization Structure

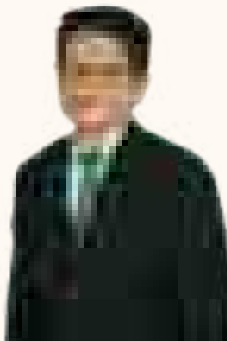


The Human Capital Division is assisted by five departments (Human Capital Strategy and Policy, Human Capital Development, Human Capital Services,

Human Capital Operation, Learning Center) and one specialist unit (Culture Specialist).

SHORT PROFILE OF HR MANAGEMENT

A short profile of the Head of the Human Capital Division is provided below.



Arief Pramuhanto

Head of Division
Human Capital
Division

Born in Jakarta, on June 13th 1962

Education:

- Economic Graduate, Monash University, Melbourne.

Employment History:

- General Manager – Human Resources Development PT. Frisian Flag Indonesia (2000 – 2015)
- Training & Development Manager, PT. Thames PAM Jaya, Jakarta (August 1998 – October 2000)
- Human Resources Manager, Koja Container Terminal (January 1997 – August 1998)
- Human Resources Specialist, “Change Management Project” of Standard Chartered Bank-Dev. Bank of Indonesia, Jakarta (January 1996 – December 1996)
- Loan Officer, Bank Pembangunan Indonesia (January 1991 – December 1993)
- Technical Assistance, Andersen Consulting (now Accenture), Jakarta (January 1989 – December 1990)

Basis for Appointment:

Board of Directors Decision No. 110/DIR/2015.

FUNCTION, DUTIES AND RESPONSIBILITIES OF HR MANAGEMENT

The function, duties and responsibilities of HR management by the Human Capital Division is carried out based on the department and specialist reporting are provided below:

Department	Function, Duties and Responsibilities
Human Capital Strategy and Policy	<ul style="list-style-type: none"> Coordinate the review and development of policies on work culture, career development, job description, remuneration, performance management, job evaluation, assessment, training, human capital planning, industrial relations and "Know Your Employee" (KYE) activities in an optimal manner to support the vision, mission, and the banks business planning for short term and long term.
Human Capital Development	<ul style="list-style-type: none"> Managing personnel through manpower planning, career management and accurate assessment of personnel skills to get high quality employees in line with Company's strategic goals
Human Capital Services	<ul style="list-style-type: none"> Managing industrial relations in the bank, with external parties such as law firm and labor union or with internal employees, to create a conducive work environment to support the Company's business as well as personnel recruitment and placement, outsourcing supervision
Human Capital Operation	<ul style="list-style-type: none"> Managing operations related to personnel including payment of employees' rights, documenting employee data, personnel analysis, and administrative support to ensure that the rights and obligations of the employee and bank can be carried out fairly and in line with the applicable provisions.
Learning Center	<ul style="list-style-type: none"> Coordinating and controlling education programs and training, planning and developing policies, analysis and design of education and training for Company's employees, coordinating and controlling education programs and training to increase all employees' competency to support the achievement of Company's targets by considering the implementation of Good Corporate Governance principles.
Culture Specialist	<ul style="list-style-type: none"> Facilitating the implementation of the company's work culture. Implementing the work culture work program, create an alignment between the work culture program and Company's business work program, monitoring and evaluating the work culture in all Units, coordinating with Change Agents as well as reviewing and surveying the climate of the organization by preparing a Culture Assessment Index.

Department	Function, Duties and Responsibilities
IT Project Management Officer Specialist	<ul style="list-style-type: none"> Responsible for executing the execution of all IT projects in accordance with established procedures so as to achieve 'on-schedule', 'on-budget', 'on-spec' project implementation and responsible for developing, evaluating and improving rules Implementation of IT projects.
Quality Assurance & Control Specialist	<ul style="list-style-type: none"> Responsible for maintaining compliance of IT Operational processes, Project Implementation, Asset IT Procurement, Application Development, and Information Management on the policies, standards and procedures and quality established.

HUMAN RESOURCES ROADMAP

The management of Company HR is comprehensive and the processes or stages are integrated in line with the Board of Directors Regulation No. 29/DIR/CMO/2011 on the PT Bank Tabungan Negara (Persero) Tbk Guidelines for Human Capital Management Policies (PKMHC). The scope of HR management in the Board of Directors regulation include all principle aspects, including: Organization Development, Human Capital Acquisition, Human Capital Development, Human

Capital Engagement, Human Capital Reward, and Human Capital Information System.

In general, the policies include all aspects of HR management from the preparation of HR needs up to post work.

The policy was then developed into a 2016-2018 HR roadmap stipulated in Bank BTN's Business Plan (RBB).

2016-2018 HR Roadmap

	2016	2017	2018
Organization Development	<ul style="list-style-type: none"> - Developing the organization of Human Capital by aligning business interests; - Strengthening the company's new cultural values aligned with the company's previous cultural values 	<ul style="list-style-type: none"> - Implementing Strategic Business Partners in the Human Capital sector in line with the bank's business strategy. - Internalization of corporate culture. 	Externalization of Corporate culture.
HC Acquisition	<ul style="list-style-type: none"> - Connecting recruitment with formal learning opportunities and increasing training rights by implementing Knowledge/results from previous trainings - Implementing Employee Value Proposition and Employer Branding. 	Strengthening Employee Value Proposition and Employer Branding.	Strengthening Employee Value Proposition and Employer Branding.
Learning Development	<ul style="list-style-type: none"> - Realignment of Learning Center - Implementing Knowledge Management 	Developing Curriculum and Program in line with the Company's Core Competency	Training to explore World Class Company practices.
HC Engagement	<ul style="list-style-type: none"> - Effective Talent Pool - Developing the Talent Management Program. 	Career Development.	Implementing Career Development.
HC Reward	Developing and implementing a remuneration and benefit system that supports increased productivity.	Developing and implementing a remuneration and benefit system that supports increased productivity.	Developing and implementing a remuneration and benefit system that supports increased productivity.
HC Information System	- Integration & implementation HCIS Phase 3 and refinement of Phase 1 &2	Post implementation review and reining HCIS Phase 3	Integration of HCIS with new technology (cloud services, mobile technology)

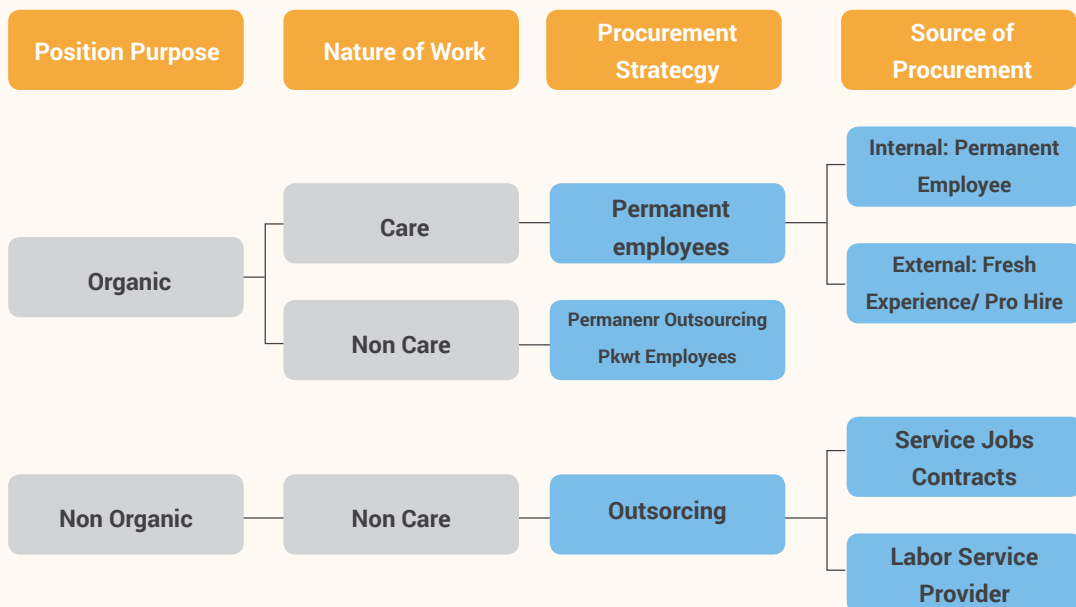
ORGANIZATION DEVELOPMENT

Company periodically develops their organization as an effort to boost the Company’s business growth and support the Government’s “One Million Houses for the People” program. These efforts are made by reviewing the productivity and effectiveness of the organizational structure, updating job competencies, job descriptions and job requirements, as well as policies for employee promotion. The organization was developed was by implementing a new organizational structure that focuses more on improving business processes and optimizing the authority and functions of the Regional Offices in the business processes since 2015.

HUMAN CAPITAL ACQUISITION

Company continues to plan the need for employees in line with business growth. The planning is done through a Manpower Planning to determine the number and requirements for employees in accordance with the formation standards to support the business strategy set by the Company. This process involves all units which then serves as a reference for the Human Capital Acquisition process.

All functions and positions in Company’s requires potential HR hence the employee recruitment system still remains as one of the foundation to develop HR that are able to meet the company’s current and future needs. The recruitment of employees in Bank BTN is divided into two (2) categories based on the purpose and nature of work as illustrated in the following recruitment matrix:



Internal recruitment to fill vacant positions in a unit through employee promotion and rotation. When the need for employees cannot be met internally, it can be met externally, through a number of means: i.e. by placing advertisements in newspapers and electronic media, job fairs, talent scouting or job searching through university/colleges.

External recruitment is carried out by Direct Hire (directly recruited by the Company) or by Outsourcing (recruitment by a third party). Company developed a web-based recruitment system (e-recruitment) in 2015. In addition, the Company has partnered with LinkedIn in the Employee Branding program to make the recruitment process more efficient. In 2016, Company has recruited 1,362 new employees increasing by 28.49% compared to 2015 i.e. 1,060 new employees.

LEARNING AND DEVELOPMENT

The successful achievement of Company's vision and mission depends on the quality of HR as the implementers of various strategic initiatives. This encourages Company to continuously implement a learning and development to maximize the employees' potential. The employee learning program is no longer based on the business process but is further developed to be product-oriented along with the development of Training Department to become the Training Division. The Training Division is developed by establishing 3 (three) schools responsible for the overall training starting from the identification, preparation of materials, delivery up to evaluation. All schools are product-oriented, namely:

- School of Leadership
Includes training related to leadership development, including: Staff Development Program, Officer Development Program, Leadership Program, Executive Development Program.

- School of Business Banking
Includes all training related to Company products and services, i.e. House Mortgage (KPR), funding, treasury, collection, sales and service.
- School of Operational Banking
Includes all operational activities to support business units, i.e. Information Technology, Finance, Risk, Human Capital, Legal and others.

The three schools are supported by the Learning Operation unit, which serves as the event organizer in the implementation of all training activities.

All employees have the same opportunity to take part in the competency development program. Company always ensures that the training is carried out in accordance with the management policies or strategies and results of the training need analysis. Post-training evaluations are done through a Post-Training Evaluation Form to measure the Return on Training Investment that reflects the effectiveness of the training. The results of these evaluations are used as the basis for career path and employees' need for advanced training. The evaluation is not only carried out for the participants, but also for the Training Instructors and Organizers.

In 2016, Company has conducted 454 trainings consisting of three program groups, i.e. Core Banking Academy, New Entry Academy, and Strategic Initiative. The Core Banking Academy training includes Anti-Fraud Training, Digital Banking Workshop, and Money Laundering Training & Prevention. The New Entry Academy includes training for the Officer Development Program, Business Supporting Staff, and Frontliner. The Strategic Initiative Training i.e. Corporate Culture Training. A total of 18,343 participants took part in that training, the details are provided below.

Table: 2016 Trainings

Training Program	Total Participants
Core Banking Academy	16,751
New Entry Academy	1,144
Strategic Initiative	448
Total	18,343

The total cost for holding training in 2016 reached Rp128,400,000,000 increasing by 21.14% compared to the cost in 2015 i.e. Rp105,993,657,000. The increase

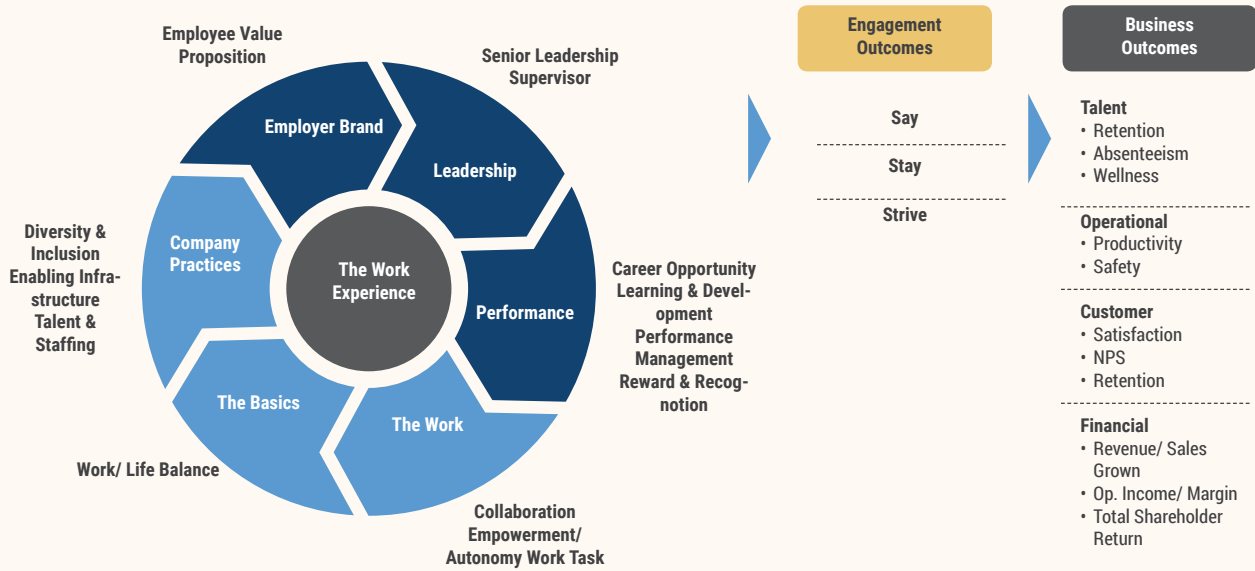
of costs were adjusted with the training required by the employees.

HUMAN CAPITAL ENGAGEMENT

Employee engagement is a key factor for the success of the company's business development strategy. Company continuously conducts the Company's Employee Engagement Survey (EES) to increase employee engagement to the Company. In addition, the survey aims to provide the employees with an opportunity to honestly state their opinion on matters that have been well implemented and needs to be improved in Company as well as to analyze the gap between what the employees experience against the Company's objectives and to gain additional insight to improve performance and productivity. The 2016

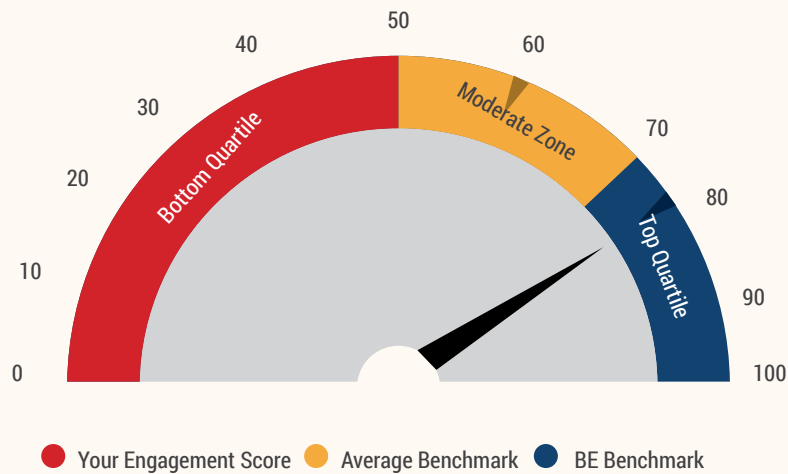
EES was conducted by an independent consultant, i.e. Aon Hewitt Consultant. This is done to achieve a more independent and real survey, which will be valid to be used as a basis for improving and developing employees and the organization in the future. The EES was conducted by distributing an online questionnaire to all permanent employees of Company. The questionnaire consists of questions, covering two aspects: Engagement Questions and Driver Questions. In general, the employee engagement formulation method is illustrated in the scheme below.

Employee Engagement Survey Method Scheme



Company's 2016 EES score was 77% or exceeding the moderate zone and the average benchmark of 60%. That score also indicates that the engagement of Company employees is within the Top Quartile level. The EES result

indicates that the employees' level of engagement with Company is relatively high as illustrated in the following scheme.



In addition, Company's 2016 EES Score has exceeded other employees' level engagement e.g. 61% in APAC Banking, 62% in APAC Financial Institution, 69% in Indonesia Banking (average for the banking industry in Indonesia), 71% in Indonesia Financial Institution, and 62% in Indonesia Norms. The company acts upon the result of the survey by holding an information dissemination session and creating an impact plan to formulate improvements for the organization. The proposed improvements are then included in the preparation of the Company's Work Program and Budget (RKAP) for the upcoming year.

Performance Management

Company has implemented a sustainable performance management system. The Company's targets are formulated and distributed to all Units each year and is then distributed further to each individual based on each employee's potential and capability. The Employee Key Performance Indicator (KPI) includes work targets

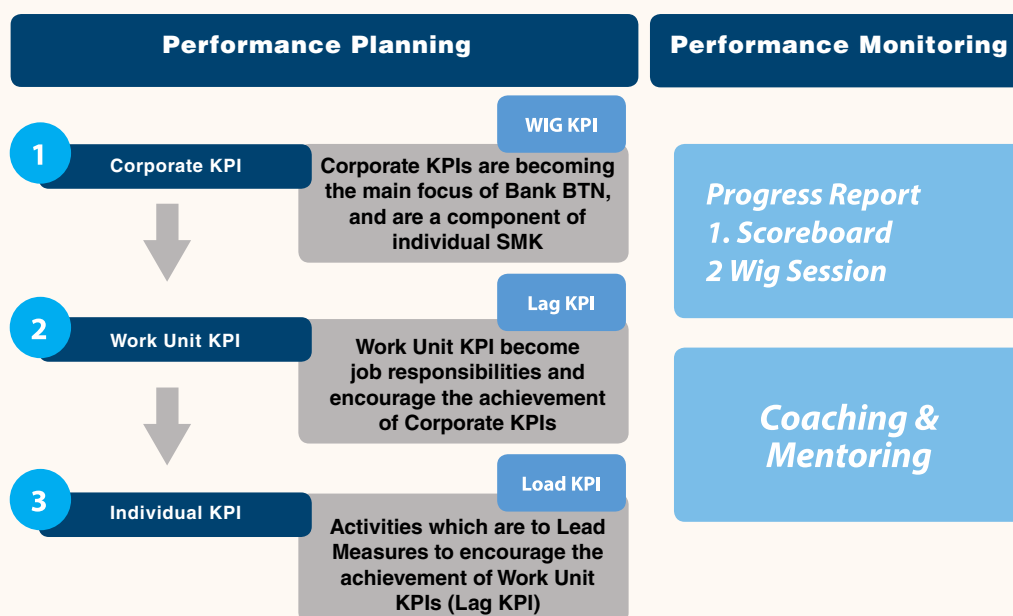
as a derivative of the Unit Key Performance Indicator (KPI). Individual performance is planned, determined, reviewed and assessed by using the Performance Management Form which includes three performance assessment targets, namely: 1. The Individual Work Target for the current performance assessment period. 2. Technical Competency which includes the Technical Competency required for individual positions, Level of Technical Competency required and displayed by the individual. 3. Behavioral Competency, i.e. Level of Behavioral Competency required for individuals positions assessed and displayed. The employee performance assessment is done once a year for the period of January 1st – December 31st of the current year. The Individual KPIs are determined under the following scheme.



The Corporate Performance Management System is also implemented using the 4DX Method (Four Disciplines of Execution) as a basis for determining the performance targets/planning and carrying out the monitoring. In determining performance targets, the Corporate KPI is set as the most important target and becomes an Individual SMK component. On the other hand, the Unit KPI is determined as a Lag KPI which becomes the responsibility of the position and encourages the achievement of the Corporate KPI.

Hereinafter, the Individual KPIs are set as a Lead KPI, i.e. activities that are Lead Measures to encourage the achievement of the Unit KPI.

The monitoring is carried out using a Scoreboard, the Wig Session is conducted continuously and sustainably, a Coaching and Mentoring process is also required to ensure that the individual targets are achieved.



The implementation of performance management is expected to motivate employees to carry out their duties optimally, increase employee loyalty and achieve an open, positive and progressive work climate.

Career Management

Company has applied a career management system for employees as an effort to ensure that skilled position holders occupy the key positions. The implementation of this system has been regulated in a separate policy which includes the pattern and career development paths. Company applies three career paths, namely:

- **Fast Track**
Refers to a highly accelerated career path that applies for employees who meet the requirements and have been deemed entitled to gain an opportunity for promotion within 1 (one) year to 2 (two) years since their last placement.
- **Middle Track**
Refers to an accelerated career path that applies for employees who meet the requirements and have been deemed entitled to gain an opportunity for promotion within 2 (two) years to 3 (three) years since their last placement.

- **Normal Track**
Refers to a career path that follows the general guidelines that applies for employees who meet the requirements and have been deemed entitled to gain an opportunity for promotion in more than 3 (three) years since their last placement.

The career path is available through a number of options, namely:

- **Promotion**
The career path for higher position groups are managed through a Promotion mechanism. Employees are entitled to be candidates for promotion are those that are considered to be part of the star, potential and average group based on the Talent Mapping, as managed in the Talent Mapping Policy. Promotion also takes place if there is a vacant position.
- **Rotation**
The career path to a similar position group is managed through a Rotation mechanism. Rotation takes place is there is a vacant position as a result of a rotation or promotion from a similar position or the position holder is unable to work for a long period.
- **Career Path to a Position in a Lower Position Group**

Career path to a position in a lower position group is due to the employee's own request, due to various reasons: wanting to build a career in a different work sector or position category, but having to start from a lower Position Group; wanting to be transferred to a different work location where the position available or position they are qualified for is a position in a lower Position Group than their current position. Transfer to a position in a lower Position Group due to sanctions managed through the Demotion mechanism regulated in the Policy on Disciplinary Regulations and Sanctions.

The employee's career is determined through a clear and non-discriminative mechanism. The promotion mechanism uses the nine box method, where employees are assessed based on their skill potential and performance. The nine box matrix will also produce the best candidates to hold a management position in the company.

Pension

Company provides a pension program, consisting of: Defined Benefit Program and Defined Contribution Program. Under the Defined Benefit program, permanent employees receive benefits according to the formula set by the Pension Fund. On the other hand, under the Defined Contribution Program, permanent employees receive pension from accumulated contributions i.e. 2.5% deducted from the employee's salary, 7.5% from the Company, and the investment result. The Maximum Pension Benefit an employee receives is 80% of the Basic Income referring to the Board of Directors Regulation on Pension Fund Regulation for PT. Bank Tabungan Negara (Persero) Tbk (Dapen BTN). As of 31 December 2016, the subsidy for pension fund contribution paid by the Company amounts to IDR 33.9 billion.

Company also offers a Pension Preparation Period (MPP) for a duration of 12 months for permanent employees who have reached the age of 55. During the MPP, Company gives an opportunity for permanent

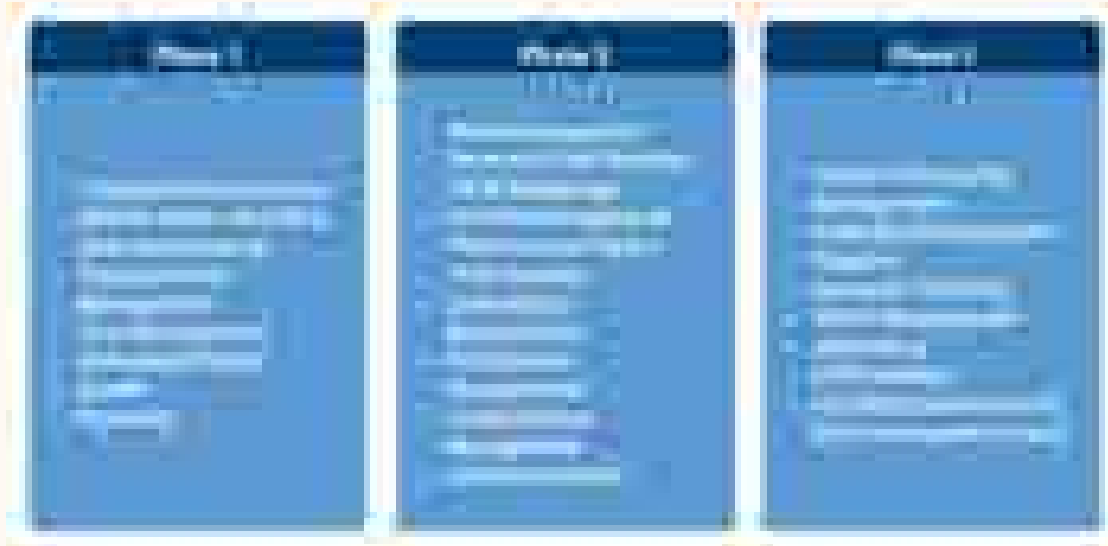
employees to participate in various trainings to support their livelihood after pension. In 2016, 115 permanent employees participated in the training which consisted of 4 batches.

HUMAN CAPITAL REWARD

The Performance Evaluation result is used as a basis for giving rewards for employees upholding the principles of competitiveness and fairness. The reward given to employees, monetary or non-monetary, is adjusted to the ability of the Company. The financial reward is evaluated annually and improvements are made to retain the Company's competitiveness. Non-financial rewards include recognition such as employee promotion.

HUMAN CAPITAL INFORMATION SYSTEM

Company is developing performance management by utilizing an integrated Human Capital Information System (HCIS) to increase quality and improve the performance assessment process. HCIS is expected to be an accurate and comprehensive tool to support the decision making process, especially in business planning and HR management process. Through HCIS, the process can run on time and is open for the management and employees of Company. At present, the implementation of HCIS is in phase 3, i.e. Talent Management phase as follows.



INDUSTRIAL RELATIONS

The company strives to create a harmonious, aligned and fair work relation between the company and its employees. One of the efforts done by the Company to achieve this is through HR management by considering the employees' interests. Company has established a Bipartite Cooperation Body (LKS Bipartit), i.e. forum for communication and consultation on matters related to the Bank's industrial relations. The members consist of the Position Holders and Bank BTN Labor union (SP-

BTN). Company and SP-BTN has formulated a Collective Labor Agreement which is periodically reviewed according to the employees' needs. The management and SP-BTN also conducts a meeting to discuss the rights and obligations of employees and to formulate disciplinary sanctions in the case of disciplinary violations.

DIGITAL BANKING

Currently, the Company has begun the second phase in the transformation process and is ready to enter the era of digital banking period. The Company's digital-based transformation is a priority from 2016 until 2019. This is because of the reality of dominance in digital power in various business aspects, especially the emerging affluence and affluence segments. The need of digital banking is supported with the demography composition of Indonesia today, whose ages are around 20-30 years old, and the millennial generation domination, hence the Company takes into consideration to adapt the business development towards the use of digital technology. The digital banking development will strengthen the Company's core business in the housing financing sector, as well as increase the CASA and fee-based income.

Therefore, the Company executes efforts to improve the main capability in building digital banking, that in general can be presented as follows:

1. Incubation (maturation) of ideas and products

This main capability is executed by developer team designed agilely through various main activities, i.e.:

- To incorporate the research results to products development process,
- To determine the right channel for the products developed,
- To test and review the products.

The overview of maturity of ideas and products is described on the illustration of RSTIK 2016-2018 that can be referred to on Information Technology Governance, named digital mortgage bank.

In addition, the product planning team is executing the customer journey in line with the activities, such as:

- To conduct ethnographic research,
- To map the customer journey,
- To identify mandatory features in the products in line with the research results.

2. Commercialization of ideas and products

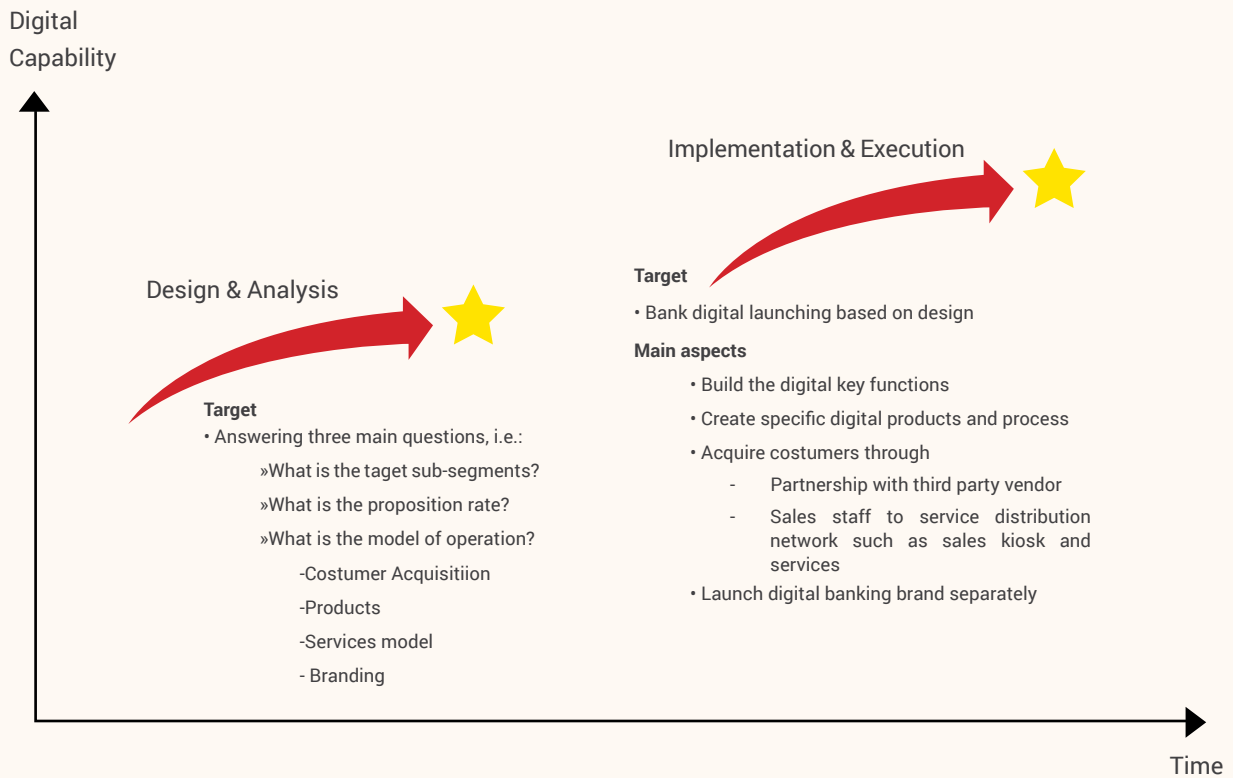
This capability is executed by adhoc team and customer acquisition team by conducting various activities, such as:

- To be responsible for marketing and promotion activities,
- To determine target market based on research,
- To decide the partner candidates needed

In addition, the channel management and operational teams conducts numerous activities, such as:

- To be responsible for daily basis operational activities and
- To support and communicate with back office process, from transaction until booking.

To realize those items, the Company has designed roadmap in order to develop digital banking services optimally, which consists of two phase as illustrated on the figure below.



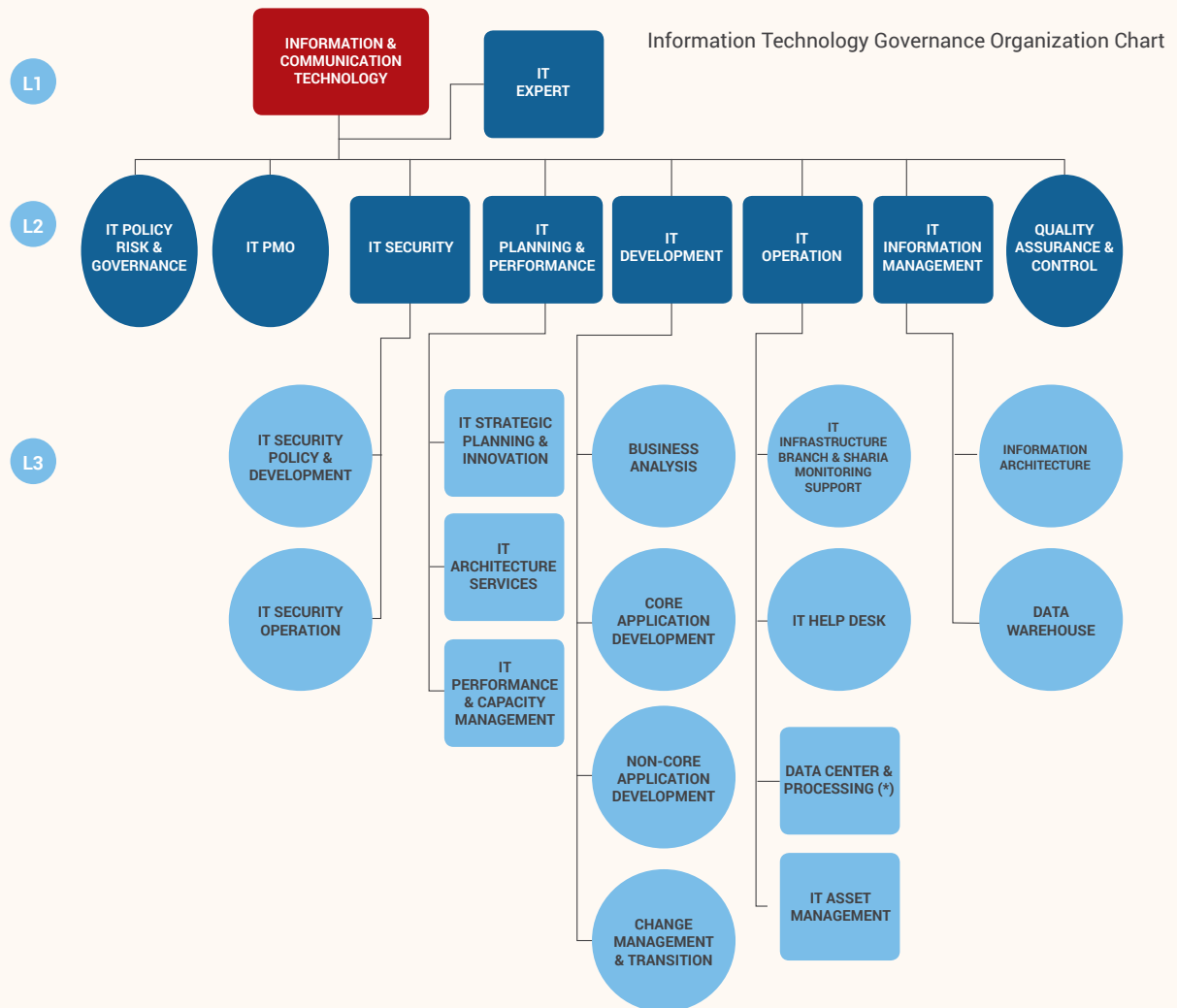
INFORMATION TECHNOLOGY GOVERNANCE

THE GOVERNANCE OF INFORMATION TECHNOLOGY PLAYS A STRATEGIC ROLE IN SUPPORTING THE OPERATIONAL ACTIVITIES AND SECURITY OF DATA AND INFORMATION. THE COMPANY HAS COMPILED AND IMPLEMENTED POLICY AND PROGRAM FOR INFORMATION TECHNOLOGY GOVERNANCE PERIODICALLY TO SUPPORT DIGITAL BASED SERVICE.

INFORMATION TECHNOLOGY GOVERNANCE

The information technology governance is carried out by Information and Communication Technology Division led by Division Head under the coordination of MD Treasury & IT (Chief Information Officer) who

reports directly to President Director, based on the Directors Regulation No. 02/KD/DIR/SPMD/2015 dated May 5th 2015.



Information & Communication Technology Division is assisted by five departments (IT Security, IT Planning & Performance, IT Development, IT Operation, and

IT Information Management), and three specialists (IT Policy, Risk & Governance, IT PMO, and Quality Assurance & Control).

INFORMATION TECHNOLOGY GOVERNANCE PROFILE

Hereby the profile summary of Head of Information & Communication Technology Division.



**TOTO
PRIYOHARTONO**

Division Head
Information &
Communication
Technology

Born in Probolinggo on July 24th 1961

Education:

- Graduated with Magister of Finance Management Universitas Padjajaran Bandung
- Holds a Bachelor of Accountancy and Economic Universitas Padjajaran Bandung

Employment History:

- Head of Card Business Division (2015-2016)
- Head of Network Development & E-Banking Division (2013-2015)
- Head of Information & Communication Technology Division (2012-2013)
- Head of Information & Communication Technology Division (2012)
- Head of Information & Communication Technology Division (2011-2012)
- Head of Commercial Funding Division (2010-2011)
- Head of Assistant Commercial Funding Division (2010)

Basis for Appointment:

Board of Directors Decision No. 381/DIR/2016

FUNCTION, DUTIES AND RESPONSIBILITIES OF INFORMATION TECHNOLOGY GOVERNANCE

The function, duties and responsibilities of information technology governance by the Information & Communication Technology Division is carried out based on the department and specialist reporting directly to the division as follows:

Department	Function, Duties and Responsibilities
IT Security	<ul style="list-style-type: none"> Creating secure IT system through coordination of strategy development, policy, and trusted security system design that is reliable; and reliable operational security system in accordance with procedures Ensuring that the integrity, confidentiality, and data availability, as well as information aspects are always protected hence the Company's business continuity is guaranteed.
IT Planning & Performance	<ul style="list-style-type: none"> Coordinating analysis and plan for Information Technology (TI) both short term and long term, and managing as well as optimizing budget and resources, analyzing and preparing Information Technology Enterprise Architecture, Performance, and TI Capacity.
IT Development	<ul style="list-style-type: none"> Responsible in maintaining harmony in between the Company's business strategy with the information technology strategy so as to create the business value in line with the Company's objectives.
IT Operation	<ul style="list-style-type: none"> Supervising IT support procurement to Branch Offices, solving problems related to operational IT, managing IT assets both software and hardware, data center management, ensuring the safety of integrity, confidentiality, availability of data and information aspects, hence the Company's business continuity is guaranteed.
IT Information Management	<ul style="list-style-type: none"> Supervising planning, development, and controlling of information architecture, as well as providing and managing data warehouse to ensure that it is aligned with the company business strategy.
IT Policy, Risk & Governance Specialist	<ul style="list-style-type: none"> Responsible for making the policy and procedure in the IT scope including IT policy, IT risk management, IT Governance on every process in ICTD, and responsible for every policies as the reference for ICTD.
IT Project Management Officer Specialist	<ul style="list-style-type: none"> Responsible in execution of every TI project so that it is aligned with the procedure set forth, hence 'on-schedule', 'on-budget', and 'on-spec' projects are achieved; and refinement of guidelines and rules for TI projects.
Quality Assurance & Control Specialist	<ul style="list-style-type: none"> Responsible for ensuring compliance of TI operational process, Project Implementation, TI Assets Procurement, Application Development, and Information management against specified policies, standard, and procedures, and quality.

INFORMATION TECHNOLOGY VISION AND MISSION

Vision

“To synergize Business Strategy and Information Technology by Providing World Class Information Technology Service to Achieve Victory in the Digital Age”

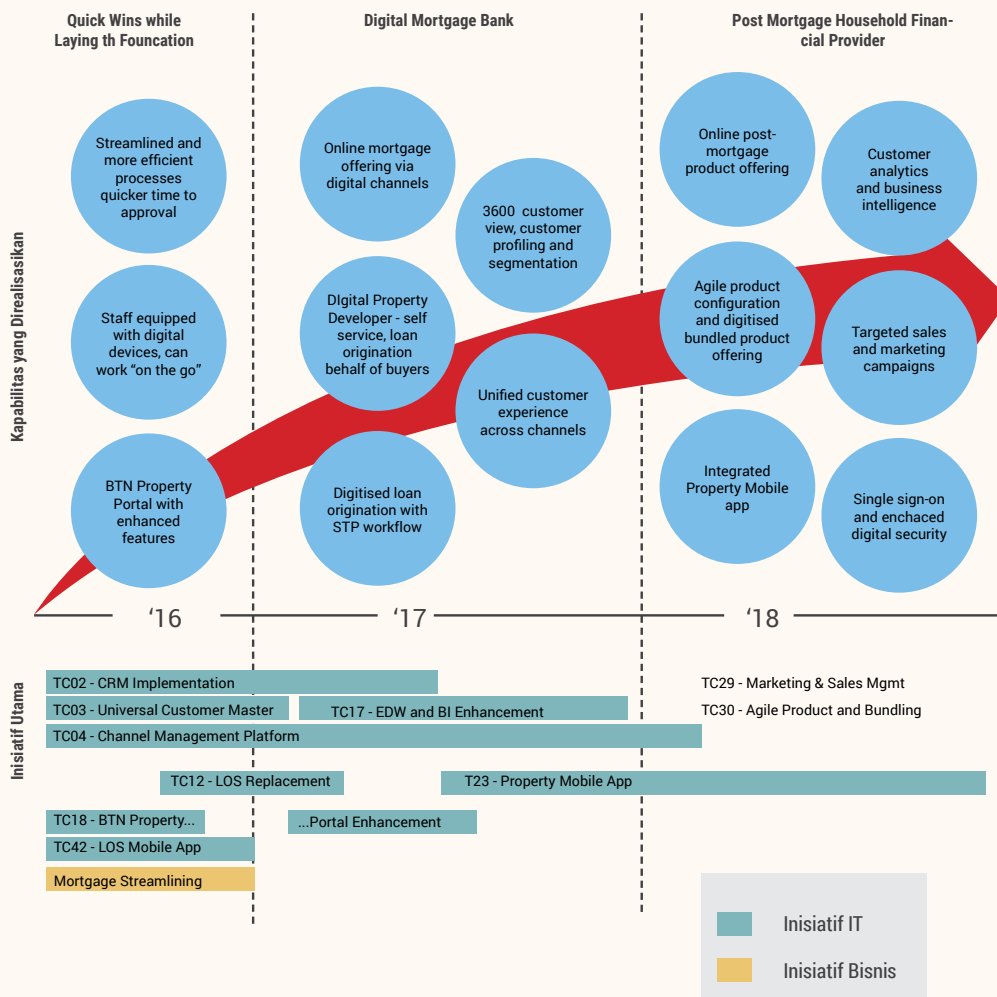
Mission

“To be a reliable business partner who provides responsive and accurate services through cutting-edge technology and leading integration system.”

INFORMATION TECHNOLOGY ROADMAP

The Company keeps innovating and developing information technology system in line with dynamic business. The efforts are conducted through the arrangement of TI long term development strategy in

Information Technology Strategic Plan (RSTIK) 2016-2018 that is in accordance with Bank’s Business Plan 2016-2018. Overview of RSTIK 2016-2018 is as follows.



This roadmap shall be elaborated into information technology strategies compiled in accordance with business strategic so it shall support the optimal operational performance. The information technology strategies are:

1. Flexible Distribution

- Sales and multi-channel services that provides consistent service level on every distribution channel
- Flexible channel to serve cooperation with partner
- Starting transaction in one channel and finishing it through other channel

2. Automated Processing

- Automation and integration end-to-end by using Enterprise Application Integration (EAI) and Straight-Through Processing (STP)
- Reduce the needs of user involvement
- Optimize the transaction process speed

3. Resource Empowerment

- *Self-assisted training*, education, and improvement of employee's skills
- Acceleration in products' launching process
- Improvement in employee empowerment and better customer experience

4. Agile Manufacturing

- Agile product manufacturing that allows for modifications in the product specification
- Enables bundling product
- Accelerate the distribution time of new product to the market

5. Integrated Customer Analytics

- Availability of customer's information through all channel, including customer's profile and segmentation, product portfolio, risk evaluation, and current loan credit
- 3600 customer visibility – complete view of the customer
- Customer insights from analytic system

6. Advanced Security

- Authentication platform and strong security
- Establish secure and trusted environment for the customer and partner in order to maintain good customer experience

Furthermore, the overall strategies will be elaborated in the policy as continuous information technology implementation guidelines.

INFORMATION TECHNOLOGY POLICIES

Information technology has strategic role in the Company's operational activities especially in supporting the Company's strategy as a Bank that focuses on Housing. Information technology based operational service is expected to bolster the customer acquisition through business process automation, process efficiency, and product innovation. This encourages the Company to compile information technology policy on the information technology governance implementation, set forth based on the Directors Decree, namely:

1. Directors Decree No. 35/PD/ICTD/2010 on Governance Guidelines of Risk Management Based Information Technology
2. Directors Decree No. 05/PD/ICTD/2014 on the Amendment of Directors Decree No. 18/PD/CMO/2011 dated July 20th 2011 on IT Steering Committee.
3. TI Business Continuity Plan Policy comprised of Directors Circular Letter No. 01/DIR/DTI/2006 on Operating Procedure of Disaster Recovery Center (DRC); Directors Circular Letter No. 23/DIR/ICTD/2011 on Business Continuity Plan Implementation Guidelines; and Directors Circular Letter No. 35/DIR/ICTD/2013 on Disaster Recovery Plan (DRP) Implementation Guidelines.
4. TI information security policy comprised of Directors Circular Letter No. 17/DIR/DTI/2007 on Operation Guidelines on Security Management of Password/Cryptographic/Personal Characteristic (Fingerprint, Retina, Voice)/PIN; Directors Circular Letter No. 31/DIR/ICTD/2011 on Information Security Management System; and Directors Circular Letter No. 40/DIR/ICTD/2016 Amendment on Directors Circular Letter No. 01.DIR.ICTD.2014 on Information Security Guidelines
5. Operational Policy comprised of Directors Circular Letter No. 04/DIR/DTI/1999 on Home Ownership Loan (KPR) Application Operation Guidelines; Directors Circular Letter No. 05/DIR/DTI/1999 on Operation Guidelines on Backup Data; Directors Circular Letter No. 02/DIR/ICTD/2014 on Operational Guidelines on Master Error Report Finishing; and Directors Circular Letter No. 51/DIR/ICTD/2014 on Information Technology System Standardization.
6. TI Management Policy comprised of Directors Circular Letter No. 41/DIR/ICTD/2011 on Operation Guidelines of IT Risk Management; and Directors Circular Letter No. 33/DIR/ICTD/2011 on Information Technology Standard Operating Procedure (SOP).

INFORMATION TECHNOLOGY WORK PROGRAM 2016

Throughout 2016, Information and Communication Technology Division (ICTD) conducted programs implementation in IT, in technology development, people, and process; described as follows:

Technology Sector

1. **Conventional Web Branch Application**
Front End application from core banking, used by front-liner (CS and Teller) to open the customer's account. Currently, pilot project is conducted on some branches.
2. **LSMK Sharia**
This application is developed specifically for sharia business. LSMK (Monetary Stability and Financial System Report) Application is used to report to the internal or external party about regulations.
3. **Knowledge Management System (Smart Share) Application**
Web-based application to share knowledge (collect, use, disburse) information to every individual in BTN.
4. **Other Application Development**
 - Go-Pay Development
 - E-channel features development such as internet banking and mobile banking
 - Host-to-host application development with numerous universities
 - BPJK TK Application Development
 - KSEI Application Development
 - Bansos Application Development
 - Merah Putih Project Development
5. **New Co-Location Data Center to function as DC2.**
In line with the initial plan, i.e. The Company's Dual Data Center (DC) concept, includes 2 DC unit and 1 operation center unit. To realize the DC2, the Company built second DC by doing Co-Location (manage service) in order to improve the TI service quality and prevent reputation risk and operational risk.

6. **Hardware Standardization in Branch Offices**
To support service in branch offices from the hardware procurement that will improve the service for customer, the Company conducted standardization of PC devices, server, server room, as well as application in the PC.

People Sector

Human Resources Development in the field of Information Technology

1. **Workshop**
 - IT Demand Management & BRD for user requirement compilation
 - IT Governance Workshop
2. **Training for trainer and user**
 - S-Invest Training
 - Risk Management and Card Management – PCI DSS
 - Transfer Knowledge of iLoan, iColl & iCremo
 - S-Invest Training
 - Visual Studio ASP.NET with C#.
 - IT Asset Management (ITAM)
 - Legal Drafting & Writing
 - Strategic IT Architecture Planning
 - CCNAX (haven't taken exam yet)
 - iSeries System Administration and Control
 - Risk Management and Card Management – PCI DSS

3. Certification

- PMP Certification for Project Management Office (PMO)
- Certified Ethical Hacking
- Certification of CHFI (Preparation and Exam)

Process Sector

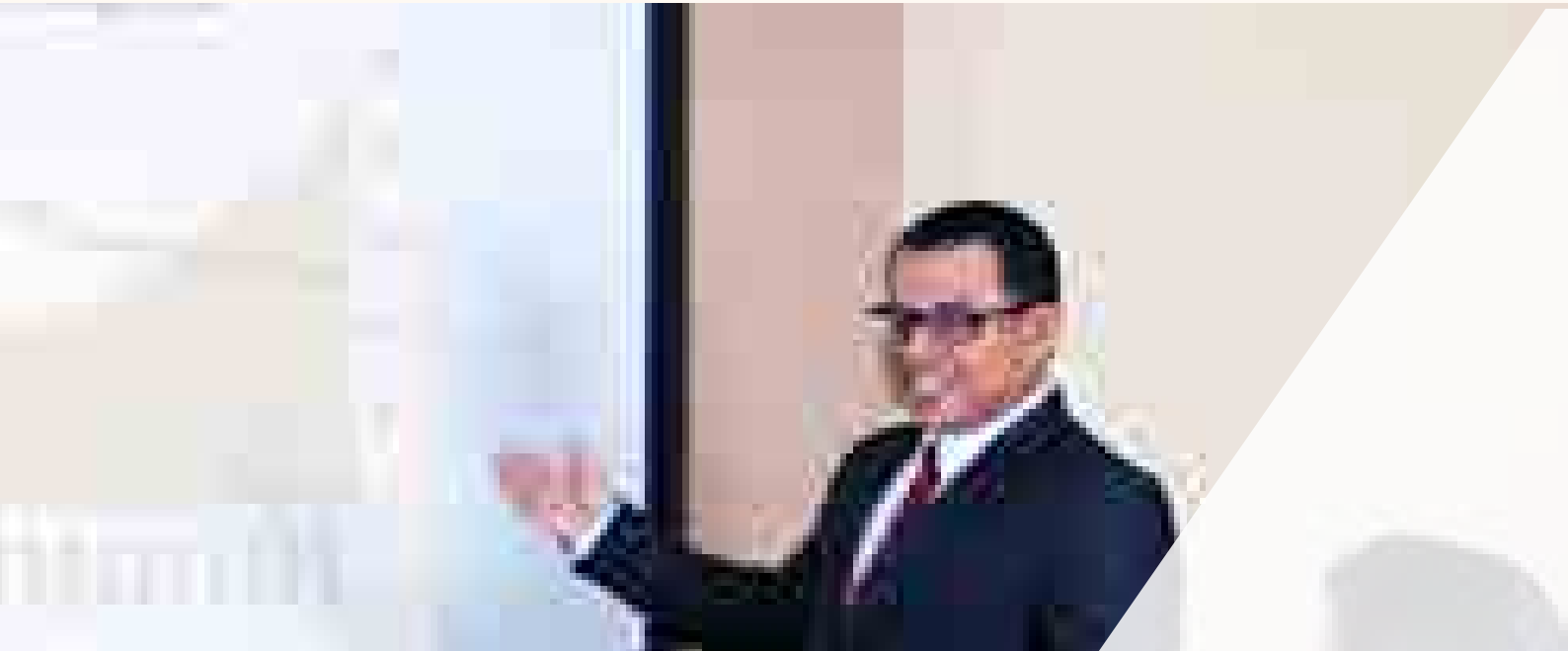
Policy review, such as:

- Directors Circular Letter No. 40/DIR/ICTD/2016 on Amendment of Directors Circular Letter No. 01/DIR/ICTD/2014 on Information Security Guidelines.

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STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH,
SUPPORTING THE ACCELERATION OF **ONE MILLION HOUSES PROGRAM**





GOOD CORPORATE GOVERNANCE

Implementation of Good Corporate Governance is signified by the Company as a tool and mechanism to maintain business continuity and stakeholder's trust, to enhance the integrity of the company, and to increase the shareholder value. The achievement as the winner of Annual Report Award (ARA) in the category of State-owned Financial Enterprises Listed in 2016, reinforces the Company's position in the information disclosure and corporate governance.

In addition, the Company continues to increase the corporate governance implementation with best practice by achieving The Best Overall ASEAN Corporate Governance Scorecard in 2016 by IICD.

GOOD CORPORATE GOVERNANCE



- Gold Winner Worldwide
- Top 100 Reports Worldwide (#88)
- Top 10 Reports Indonesia
- Top 50 Reports Asia-Pacific Region (#26)
- Best Report Narrative Asia-Pacific Region

LACP
(League of American Communication Professionals)

PLATINUM TROPHY

(Very Satisfactory Performance for 10 years consecutively)

INFO BANK

BEST MID CAP (RANKED 1ST)

CATEGORY
ASIA BEST COMPANIES 2016

FINANCE ASIA

1st Winner

Annual Report BUMN
Keuangan Listed

ANNUAL REPORT AWARD

OJK, BI, IAI, Depkeu, KNKG, IDX, BUMN

- Top 50 Public *Listed* Companies
- The Best Overall

IICD AWARDS 2016

IICD
(Indonesian Institute for Corporate Directorship)

The Asset Corporate Award 2016

Category: Titanium "Excellence in Governance, and Investor Relations Benchmarking"

The Asset - Hongkong

INTRODUCTION ON CORPORATE GOVERNANCE

The Company interprets the improvement in good corporate governance implementation as an effort to strengthen internal condition in order to enhance the performance, protect the interests of the shareholder, and increase the compliance with the rules and legislations as well as ethical values prevailing in the banking industry. Furthermore, with the arisen complexity of risks faced by the bank, good corporate governance by the Company is very much needed. Therefore, we, the Company continue to improve the implementation of good corporate governance with the latest regulatory developments including the Regulation of the Financial Services Authority (OJK) No. 55 of the year 2016 on Governance Implementation for Commercial Banks.

Good Corporate Governance (GCG) is an ongoing effort from the Company to response to the needs of GCG implementation proportionally to be more than compliance driven. The Company believes the tagline Moving Beyond Corporate Governance to True Business Value is aspiring on the GCG implementation so the Company shall be a proud State-owned Bank, participating in actualizing the advancement and growth of the nation.

This is demonstrated by the Company's accomplishments in 2016 that yields very satisfactory results in terms of financial performance, operational performance, and awards achieved. The increase of GCG implementation is parallel with the performance increase overall. The Company can maintain the third party fund growth rate and maintain its position as market leader in housing funding. The external recognition in the form of awards on performance, information transparency, and implementation of GCG are namely:

1. Platinum Trophy (Very Satisfactory Performance for 10 years consecutively) from Infobank;
2. Best Mid Cap (Ranked 1st) in the category of Asia Best Companies 2016 Finance Asia;
3. Winner of Annual Report Award in the category of State-owned Financial Enterprise Listed;

4. The Best Overall according to ASEAN Corporate Governance Scorecard by IICD;
5. Best Performance Bank from Property & Bank;
6. 4th Best Overall Performance of the Company Sharia from Infobank & MRI.
7. The Asset Corporate Award 2016, achieved the category of Titanium 'Excellence in Governance, CSR and Investor Relations Benchmarking" dari The Asset – Hongkong.

Implementation of GCG in the Company is in compliance with rules and legislations, such as Stock Market Regulations, State-owned Enterprises Regulation, Limited Liabilities Company Regulation, Bank Indonesia Regulation, Regulation of State Minister for State Owned Enterprises, OJK Regulation (POJK), Indonesia Stock Exchange Regulation, Principles of Corporate Governance by Organization for Economic Co-Operation and Development (OECD), ASEAN Corporate Governance Scorecard, and Indonesia GCG General Rules and Indonesia Finance by Governance Legislation National Committee (KNKG).

Principles of Corporate Governance

The Company keeps pushing the improve coverage of GCG in various aspects and at all levels of organization, by improving the GCG structure, socializing the GCG structure on an ongoing basis as well as conducting GCG self-assessment periodically to support the implementation of effective GCG. The implementation of Good Corporate Governance (GCG) principles is absolutely necessary for the survival of the bank. The Company continues to upgrade its practice as the best GCG in the national, regional, even international scale, relevant and adapted to the needs. The implementation of GCG principles by the Company can be described as follows:

1. Transparency
 - a) The Company discloses information in a timely, adequate, clear, accurate, and comparable as well as accessible to the parties (stakeholders).

- b) The Company discloses information including but not limited to vision, mission, targets, strategies, financial and non-financial condition of the Company, the Board of Directors and Board of Commissioners, controlling shareholders, risk management, supervision and internal control system, compliance, GCG system and implementation, as well as information and material facts that may affect investors' decisions.
 - c) The Company's policy must be written down and communicated to stakeholders who are entitled to obtain the information regarding the policy.
 - d) Transparency principle still regards the Company's secrecy provisions, professional secrecy, and personal rights in the prevailing laws and regulations.
2. Accountability
- a) The Company sets the targets and strategies accountable to the stakeholders.
 - b) The Company assigns tasks and clear responsibilities for each member of Board of Commissioners and Board of Directors and all members that aligned with the vision, mission, the Company's values, targets and strategies of the Company.
 - c) The Company has to ensure that each member of Board of Commissioners and Board of Directors and all members are competence in accordance with the responsibilities and their roles in the good corporate governance implementation.
 - d) The Company sets check & balance system in the management.
 - e) The Company has a performance measurement for every rank based on the agreed standards consistent with the Corporate Culture Values, targets and strategies of the Company and the Company has a rewards and punishment system.
3. Responsibilities
- a) The Company adheres to the prudential banking practices and ensures the compliance with the prevailing rules and legislations.
 - b) The Company as good corporate citizen cares for the environment and fulfills its social responsibility reasonably.
4. Independency
- a) The Company avoids unnatural domination by any stakeholders and unaffected by unilateral interest and is free from conflict of interest.
 - b) The Company takes decisions objectively and free from any pressure from any party.
5. Fairness and Equality
- a) The Company takes care of the stakeholders' interest based on fairness and equal treatment.
 - b) The Company provides opportunity to all stakeholders to provide feedback and opinions for the Company's interest as well as opens access to information in line with the openness principle.

Purposes of Good Corporate Governance Application

Generally, the Company applies GCG basic principles with the purpose of believing this shall ensure a business balance so that all interests, be it business or social, individual or groups, internal as well as external, short term and long term, and shareholders and stakeholders interests, that will lead to equilibrium.

The purposes of the Company's GCG application specifically are:

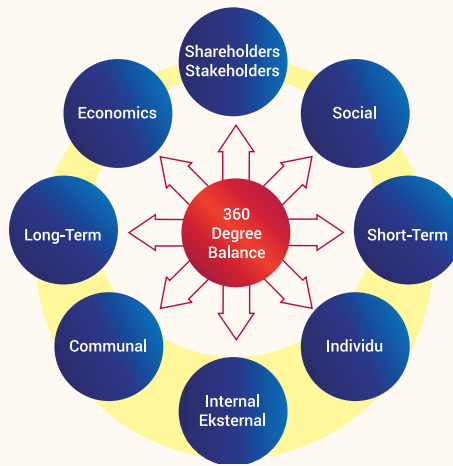
1. To optimize the Company's values so that the Company has strong competitiveness, both nationally and internationally, therefore it could maintain its existence and sustainability to achieve the objectives of the Company;

2. To encourage the Company's management professionally, efficiently, and effectively, as well as to empower the function and increase the independence of the Company;
3. To encourage the Company in making decisions and performing actions based on high moral values and compliance with rules and legislations, as well as awareness of their social responsibilities to the stakeholders and preservation of the environmental around the Company;
4. To increase the Company's contribution in the national economic;
5. To improve the investor's trust towards the Company.

THE COMPANY GOVERNANCE ROADMAP

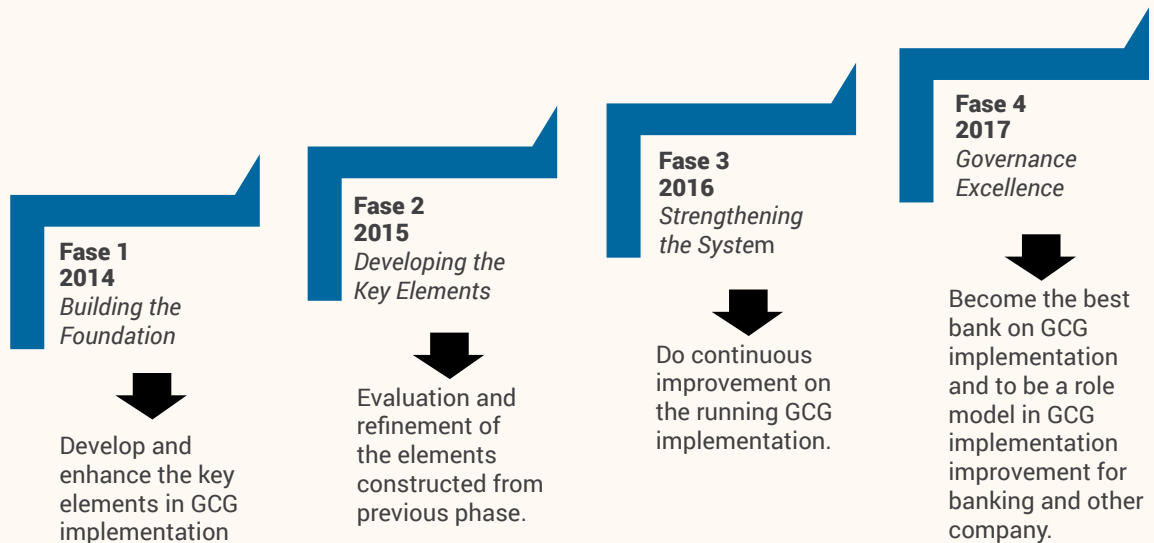
By applying the paradigm as a whole, there will be alignment of interests and objectives between the company and its stakeholders (goal congruence), which further will encourage the creation of long-term sustainability for the company.

**Scheme of GCG Paradigm
360 Degree Balance**

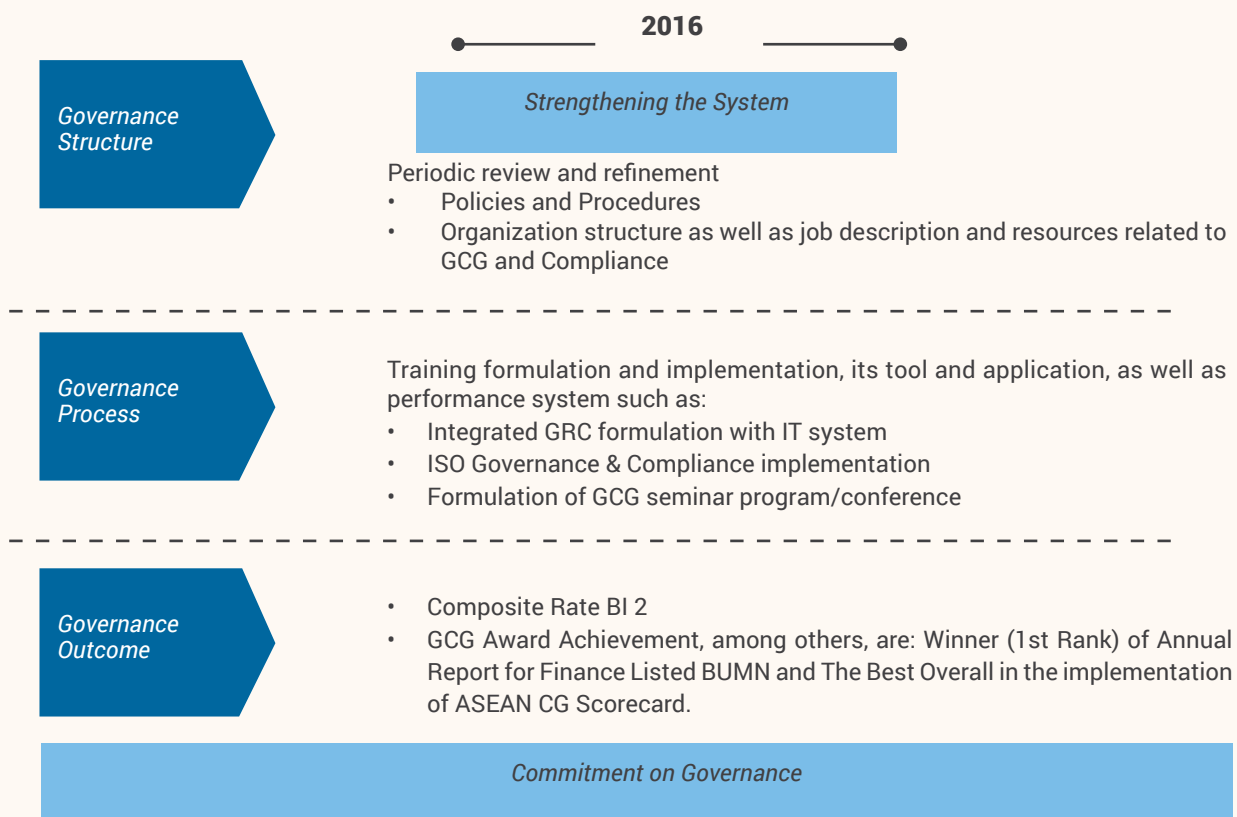


GCG Paradigm “360 Degree Balance” is actualized by strengthening GCG continuously and consistently over time using 4 (four) pillars of GCG which consist of Commitment on Governance, Governance Structure, Governance Mechanism and Governance Outcome

Hence, the Company sets the Roadmap GCG program, with the target of making the Company as one of the best company with the best governance practice in the future, with details of implementation strategy as follows:



Each stage of the GCG Roadmap focuses on the improvement and the enhancement of the Four Pillars implementation. The realization for 2016 is as follows:



COMMITMENT TO IMPLEMENT SUSTAINABLE GCG IN THE COMPANY

THE COMPANY'S FOCUS ON GOOD CORPORATE GOVERNANCE IN 2016

The implementation of the Company's good corporate governance in 2015 focused on the enhancement of GCG execution in order to make The Company have a high competitiveness, and also put forth ethic and integrity in corporate management. The focus on good corporate governance of The Company in 2016 in accordance to GCG roadmap is as follows:

- a) Evaluation and improvement on IT system utilization in implementing GCG
- b) Evaluation and preparation for GCG Award
Evaluation was carried out for last year GCG Award participation to prepare for the participation in the following year.
- c) Evaluation and improvement in executing international certification training
Evaluation is carried out by reviewing the result of international certification training taken by top management, authorized higher up officers and also selected employees.
- d) Formulation of integrated Governance, Risk and Compliance (GRC)
- e) Competency development for human resource pertaining to GCG implementation
All employees that have gained international certification on GCG implementation would hold sharing discussion, training, and seminar for other employees in The Company.
- f) ISO governance dan compliance implementation
The Company gains ISO Governance dan Compliance from a ISO certification institution and this reflects that the implementation of governance and compliance within the company is up to par.
- g) Review and improvement on policies and procedures
Improvement on policies and procedures must be carried out to fix all the conditions and policies that need to be revised.
- h) Evaluation and revamping on organizational structure and job description
Refinement on structure and job description by organizational restructuring accordingly to the role and workload in GCG implementation.
- i) Sharing GCG practices with other companies

Enhancement in Good Corporate Governance Implementation according to OJK and ASEAN CG Scorecard

In order to improve the implementation of good corporate governance accordingly to the guidance of OJK and ASEAN CG Scorecard, The Company has done some policy readjustments pertaining good corporate governance, amongst them are improvement on The Guideline Work Procedures for Board of Commissioners and Management specifically pertaining to scheduled meeting between them, the mechanism of decision making during meetings, conflict of interest aspects, main assignments for Commissioner and active monitoring by Board of Commissioners over the implementation of GCG. Other than that, there has been some improvements towards Remuneration and Nomination Committee policy, and also Audit Committee Policy.

Furthermore, enhancement in information transparency has been carried out by The Company through disclosure of important information in holding General Meeting of Shareholders (GMS) on company's website, so all shareholders are able to access the information. The Company has also implemented certainty of fulfillment for shareholders' basic rights in the form of cash dividend distribution doesn't take more than 30 days after it's announced.

In order to increase the practice of good corporate governance, The Company as a public company has mostly implemented 25 recommendations divided in 5 aspects and 8 principles in good corporate governance under the supervision of Financial Services Authority (OJK) since November 2015. Furthermore, The Company would continue to improve on the implementation of good corporate governance accordingly to the recommendation of OJK.

Zero Tolerance to Fraud & Zero Defect Program

Fraud has been the mortal 'enemy' in any company, specifically in financing services. The impact is not only financial loss, but most importantly the company's reputation. That is why The Company continues to mitigate the risk of fraud happening within the company's environment.

To guarantee that every effort has been carried out effectively, Company continues to improve individual's awareness on the issue through continuous socialization of anti-fraud program and form an anti-fraud team that would perform Anti-Fraud Strategy accordingly with Bank Indonesia Circular Letter on Anti-Fraud Strategy Implementation for Common Banks. Anti-Fraud strategy consists of 4 pillars, they are (a) Prevention, (b) Detection, (c) Investigation, (d) Monitoring, Evaluation and Follow-up. Furthermore, anti-fraud commitment is also shown through the delivery of Clean Commitment Declaration to all stakeholders of The Company. "Clean Commitment" consists of free of bribery, corruption, and other illegal collection, mark-up and all actions that lead to corruption, collusion, and nepotism.

Collaboration with Corruption Eradication Commission (KPK)

The urge to implement GCG seriously encourages Bank to embrace Corruption Crime Eradication Commission (KPK) in controlling all gratification and bribery practices

within the bank. This proves the bank seriousness in supporting Indonesia as a corruption free country and in making the company to be the first public Bank that starts the commitment of Gratification Control with KPK. As a form of commitment in Gratification Control within, the Bank is obligated to implement gratification control system inside the bank's environment. This system would protect the integrity of all employees and all practices of gratification would be considered as bribery.

QUALITY STANDARDS OF GCG IMPLEMENTATION IN THE COMPANY

The Company establishes and continues to implement the highest standard of Good Corporate Governance in accordance to the regulation set by Bank Indonesia (BI) and Financial Services Authority (OJK) and international standard based on OECD and ASEAN CG Scorecard principles.

Self-Assessment GCG Bank

Regulation reference that is the standard of GCG implementation in accordance to Bank Indonesia Regulation (PBI) Number 8/4/PBI/2006 dated January 30th 2006 on GCG Implementation for Common Banks, as revised in Bank Indonesia Regulation Number 8/14/PBI/2006 dated October 5th 2006 on GCG Implementation for Commercial Banks and Bank Indonesia Circular Letter Number 15/15/DPNP dated April 29th 2013 on GCG Implementation for Commercial Banks. The standard for GCG implementation according to this regulation covers at least 11 (eleven) parameters, as follows:

1. Task and responsibility implementation of Commissioner Board;
2. Task and responsibility implementation of Management;
3. Task Comprehensiveness and Implementation of Committee;
4. Conflict of interest handling;

5. Implementation of compliance function;
6. Implementation of Internal Audit Function;
7. Implementation of External Audit Function;
8. Implementation of Risk Management including Internal Control System;
9. Funding provision for Related Party and Large Funding Provision;
10. Transparency of Financial Condition and Bank Non-financial state, GCG Implementation Report,

2nd 2015, resigned, based on a letter dated October 9th 2015.

b. Governance Process

Positive Factors:

- 1) Board of Commissioners has conducted the supervisory function and gave advices to the Directors
- 2) Directors commit to carry out the company's management by implementing the GCG principles in every business line.

Negative Factors:

There are some matters in need of improvement, related to the activity of supervision/monitoring of the bank operational risk management, in line with OJK findings.

c. Governance Outcome.

Positive Factors:

- 1) The Company has disclosed transparently the financial and non-financial condition based on the applicable rules and legislations.
- 2) The Company has conducted audit/assessment objectively
- 3) The Company has implemented prudence principles, Capital Market Regulation, Taxation, Anti Money-Laundering, Terrorism Financing Prevention, and other rules and legislations.

Negative Factors:

- 1) There were fine related to the Bank's report to BI/OJK
- 2) Identified fraud that needs further considerations to solve it comprehensively.

GCG IMPLEMENTATION ASSESSMENT FISCAL YEAR 2015

The Company used the criteria of Self-Assessment GCG that is set forth by BI/OJK. The assessment included the Board of Commissioners and Directors' aspects which are translated into Governance Structure, Governance Process, and Governance Outcome.

The recommendations related to the Board of Commissioners and Directors' aspects based on the assessment indicators, among others, are:

a. Governance Structure

Positive Factors:

- 1) The Company already has governance structures and infrastructures in accordance with the rules and legislations.
- 2) Head of Audit Internal Work Unit is appointed and dismissed by the President Director based on the approval of Board of Commissioners.
- 3) Strategic plan of the bank is compiled in the form of Corporate Plan and Business Plan in line with the rules and legislations.

Negative Factors:

In 2015, there were 2 members of Board of Commissioners which haven't passed the fit & proper test, and the President Commissioner, who was appointed based on EGMS dated September

The result of Self-assessment GCG according to BI/OJK regulation in the past 3 years:

Year	2014	2015	2016
Score Self-Assesment GCG	2	2	2

RESULT OF SELF ASSESSMENT GCG THE COMPANY 2016		
	RANK	DEFINITION OF RANKS
Individual	2	Reflects Bank Management has implemented Good Corporate Governance properly. This is shown through the fulfillment of sufficient Good Corporate Governance Principles. If there is a weakness found within the implementation of good corporate governance principles, it is not generally significant and can be solved with normal action by bank management.

ANALYSIS

Based on Self-Assessment Analysis, the implementation of GCG that consists of Governance Structure, Governance Process, and Governance Outcome on each factor of GCG assessment, it can be concluded that:

A. Governance Structure

Governance structure is generally sufficient, which can be seen from the following summary:

1. Positive Factors

- The Company possesses a complete infrastructure and good governance structure and in accordance with regulation published by Bank Indonesia (BI)/Financial Services Authority (OJK).
- The structure of corporate governance has been completed, consisting Commissioner Board, Management, Committee, and Work Unit with the suitable amount of member and sufficient competency.
- Risk Management, Compliance, and Internal Audit Units are placed in separated and independent organization towards Operational Work Unit.
- The Company possesses policy, system, and procedure on fund provision to related party, large fund provision, and financial and non-financial condition transparency.
- The Company has composed strategic plan in the form of Corporate Plan and Business Plan that are aligned with company's vision and mission.

2. Negative Factors

Board of Commissioners has not been fully effective by December 31st 2016 for there has been found:

- 1 (one) member of Board of Commissioners appointed and promoted based on Annual GMS dated on April 12th 2016 has failed to complete Fit and Proper Test by OJK.
- 1 (one) member of Board of Commissioners that was transferred from Commissioner to Independent Commissioner based on Extraordinary GMS dated January 7th 2016 has failed to complete Fit and Proper Test as Independent Commissioner by OJK.

3. Identification of Issues and Root Cause

There are 2 (two) members of Board of Commissioners that have failed to pass Fit and Proper Test conducted by OJK.

4. Strength

Board of Commissioners and Management of The Company are committed to fulfill and improve on governance structure so that it always adheres to regulator, supervisor, and follows the dynamic of business needs.

B. Governance Process

Governance Process is generally sufficient, which can be seen from the following summary:

1. Positive Factors

- Board of Commissioners has carried out supervising function and given advices to Management
- Management is committed to carry out company's structure by implementing GCG principles on each work line

ANALISIS

- c. Internal Audit Unit would always perform its function in accordance to applied regulations
- d. External Audit is carried out professionally, without intervention, and executed by Public Accountant and Public Accountants Office that are registered and licensed by OJK.
- e. Fund provision for related party and large funding have been carried out accordingly to precautionary principles.
- 2. Negative Factors

Internal control is not fully effective; it is still to be improved pertaining to supervision toward operational management activities as observed by OJK.
- 3. Identification of Issues and Root Cause

There are findings by OJK so supervision quality needs to be improved towards operational management activities.
- 4. Strength

The Company is always committed to improve business process.
- C. Governance Outcome

Governance outcome is generally sufficient, which can be seen from the following summary:

 - 1. Positive Factors
 - a. The Company has transparently executed financial and non-financial conditions in accordance to applied regulations.
 - b. The Company has executed objective assessment/audit
 - c. The Company has executed precautionary principle, Capital Market Regulations, Anti Money Laundering, Terrorism Funding Prevention, and other law regulations.
 - d. The Company has carried out protective regulation for customer
 - e. The Company Performance per December 31st 2016 has shown improvement, as follows:
 - Total assets
 - Net worth
 - Loan quality
 - KPMM ratio
 - 2. Negative Factors
 - a. Applied fines pertaining report fines to BI/OJK, even though there is some reduction on the amount compared to previous period.
 - b. Identified fraud that needs sufficient attention to be solved comprehensively.
 - 3. Identification of issues and root cause

Tardiness in report submission caused by operational obstacles and ineffective detection, supervision and fraud sources.
 - 4. Strength

Board of Commissioners and Management are committed to improve governance outcome in order to protect business continuity.

GCG Rating – CGPI Award 2015

The Company has participated in rating and survey conducted by Corporate Governance Perception Index (CGPI) annually. CGPI is a research and ranking program for GCG in assessing quality of Corporate Governance. The result of the assessment in 2016 is 86.59, with the phase of assessment including: Self-Assessment, Documentation System, Reports, and Observation.

During CGPI 2015/2016 The Company has once again obtained a rather high assessment for GCG and obtained a reward with company's assessment rank "Highly Trusted". The result of CGPI Assessment The Company in 2016 is 86.59 with the predicate "Highly Trusted Company". The result of CGPI assessment for the past 3 years is as follows:

Table: The Company CGPI Score 2014-2016

CGPI Rating	2014	2015	2016
Score – Predicate	84.94 Highly Trusted Company	85.75 Highly Trusted Company	86.59 Highly Trusted Company

ASEAN Corporate Governance Scorecard

The Company adheres to GCG Assessment conducted by the Indonesia Institute for Corporate Directorship (IICD), that assesses the practice of corporate governance (CG) based on ASEAS CG Scorecard. The assessment is based on public information, specifically on annual report in 2015 and on the Company's website. The result of assessment shows that the total score of The Company is 104.04 with the predicate as "Leadership in Corporate Governance". Average score is 100 for public companies or issuers in the amount of 67.99 and banking issuers with average score in the amount of 83.33 so that The Company has scored above average. The score for each component is as follows:

Principles	2014	2015	2016
	Basic Shareholder Rights	4.40	7.60
Equitable Treatment Of Shareholders	9.71	10.00	11.66
Role Of Stakeholders	10	8.57	10
Disclosure And Transparency	18.75	22.50	23.78
Responsibilities Of The Board	28.80	34.59	35.6
Bonus	7	9	13
Penalty	0	0	0
Total Score	78.66	92.27	104.04

The analysis for Company's Compliance Statement in accordance to GCG Guidance by ASEAN CG Scorecard is as follows:

Part A. Rights Of Shareholders

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Explain
LEVEL 1			
PART A	<i>RIGHTS OF SHAREHOLDERS</i>		
A.1	Basic Shareholder Rights	Comply	-
A.2	Right to participate in decisions concerning fundamental corporate changes.	Comply	-
A.3	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedure, that govern general shareholder meeting.	Comply	-
A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.	Comply	-
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.	Comply	-

Part B. Equitable Treatment Of Shareholders

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Explain
LEVEL 1			
PART B	EQUITABLE TREATMENT OF SHAREHOLDERS		
B.1	Shares and voting rights	Comply	-
B.2	Notice of AGM	-	<ul style="list-style-type: none"> - The disclosure of profile for potential Board of Commissioners and Management was not available by the time of AGM; - Notice of AGM did not contain information pertaining External Auditor that would be appointed during AGM. Notice of AGM did not reveal company's dividend policy; - Notice of AGM did not reveal the amount of dividend that was to be distributed.
B.3	Insider trading and abusive self-dealing should be prohibited.	Comply	-
B.4	Related party transactions by directors and key executives.	Comply	-
B.5	Protecting minority shareholders from abusive actions.	Comply	-

Part C. Role Of Stakeholders

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Explain
LEVEL 1			
PART C	ROLE OF STAKEHOLDERS		
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	Comply	-
C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.	Comply	-
C.3	Performance-Enhancing Mechanisms for Employee Participation Should be Permitted to Develop.	Comply	-
C.4	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the Board and their rights should not be compromised for doing this.	Comply	-

Part D. Disclosure And Transparency

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Explain
LEVEL 1			
PART D	DISCLOSURE AND TRANSPARENCY		
D.1	Transparent Ownership Structure	Comply	-
D.2	Quality of Annual Report	Comply	-
D.3	Disclosure of Related Party Transactions (RPT)	-	- Company has not disclosed remuneration of each Management and Board of Commissioners member.
D.4	Directors and Commissioners Dealings in Shares of The Company	-	- Company has not disclosed policy pertaining review and approval process from Related Party that comes in material form.
D.5	External Auditor and Auditor Report	Comply	-
D.6	Medium of Communications	Comply	-
D.7	Timely Filing/Release of Annual/Financial Reports	Comply	-
D.8	Company website	Comply	-
D.9	Investor Relations	Comply	-

Part E. Responsibilities Of The Board

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Explain
LEVEL 1			
PART E	RESPONSIBILITIES OF THE BOARD		
E.1	Board Duties and Responsibilities	Comply	-
E.2	Board Structure	Comply	-
	Code of Ethics or Conduct	-	<ul style="list-style-type: none"> - Company failed to plan on scheduled meetings before the year started. - The frequency of attendance for meetings by Board of Commissioners was less than 75% in a year. - The detailed amount of remuneration for each Board of Commissioners member has not been disclosed. - Company's Independent Commissary still received performance bonus.
E.3	Board Processes	Comply	-
E.4	People on the Board	-	- Company has not disclosed assessment, score of assessment, and assessment performance criteria for each Board of Commissioners member individually during the year.
E.5	Board Performance	Comply	-

In the Bonus marking, there are some items that can be fulfilled by the Company, as follows:

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Explain
(B) D.1.1	The audited annual financial report /statement released within 60 days from the financial year end.	Comply	-
(B) E.1.1	The company have at least one female independent director/commissioner based on ASEAN CG Scorecard.	Comply	-
(B) E.2.2	the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions.	Comply	-
(B) E.4.1	Independent non-executive directors/commissioners make up more than 50% of the board of directors/ commissioners. In 2015 (ASEAN CG Scorecard 2016), it's reported that the company has 5 Independent Commissioners out of 7 Commissioners.	Comply	-
(B) E.5.1	The company have a separate level Risk Committee.	Comply	-

The Implementation of Guidance for Public Company's Good Corporate Governance

Guidance for public company's good corporate governance is composed based on OJK Regulation Number 21/POJK.04/2015 dated November 16th 2015 on The Implementation of Public Company's Good Corporate Governance Guidance as stated on OJK Circular Letter Number 32/SEOJK.04/2015 dated November 17th 2015 on Guidance of Public's Company Good Corporate Governance. Said guidance is divided into 5 (five) aspects of public company's good corporate governance, 8 (eight) principles of good corporate governance, and also 25 (twenty-five) recommendations of implemented aspects and good corporate governance principles.

The Company Compliance towards Regulation and Circular Letter published by OJK pertaining Public Company's Good Corporate Governance

Aspect	Prinsip	Recommendation	Status	The Company Compliance
1. Good Relationship between the Public Company and the Shareholders in Ensuring the Rights of Shareholders	1. To Improve the Value of General Meeting of Shareholders' (GMS) Execution.	1. Public Company has methods or procedures of voting both open and close voting, in order to emphasize independency, and interests of shareholders.	Comply	<p>The Company has executed procedures of decision-making by voting that emphasized on independence, and interests of the shareholders in accordance with OJK Regulations.</p> <p>The Company has conducted things as follows:</p> <ol style="list-style-type: none"> 1. Have procedure in decision-making in the voting on agenda of GMS. The procedure is set forth in the Code of Conduct GMS, disclosed to public, including on the Company's website. 2. Voting procedure maintains independency or the freedom of shareholders. <p>In 2016, the Company has held two GMS, i.e. Annual GMS and Extraordinary GMS. Every decision is made by deliberation.</p> <p>In case deliberation could not be reached, voting is conducted. Decision is made if approved by more than ½ (half) of all the shares with voting rights who attends the meeting.</p> <p>Every share gives the shareholders to voice 1 (one) vote. If a shareholder has more than one share, one vote is enough per decision, and the vote has represented the number of shares owned.</p>

Aspect	Prinsip	Recommendation	Status	The Company Compliance
				<p>The voting is conducted with mechanism as follows:</p> <ol style="list-style-type: none"> 1. The shareholders or their proxies who gives abstain vote or did not agree will be asked to show their hands and handed their vote card to the officer. 2. The Meeting Officer will collect all the vote card from shareholders or proxies, who then will hand the cards over to the Notary to be counted. 3. Number of abstain and disagree votes counted as valid votes voiced on the Meeting, and the difference is the amount of voice who agree. 4. The shareholders with rights to vote but abstain is considered to voice their vote with the majority of the shareholders who votes their voice. 5. Notary will count and submit the results of voting on the agenda of Meeting submitted.
		<p>2. Every member of Directors and Board of Commissioners of Public Company attend Annual GMS.</p>	Explain	<p>In the event of GMS, the Company always complies to all prevailing rules and legislations.</p> <p>In the Annual GMS implementation period on April 12th 2016, member of Board of Commissioners, Mr. Kamaruddin Sjam, Chairman of Audit Committee did not attend the Annual GMS because he is given the task from PT. Bank Tabungan Negara (Persero) to attend Benchmarking & Workshop Enterprise Risk Management in UK, London & Cambridge, 10 – 17 April 2016. Through Letter No. 488/KOM/BTN/IV/2016 dated April 8th 2016, Mr. Kamarudin Syam stated to the Annual GMS 2016 Leader that the person concerned was not able to attend the Annual GMS 2016 held on April 12th 2016.</p>
		<p>3. The Minutes of GMS is available in the Public Company's website at least for 1 (one) year.</p>	Comply	<p>The Company provides the Minutes of GMS in Indonesian and English on the Company's website (www.btn.co.id) on menu Investor Relation. The Minutes of GMS is available on 2 (two) business days after the GMS is held, and available for more than one year on the Company's website.</p>

Aspect	Prinsip	Recommendation	Status	The Company Compliance
	2. To improve the Communication Quality between the Public Company with the Shareholders or Investor	<p>1. Public Company has communication policy with the shareholders or investor</p> <p>2. Public Company expressed the communication policy of the Public Company with the shareholders or investor on the Website</p>	<p>Comply</p> <p>Comply</p>	<p>The Company has a communication policy with the shareholders or investor in order to ensure that the shareholders or investor get a clearer understanding of information published to the public, as has been disclosed on the part of Corporate Secretary, Information Access on this Annual Report, as well as on the Company's website (www.btn.co.id)</p> <p>The Company has disclosed the communication policy to the shareholders or investor on the Company's website (www.btn.co.id) on the menu of Hubungan Investor - Pedoman Kebijakan Hubungan Investor</p>
2. Duties and Roles of Board of Commissioners	3. To strengthening the Membership and Composition of Board of Commissioners	<p>1. Determination of number of Board of Commissioners shall consider the Public Company's condition.</p> <p>2. The composition of member of Board of Commissioners shall consider the various expertise, knowledge, and experience needed.</p>	<p>Comply</p> <p>Comply</p>	<p>Determination of number of Board of Commissioners has considered the Company's condition, and every regulation from Regluator is implemented by the Controlling Shareholder (in this case, Ministry of State-Owned Enterprises)</p> <p>Number of member of the Board of Commissioners has been in accordance with OJK Regulation No. 33/ POJK.04/2014 on the Board of Directors and Board of Commissioners of Listed Companies or Public Companies</p> <p>The composition of Board of Commissioners takes skills diversity, knowledge, and experience required as has been disclosed on the Diversity of Board of Commissioners' Composition on this Annual Report.</p>

Aspect	Prinsip	Recommendation	Status	The Company Compliance
4.	To improve the execution of duties and responsibilities of the Board of Commissioners	1. Board of Commissioners has their own self-assessment policy to evaluate the Board of Commissioners' performance.	Comply	Board of Commissioners has self-assessment set forth in the Board Manual as explained on the Board of Commissioners' Performance Assessment on this Annual Report, as well as on the Company's website (www.btn.co.id) menu Investor Relation – GCG - Crossreference ASEAN CG Scorecard - Board Manual.
		2. The self-assessment policy to evaluate Board of Commissioners' performance can be referred to on the Board of Commissioners' Performance Assessment in this Annual Report.	Comply	The self-assessment policy to evaluate Board of Commissioners' performance can be referred to on the Board of Commissioners' Performance Assessment in this Annual Report.
		3. Board of Commissioners has their own policy related to resignation of member of Board of Commissioners if involved in financial crime.	Comply	The Company has had a policy in the Board Manual related to resignation and discharge of Board of Commissioners' member if the member is involved in actions that may harm the Company and/or Nation and if the member is found guilty by the court ruling which has permanent legal power.
		4. Board of Commissioners or Committee who carries out function of Nomination and Remuneration compiles succession policy in the process of Director's member Nomination	Comply	As a State-Owned Bank (BUMN), the Board of Directors succession policy refers to the Regulation of the Minister for State Owned Enterprises No. PER-03/MBU/02/2015 on Requirements, Procedures of Appointment and Discharge of Directors' Member of State-Owned Enterprises. In addition, as a public company, The Company also refers to the Indonesia Financial Services Authority Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Listed Companies or Public Companies. The description on succession policy in the process of Nomination of the Company's Director is explained further on the Succession Policy of Directors in this Annual Report.

Aspect	Prinsip	Recommendation	Status	The Company Compliance
3. Function and Roles of Board of Directors.	5. To strengthen the membership and composition of Directors	1. Determination of member of Directors taking into account the condition of Public Company as well as effectivity in decision-making.	Comply	The number of Board of Directors has taken into account the Company's condition and every Regulator's legislations enacted by the Controlling Shareholder (in this case, Ministry of State-Owned Enterprises). Number of member of Board of Directors has followed the OJK Regulation No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Public Company.
		2. Determine the member's composition of Board of Directors, taking into account the skills diversity, knowledge, and experienced needed.	Comply	The composition of Board of Directors takes skills diversity, knowledge, and experience required as has been disclosed on the Diversity of Board of Directors' Composition in this Annual Report.
		3. Directors' member who oversees accounting or financial sectors must have expertise and/or knowledge in the accountancy.	Comply	In the period 2016, Directors overseeing accounting or financial sectors have experience in the field of finance with information as follows: 1. Education a. Bachelor of Machine Engineering ITB b. Master in Accounting and Finance, University of Birmingham, UK 2. Work Experience a. Loan Officer on the loan section PT Bank Pembangunan Indonesia (Persero). (1982 – 1987) b. International Funding Manager PT Bank Pembangunan Indonesia (Persero). (1991 – 1992) c. Treasury Manager Hong Kong Branch PT Bank Pembangunan Indonesia (Persero). (1992 – 1995) d. Deputy General Manager Hong Kong Branch PT Bank Pembangunan Indonesia (Persero). (1995 – 1996) e. General Manager (CE) Hong Kong Branch PT Bank Pembangunan Indonesia (Persero). (1996 – 1997) f. Deputy Head of Financial Affairs and Bank Services PT Bank PT Pembangunan Indonesia (Persero). (1998 – 1999)

Aspect	Prinsip	Recommendation	Status	The Company Compliance
				<p>g. General Manager (CEO) Singapore Branch PT Bank Mandiri (Persero) Tbk. (1999 – 2001)</p> <p>h. Department Head UP3 Financial Institution & Overseas Network (FION) Group PT Bank Mandiri (Persero) Tbk. (2001 – 2002)</p> <p>i. Department Head Correspondent Banking PT Bank Mandiri (Persero) Tbk. (2002 – 2003)</p> <p>j. Department Head FI Credit Risk and Product Development PT Bank Mandiri (Persero) Tbk. (2003 – 2006)</p> <p>k. Department Head Credit Recovery II group, and Senior Recovery Manager Asset Management and Disposal Department PT Bank Mandiri (Persero) Tbk (2006)</p> <p>l. Authority Holders of Loan Breaking (PKMK), one level with Group Head for International Banking and Capital Market Services Group (IBCMS) PT Bank Mandiri (Persero) Tbk (2009 – 2010)</p> <p>m. Group Head IBCMS Group PT Bank Mandiri (Persero) Tbk.(2009 – 2010)</p> <p>n. Bank Mandiri Europe Ltd. (BMEL) PT Bank Mandiri (Persero) Tbk. (2010 – 2013)</p> <p>The certification owned by the Directors overseeing finance/accounting can be referred to on the Director’s Competency Development in this Annual Report.</p>
	6. To improve the execution of duties and responsibilities of the Board of Directors	1. Board of Directors has their own self-assessment policy to evaluate the Board of Directors’ performance.	Comply	Directors has their own self-assessment policy set forth in Board Manual, and this assessment system is summarized as Key Performance Indicator (KPI), as explained further in the part of Director’s Performance Assessment in this Annual Report, as well as on the Company’s website (www.btm.co.id) menu Investor Relation-GCG-Crossreference ASEAN CG Scorecard-Board Manual.

Aspect	Prinsip	Recommendation	Status	The Company Compliance
		2. Self-assessment policy to evaluate Board of Directors' performance, is stated on the Public Company's Annual Report.	Comply	The self-assessment policy to evaluate Board of Directors' performance can be referred to on the Board of Directors' Performance Assessment in this Annual Report.
		3. Board of Directors has their own policy related to resignation of member of Board of Directors if involved in financial crime.	Comply	The Company has had a policy in the Board Manual related to resignation and discharge of Board of Directors' member if the member is involved in actions that may harm the Company and/or Nation and if the member is found guilty by the court ruling which has permanent legal power.
4. Stakeholders' Participation	7. To improve the Good Corporate Governance Aspects through the Participation of the Stakeholders	1. Public Company has policy to prevent insider trading.	Comply	The Company has policy to prevent the insider trading as set forth on Directors Decree No. 39/PD/CSD/2011 dated December 30th 2011 on Investor Relations Activities Policy Guidelines (www.btn.co.id) Menu Investor Relations - Guidelines Investor Relations Policy.
		2. Public Company has policy for anti-corruption and anti-fraud.	Comply	<p>The anti-fraud implementation in the Company is regulated by the Board of Directors Circular Letter Number: 22/DIR/IAD/2014 dated May 28th 2014 on Anti-Fraud Strategies Standard Operating Procedure of PT Bank Tabungan Negara (Persero) Tbk.</p> <p>As a guideline in the implementation of Gratuity Control, as initiative of national anti-corruption program, the Company issued a guideline on gratuity control on Directors Circular Letter No. 45/DIR/CMPD/2015.</p>

Aspect	Prinsip	Recommendation	Status	The Company Compliance
		3. Public Company has policy on selection and improvement of the suppliers/ vendors ability.	Comply	<p>The Company has a policy regarding vendor management, as stipulated in Directors Regulation No. 13/PD/PGSD/2015 and Directors Circular Letter No. 47/DIR/PGSD/2015.</p> <p>Overall, the policy covered the criteria in selecting vendors, transparent procurement methods, vendor performance evaluation, and vendor's track records.</p> <p>Improvement of vendors/suppliers ability is conducted by guidance through coordination meeting, monitoring, and vendor's performance evaluation.</p> <p>Implementation of vendor selection policy is conducted by managing the Bank's Client List for database in procurement through methods of direct appointment / direct election / direct selection. The Directors Decree and Circular Letter are stipulating Standard Operating Procedure (SOP) for transparent procurement mechanism through auction/direct appointment/direct selection in accordance with the vendor's contract. With the implementation in place, it is expected the continuity of supply in the company is guaranteed.</p>

Aspect	Prinsip	Recommendation	Status	The Company Compliance
		4. Public Company has policy on creditor's right fulfillment.	Comply	<p>Policy on creditor rights fulfillments is the guidelines to ask for loan from the creditor. The purpose of the policy is to safeguard the fulfillment of rights and maintain the trust of creditor to the Public Company. The policy includes the consideration for agreements, as well as follow up in fulfilling the Public Company's responsibility to the creditor. Policy of the fundamental Rights of the creditor, i.e.:</p> <ul style="list-style-type: none"> - Receive payment of principle in a timely manner, and interest payment in the agreed timeframe. - Rights to any fine on the late principle payment and interest payment. - Ask for explanation, information, and documents, as well as auditing the Company's accountancy. <p>In 2016 period, there are 2 (two) Creditors for the Company, i.e.: Bilateral Loan Creditor and Bonds Creditor.</p>
		5. Public Company has policy on whistleblowing system.	Comply	<p>The Company has implemented policy on Whistleblowing System as stipulated in Circular Letter No. 21/DIR/IAD/2014 dated May 28th 2014 on Standard Operating Procedure of Whistle Blowing System Bank BTN, which covered types of violations to be reported through whistleblowing system, procedures of complaint, protection and confidentiality of the reporter, complaints handle, parties who handle the complaints, and results and follow-up of the complaints, in accordance with OJK Regulations.</p> <p>Whistleblowing System policy disclosure in 2015 is described on part Whistleblowing System in this Annual Report.</p>

Aspect	Prinsip	Recommendation	Status	The Company Compliance
		6. Public Company has policy on long-term incentive for the Directors and employee.	Comply	<p>Long term incentive for Directors and Board Of Commissioners is stipulated on Directors Regulation No. 03/PD/HCD/2015 dated March 31st 2015 on Remuneration of Board of Directors and Board of Commissioners, and Directors Circular Letter No. 57/DIR/HCD/2016 on Governance Implementation on Remuneration, as stated on the part of The Company Governance Implementation on Remuneration in this Annual Report. The Directors Regulation was a ratification of the Regulation of Ministry of State-Owned Enterprises No. 04/MBU/2014 dated March 10th 2014 on Guidelines on Remuneration of Board of Directors, Board of Commissioners, and Supervisory Board of BUMN; and POJK No. 45/POJK.03/2015 dated December 23rd 2015.</p> <p>Since 2010, the Company has conducted the long term incentive in the form of MESOP for Directors and Employee as explained further on part of Share Option in this Annual Report.</p>
5. Information Transparency	8. Improve the implementation of information transparency	1. Public Company utilizes information technology in a broader sense other than website as information transparency medium.	Comply	<p>The Company always strives to improve the disclosure of information to the stakeholders through information technology media, and the Company's website. information technology media used by the Company to conduct service and disclosure of information to customer or potential customers is the social media, i.e. Youtube (address: officialbankbtn), Facebook (address: socialmedia@btn.co.id), Twitter (socialmedia@btn.co.id), Instagram (@officialbankbtn), and LinkedIn (address: PT. BankTabungan Negara (Persero) Tbk).</p> <p>The Company also renews the information to the shareholders through email, conference call, and TV Capital Market IBCM Channel Indonesia Stock Exchange, as well as site visit by investor to the The Company Branch Offices, Non-Deal Roadshow, one-on-one meeting, and Analyst Meeting Public Expose.</p>

Aspect	Prinsip	Recommendation	Status	The Company Compliance
		2. Public Company Annual Report discloses the beneficial for shareholders in Public Company at least 5%, as well as the disclosure of the final beneficial of shareholders in Public Company, especially through the main shareholders and the controlling shareholder.	Comply	The Company has disclosed information about shareholders with 5% (five percent) or more shares of the Company to the Regulator, i.e. OJK and BEI. In this Annual Report, the information disclosed can be referred to in the part Information to the Investor.

QUALITY ENHANCEMENT PLAN FOR GCG IMPLEMENTATION IN 2017

The Company acknowledges that continuous good corporate governance implementation possesses an important role in encouraging company's values, improving risk management, strengthening company's internal condition, improving business performance, and also improving reputation or positive image as a company that protects shareholders and stakeholders' trust and also contributing in national economic.

In accordance to Bank Business Plan (BBP) in 2017-2019 and Company's Budgeting and Work Plan in 2017, generally The Company will strengthen the implementation of Governance, Risk, and Compliance (GRC) that would improve on good governance integration, risk management and compliance function with the purpose of increasing bank's health, minimizing internal weakness, and is able to face significant

negative influence caused by the change of business condition and other external factors.

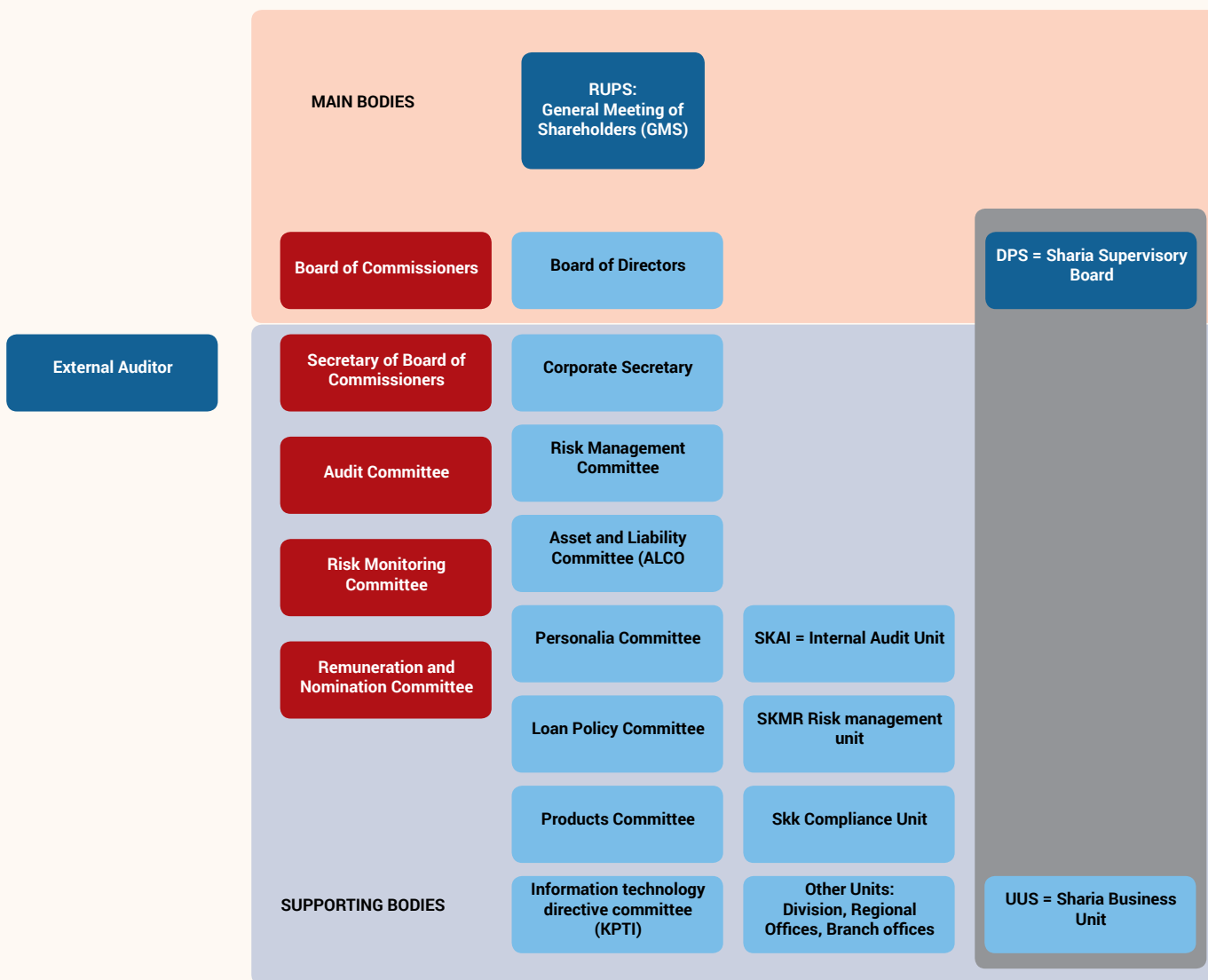
Initiative to improve the quality of GCG in 2017 is by periodically reviewing and improving regulation and policy of good governance by following the dynamic of regulation change by Financial Services Authority, Ministry of State-Owned Enterprises (BUMN Ministry), and good corporate governance guidance established by international institutions (ASEAN Corporate Governance Scorecard). The improvement of this process is carried out continuously by following up on weaknesses that were discovered during good governance assessment that was both self-executed and monitored by a third party. The result of GCG implementation would be directed to improve transparency of company's condition, customer protection, improvement of compliance function, resolving issues such as fraud, and improving bank's performance.

GCG STRUCTURE, MECHANISM, AND REGULATIONS

GCG STRUCTURE AND MECHANISM

In accordance with Law No. 40 of the year 2007 Chapter 1, it is stated that the Company Bodies consists of a General Meeting of Shareholders (AGM), the Board of Directors, and the Board of Commissioners. RUPS, Board of Directors, and Board of Commissioners respect their duties, responsibilities, and authorities in accordance with rules and legislations and Articles of Association.

Bodies for corporate governance in the Company is formed to ensure that implementation of the Company's governance shall be done effectively with the roles and clear responsibilities so it creates check and balance control mechanism.



The Company's governance is implemented in integrated structure consists of 3 (three) aspects of governance, namely structure, process, and result. The Company conducts these three aspects to ensure the availability of adequate governance structure and infrastructures, to maximize the effectivity of governance implementation process, and to drive quality governance outcome to fulfill the hope of many stakeholders.

GOOD CORPORATE GOVERNANCE POLICY

The governance mechanism is a set of rules to implement GCG that govern the relationship between the bodies inside the Company so that the duties, responsibilities, and authorities are clear and in accordance with the prevailing rules and legislations, GCG principles, healthy business ethics, and best practices. Governance Mechanism is reflected in the policies of GCG principles (soft-structure GCG) that the Company has in the implementation of GCG that will be the living document for all and every part of organization of the Bank.

1. The Company's GCG guidelines approved by Board of Directors Regulation No.06/DIR/DK/2009 dated May 27th 2009
2. Working Procedures Guidelines for the Board of Commissioners and Board of Directors (Board Manual) approved by the Board of Commissioners Joint Decision No. 01/KOM BTN/2015 and the Board of Directors SKB-01/DIR-BTN/2015 dated June 18th, 2015.
3. The Code of Business Ethics and Conduct (Code of Conduct) that was approved by the Board of Directors Regulation No. 16/PD/CMPD/2015 And has updated in a Decree Board of Commissioners No.01 / DEKOM-BTN / 2016 and Board of Directors No.SKB-01 / DIR-BTN / 2016 dated July 18th 2016
4. Guidelines for Gratification Application Control which was approved through Circular No. 45/DIR/ CMPD/2015.
5. Guidelines for Handling Conflict of Interest approved by the Board of Directors Regulation No. 31/PD/CSD/2010 dated December 22nd 2010.
6. Implementation of Policy Violation Reporting System – SPP (Whistle Blowing System – WBS) and Anti-Fraud which was ratified by the Directors' Circular Letter No. 55/DIR/CSD/2012.

THE RELATION IN BETWEEN STRUCTURE, MECHANISM AND RESULT OF CORPORATE GOVERNANCE



GENERAL MEETING OF SHAREHOLDERS (GMS)

A General Meeting of Shareholders (GMS) has the authority that is not delegated to the Board of Commissioners and the Board of Directors as stated in the Law on Limited Company and/ or Company Articles of Association. In the GMS forum, Shareholders are entitled to obtain information regarding the Limited Company from the Director and/or Board of Commissioners, as long as it is related to the agenda and does not have conflict of interest with the Limited Company.

MAIN SHAREHOLDERS INFORMATION AND CONTROLLER

The Company is a State-owned Enterprise with the Republic of Indonesia as its main shareholder, with the privilege of ownership of one share Series A Bicolor, that are not owned by other shareholders. Namely by approving the appointment and termination of Board of Commissioners and Directors, approving amendments in Articles of Association including changes in the capital, approving merger, acquisition and dissolution of Bank, filing a petition of bankruptcy and liquidation as well as asking a report on certain matters to the Board of Directors and Board of Commissioners.

On December 31st 2016, the Republic of Indonesia has 6,353,999,999 Common Shares, and 1 Bicolor Series A share with special voting rights, so that the shareholding is 60.00%. The information of Main and Controller Shareholders can be referred to the Shareholders Composition in this Annual Report.

DUTIES AND RESPONSIBILITIES OF THE SHAREHOLDERS IN GMS

GMS has the authority, namely:

- 1) To appoint and dismiss members of the Board of Commissioners and Directors based on policies/ guidelines set by the shareholders.
- 2) To provide approval/decision necessary to maintain the interests of the Company's business

in the long term and short term in accordance with laws and regulations and/or Articles of Association.

- 3) To provide an annual report approvals including approval of financial statements and supervisory duties of the Board of Commissioners in accordance with rules and legislations and/or Articles of Association.
- 4) To set the targets and assess the performance of the Board of Directors and Board of Commissioners.
- 5) To establish the remuneration of the Board of Commissioners and Board of Directors.
- 6) To appoint the external auditor.
- 7) To approve or refuse RJPP and Work Program and Budget (WP&B).
- 8) To make decisions through an open and fair process, and can be accounted for.
- 9) To implement good corporate governance in accordance with their authorities and responsibilities.

Decisions being made in the GMS are based on the interests of the Company. Without diminishing the powers and authorities of GMS, GMS or shareholders cannot intervene in the implementation of tasks, function and authorities of Board of Commissioners and Board of Directors to carry out their obligations and rights in accordance with Articles of Association and rules and legislations. GMS decision-making is done fairly and transparently.

Shareholders have duties and responsibilities, namely:

1. To adhere to the Articles Of Association and rules and legislations;
2. To not conduct surveillance and management of Bank, that is Board of Commissioners and Board of Director's responsibilities.
3. To not take advantages of the Bank for personal reason, family, Bank, or business group with spirit and manner contradictory to the rules and legislations and practices sound in the banking industry;
4. To do evaluation of the Board of Commissioners and Board of Directors performances through GMS mechanism.

GMS 2016

In accordance with Chapter 2 of the Financial Service Authority Regulations (POJK) No. 32/POJK.04/2014 and Chapter 21 of Articles of Association on Limited Company, GMS consists of Annual GMS and Extraordinary GMS. Annual GMS shall be held within a maximum period of 6 (six) months after the year ends and Extraordinary GMS shall be held at any time based on the interests of the Limited Company.

In the effort to give chance to the individual and institution shareholders to participate actively using

their rights as shareholders, the Company made the announcement and invitation for the GMS at least through 1 (one) newspapers with national circulation Indonesia, the Indonesia Stock Exchange website and the website of the Bank both in English and Indonesian. In addition to GMS, the Company announce the Minutes of GMS at least 2 (two) days after the GMS is done, through at least 1 (one) newspapers with national circulation Indonesia, the Indonesia Stock Exchange website and the website of the Bank both in English and Indonesian.

Attendance quorum and GMS decision on the decisions of GMS can be done if it is attended by shareholder with Bicolor Series A owner and other shareholders and/or their legitimate representatives if they represent more than ½ (one half) of the total shares with voting and the decision is approved by the owner of Bicolor Series A Share and other shareholders and/or their legitimate representatives that represent more than ½ (one half) of the overall shares and voting rights in GMS. In 2016, the Company has held 1 (one) Annual GMS for the 2015 fiscal year and 1 (one) Extraordinary GMS. The GMS is held fairly and transparently, as stipulated in the regulation issued by the Financial Services Authority (POJK) No. 32/POJK.04/2014 and the Company's Articles of Association.

The phases of GMS in accordance with POJK No. 32/POJK.04/2014 and Articles of Association of the Company are as follows:

GMS Implementation Phases



Note:

- Notice to the OJK at the very least 5 business days before the announcement, not including the announcement date.
- Notice to the Shareholders at the very least 14 business days before the summoning, not including the announcement and the summoning date.
- Proposal of the agenda to the Shareholders at the very least 7 days before the GMS summoning (if any).
- Recording date of the Shareholders right to attend the GMS 1 day before the summoning.
- Summon for the Shareholders at the very least 21 days before the GMS, not including the announcement and the summoning date of the GMS.
- The agendas shall be available since the summoning of the GMS until the date of the GMS.
- Announcement of the Minutes of GMS at the very least 2 business days after GMS.
- Proof of the Minutes of GMS is given to OJK at the very least 2 (two) days after announcement.
- Minutes of GMS at the very least 30 business days after GMS.
- Recording date of the Shareholders entitled to dividend 8 trading days after GMS.
- Payment of the dividend no later than 30 days after the Minutes of GMS.

I. Extraordinary GMS

A. Extraordinary GMS

The Company held Extraordinary GMS on:

Day/Date : Thursday/January 7th 2016

Time : 10.19 – 11.03 AM

Place: : Gedung Menara Bank BTN, 6th Floor

Jl. Gajah Mada No. 1 Central Jakarta – 10130

Agendas on the Meeting are as follows:

1. Changes in the Board of the Company
2. Enactment of Regulations of the State Minister for State-Owned Enterprises No. PER-09/MBU/07/2015 dated July 3rd 2015 on the State-Owned Enterprises Partnership and Community Program Development.

B. 2016 Extraordinary GMS Attendance

No	Name	Position	Attended	Not attended	Description
1	Chandra M. Hamzah	President Commissioner/ Independent*		√	*) Resigned as the President Commissioner/Independent of PT BTN (Persero) Tbk through resignation letter to State Minister for State-owned Enterprises dated October 9th 2015 regarding the unwillingness to be the President Commissioner/ Independent of PT BTN (Persero) Tbk
2	Kamaruddin Sjam	1. Independent Commissioner 2. Chairman of Audit Committee	√		
3	Arie Coerniadi	1. Independent Commissioner 2. Chairman of Risk Monitoring Committee	√		
4	Catherinawati Hadiman	1. Independent Commissioner 2. Audit Committee Member 3. Chairman of Nomination and Remuneration Committee	√		

No	Name	Position	Attended	Not attended	Description
5	Sumiyati	Commissioner	√		
6	Fajar Harry Sampurno	Commissioner	√		
7	Lucky Fathul Aziz H	Commissioner	√		
8	Maryono	President Director	√		
9	Irman Alvian Zahiruddin	Direktur	√		
10	Mansyur Syamsuri Nasution	Director	√		
11	Iman Nugroho Soeko	Director	√		
12	Adi Setianto	Director	√		
13	Sis Apik Wijayanto	Director	√		
14	Sulis Usdoko	Director	√		
15	Oni Febriarto Rahardjo		√		

C. Shareholders Attendance

The meeting is attended by 8,132,807,985 shares including Bicolor Series A Share with voting rights equivalent to 76.85% from all the shares with the voting rights issued by the Company.

D. Opportunities to Ask Questions and/or Provide Opinions

Opportunities to ask questions and/or provide opinions is opened for every agenda in the Meeting. Question and answer session is given after the explanation of the agenda in the Meeting and before the voting began.

E. Voting Mechanism in the Meeting

Decision of the Meeting is done by deliberation. If deliberation is not achieved, then voting is done. Voting is done by show of hand and vote card given to the officer of the Meeting

F. Voting Results and Number of Questions:

Voting in every agenda of the Meeting is calculated by PT Datindo Entrycom as the Security Administration Bureau and validated by Notary Fathiah Helmi, SH., with the result as follows:

Agenda	Agreed (Number of Votes and %)	Disagreed (Number of Votes and %)	Abstain (Number of Votes and %)	Questions/Opinions
I	7,102,261,992 (87.33%)	1,027,089,493 (12.63%)	3,456,500 (0,04%)	None
II	Every shareholders and representatives of the shareholders agreed to the second agenda, so the decision was done by deliberation.			None

Note: % is the composition of all the shareholders with voting rights attending the Meeting.

G. Decisions and Realizations of Extraordinary GMS

First Agenda	Realized
Changes in the Board of the Company	Yes
Decision:	
1. To approve and discharge Mrs. Catherinawati Hadiman as Independent Commissioner, as of the closing of the meeting with gratitude for her contribution of energy and thought provided during her term of office as Independent Commissioner of the Company.	
2. To approve and appoint these names stated below as the member of Board of Commissioners of the Company, effectively since the approval of Financial Service Authority to the fit and proper test for: <ul style="list-style-type: none"> a. Mr. I Wayan Agus Mertayasa as President Commissioner/Independent b. Mr. Maurin Sitorus as Commissioner <p>The end of Board of Commissioners member's service appointed is at the closing of the 5th Annual GMS since the appointment date, by taking into account the rules prevailing in Capital Market and without diminishing the right of GMS to discharge at any time.</p>	
3. To approve the position of Mr. Lucky Fathul Aziz H., once as a Commissioner to Independent Commissioner of the Company effectively since the approval from Financial Services Authority on fit and proper test, taking into account the prevailing rules and legislations, by continuing his tenure as Commissioner.	Mr. Lucky Fathul Aziz has not conducted fit and proper test as an Independent Commissioner by OJK
4. With the resignation, and after the approval from Financial Services Authority on fit and proper test on the appointment and assignment of the position, the composition of the Board of Commissioners is as follows: <p>President Commissioner/Independent : I Wayan Agus Mertayasa Independent Commissioner : Kamaruddin Sjam Independent Commissioner : Arie Coerniadi Independent Commissioner : Lucky Fathul Aziz H. Commissioner : Fajar Harry Sampurno Commissioner : Sumiyati Commissioner : Maurin Sitorus</p>	
5. To give the power and authority to the Company's Board of Directors with substituting right to perform all the necessary actions related to the decision of the agenda in accordance with the prevailing rules and legislations, including to declare in separate Notarial Deed and to inform the composition of Board Of Commissioners to the Ministry of Justice and Human Rights, as well as to ask the Financial Services Authority to do the fit and proper test for the candidates of the Board Of Commissioners in accordance with the prevailing rules and legislations.	

Second Agenda	Realized
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Enactment of Regulations of the State Minister for State-Owned Enterprises No. PER-09/MBU/07/2015 dated July 3rd 2015 on the State-Owned Enterprises Partnership and Community Program Development

Yes

Keputusan:

To agree on the enactment of Regulations of the State Minister for State-Owned Enterprises No. PER-09/MBU/07/2015 dated July 3rd 2015 on the State-Owned Enterprises Partnership and Community Program Development as the guidelines for the Board of Directors to carry out the Program, and it shall go into effect starting 2016.

The Implementation of the Company's Extraordinary GMS has been through phases as follows:

Notification	Announcement	Summoning	Execution	Announcement of Minutes of GMS	Submission of the Minutes of GMS
Notification to OJK, Indonesia Stock Exchange (BEI), and Indonesian Central Securities Depository (KSEI)	Announcement in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	Summoning of the GMS in Bisnis Indonesia Newspaper, OJK website, BEI website, and the Company's website	Extraordinary GMS is held on schedule	Announcement of the Minutes of GMS in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	Minutes of GMS is submitted to OJK and BEI
November 24 th 2015	December 1 st 2015	December 16 th 2015	January 7 th 2016	January 11 th 2016	February 1 st 2016

II. ANNUAL GMS 2016

A. Annual GMS

The Company held Annual GMS on:

Day/Date : Tuesday/April 12th 2016

Time : 14.37 – 17.32 PM

Place: : Gedung Menara Bank BTN, 6th Floor

Jl. Gajah Mada No. 1 Central Jakarta – 10130

B. 2016 Annual GMS Attendance

No	Name	Position	Attended	Not attended	Description
1	I Wayan Agus Mertayasa	President Commissioner/ Independent	√		
2	Kamaruddin Sjam	Independent Commissioner		√	Assigned by the Company to Follow Benchmarking & Workshop Enterprise Risk Management date 10 to April 17, 2016 as In letter of the Board of Commissioners BTN No.48 / KOM / BTN / IV / 2016 dated April 8th 2016.
3	Arie Coerniadi	Independent Commissioner	√		
4	Lucky Fathul Aziz H	Independent*	√		
5	Fajar Harry Sampurno	Commissioner		√	Appointed as President Commissioner At the Company's Annual General Meeting of Shareholders Gas Negara (Persero) Tbk dated 8April 2016
6	Sumiyati	Commissioner	√		
7	Maurin Sitorus	Commissioner	√		
8	Maryono	President Director	√		
9	Irman Alvian Zahiruddin	Director	√		
10	Mansyur Syamsuri Nasution	Director	√		
11	Iman Nugroho Soeko	Director	√		
12	Adi Setianto	Director	√		
13	Sis Apik Wijayanto	Director	√		
14	Sulis Usdoko	Director	√		
15	Oni Febriarto Rahardjo	Director	√		

notes:

- *) EGMS agreed to the transfer of Mr. Lucky Fathul Aziz H., from Commissioner to Independent Commissioner on January 7th 2016, effective immediately after getting the approval from OJK for the fit and proper test and in accordance with the prevailing rules and legislations.

C. GMS Attendance of Board of Commissioners and Board of Directors' Member:

Board Of Commissioners:

President Commissioner	: Mr. I Wayan Agus Mertayasa
/Independent	
Independent Commissioner	: Mr. Arie Coerniadi
Independent Commissioner	: Mr. Lucky Fathul Aziz Hadibrata
Commissioner	: Mrs. Sumiyati
Commissioner	: Mr. Maurin Sitorus

Board of Directors:

President Director	: Mr. Maryono
Director	: Mr. Irman Alvian Zahiruddin
Director	: Mr. Mansyur Syamsuri Nasution
Director	: Mr. Iman Nugroho Soeko
Director	: Mr. Adi Setianto
Director	: Mr. Sis Apik Wijayanto
Director	: Mr. Sulis Usdoko
Director	: Mr. Oni Febriarto Rahardjo

D. Shareholders Attendance

The meeting is attended by 8,298,818,210 shares including Bicolor Series A Share with voting rights equivalent to 78.36% from all the shares with the voting rights issued by the Company.

E. Opportunities to Ask Questions and/or Provide Opinions

Opportunities for the Shareholders or their legitimate representatives to ask questions and/or provide opinions is opened for every agenda in the Meeting. Question and answer session is given after the explanation of the agenda in the Meeting and before the voting begin.

F. Voting Mechanism in the Meeting

Decision of the Meeting is done by deliberation. If deliberation is not achieved, then voting is done. Voting is done by show of hand and vote card to the officer of the Meeting.

G. Independent Party Voting Validator

Voting in every agenda of the Meeting is calculated by PT Datindo Entrycom as the Security Administration Bureau and validated by Notary Fathiah Helmi, SH.

H. Decisions and Realization of Annual GMS 2016

Annual GMS 2016 has resulted in the decisions actualized in 2016 as follows:

First Agenda	Realized
To approve Annual Report including the Financial Report and Board of Commissioners Supervisory Report for the fiscal year 2015, as well as the Financial Report on the Partnership and Community Development Program for the fiscal year 2015	Yes

Questioners

In the First Agenda of the Meeting, there were 3 (three) Questioners

No	Question	Answer
1	Questioner expressed appreciation to the Company for the achievement of increased performance in 2015 as explained by the Board of Commissioners and Board of Directors in the Meeting. Unfortunately, the Meeting was delayed for more than 1 hour. It is expected that this does not happen again.	The Company continues to monitor the attendee of the Meeting which cannot be held if the quorum has not been reached. Meeting will be held as soon as the quorum is reached.
2	Questioner expressed appreciation for the Company's progress. From the data explained in the Meeting, the Company's LDR is 108.86% but with all the funding, it became 91.54%. In the financial report, which ratio is mentioned, the 108.86% or 91.54%?	In the financial report, LDR per December 31st 2015 is 108.86%. In all funding, the ratio of total credit over total funding is 91.54%. The liquidity principle of the Company is within a safe and well-maintained level.
3	It was mentioned that there was bad credit for the Partnership Program of IDR 22.92 billion as stated in Report on the Partnership and Community Development Program in 2015. Where was the source, is it individual or institutional?	Partnership and Community Development Program acts as forum for the Company to participate and push the economic growth for the community as well as to show the social responsibilities of the Company. The bad credit was from individual sources.

First Agenda	Realized
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Voting Result

Agreed	Disagreed	Abstain
8,290,038,910 (99.89%)	0 (0.00%)	8,779,300 (0.11%)

Decision on the First Agenda:

1. To approve the Company's Annual Report 2015 and to ratify Board of Commissioners Supervisory Report as well as Company's Financial Report for the fiscal year 2015 audited by Public Accountants Firm Purwantono, Sungkoro & Surja, as stated in the Report No. RPC-245/PSS/2016 dated January 29th 2016.
2. To ratify Annual Report including Company's Financial Statement for the Partnership and Community Development Program for the Fiscal Year 2015 audited by Public Accountants Firm Purwantono, Sungkoro & Surja, as stated on the Report No. RPC-126/PSS/2016/DAU dated February 12th 2016.
3. To provide release and discharge of responsibilities (volledig acquit et de charge) to all member of the Board of Directors on all acts of supervisory undertook in the fiscal year 2015 including the management and oversight of the Partnership and Community Development Program, as long as:
 - a) The activities were not a criminal offense; and
 - b) Such actions were reflected in the Annual Report and Financial Statement of the Company as well as the Financial Statement for the Partnership and Community Development Program for the fiscal year 2015

Second Agenda	Realized
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To approve Company's Profit Uses for the Fiscal Year 2015

Yes

Questioners:

In the First Agenda of the Meeting, there was 1 (one) questioner.

No	Question	Answer
1	<p>As explained in the Meeting, the Company reach the target for housing finance even though the government's target for the housing finance with low interest has not been reached yet. Questioner asked a few things, namely:</p> <ol style="list-style-type: none"> 1. How much is the Subsidized KPR credit interest in 2015? 2. How much is the Non-Subsidized KPR credit interest in 2015? 3. What is the percentage of the interest that will be decreased by 2016, for both Subsidized and non-Subsidized KPR, related to the government's program to do a single digit interest? <p>Given the Company's success in increasing the profit significantly, the questioner suggested that shareholders can significantly increase the dividend distribution in 2015, given that in the previous period, the dividend distributed was about 20%-30%. This shall increase the Company's share price.</p>	<p>The Company execute One Million Houses Program for the people which has a few segments:</p> <ol style="list-style-type: none"> 1. For low-income people, the Company provides mortgage rate subsidized KPR of 5% with at most 1% down payment. 2. For the middle class, the Company provides Non-subsidized KPR with various mortgage rate in the range of 10%-13%. For 2015 period, the Company has reached its target, both for Subsidized KPR and Non-Subsidized KPR distribution in the One Million Houses Program. 3. Related to the question for the plan to decrease the interest rate, the Company will maintain the mortgage rate for Subsidized KPR of 5%. Meanwhile, for Non-subsidized KPR, it will be reduced gradually with the target that by November 2016, the mortgage rate will reach 9.5%. <p>As explained before in the meeting, considering the essence for survival for the Company is by being sustainable, hence to keep the plan for business expansion, capital and equity increase, and profit increase, the dividend payment is set on 20%.</p>

Second Agenda	Realized
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Voting Result:

Agreed	Disagreed	Abstain
8,294,990,610 (99.95%)	0 (0.00%)	3,827,600 (0.05%)

Decision on the Second Agenda:

1. To approve and ratify the Company's Net Profit of the Fiscal Year 2015 amounted to IDR 1,850,907,302,668.00 (one trillion eight hundred fifty billion nine hundred seventy million three hundred two thousand eight hundred sixty-eight rupiahs), hereinafter referred to as the Company's Net Profit, to be used with details as follows:
 - a. 20% (twenty percent) from the Company's Net Profit or amounted to IDR 370,181,460,573.60 (three hundred and seventy billion one hundred and eighty-one million four hundred sixty thousand five hundred and seventy-three point six zero rupiahs) as dividends distributed to the shareholders.
 - b. 80% (eighty percent) from the Company's Net Profit or amounted to IDR 1,480,725,842,294.40 (one billion four hundred and eighty billion, seven hundred and twenty-five million eight hundred and forty-two thousand two hundred and ninety-four point four zero rupiahs) as undistributed profit.

The fund allocated for Community Development Program in 2016 was amounted to IDR 14,800,000,000.00 (fourteen billion eight hundred million rupiahs) as the Company's duty.
2. To approve granting the power and authorities to the Board of Directors to schedule and provide guidelines for dividend payment of the Fiscal Year 2015 in accordance with the prevailing rules and legislations.

Third Agenda	Realized
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To appoint a Public Accountants Firm to audit the Company's Financial Statement and Financial Statement on the Partnership and Community Development Program for fiscal year 2016.

Yes

Number of Questioner

There were no questioners on the Third Agenda of the Meeting.

Vote Count Results

Agreed	Disagreed	Abstain
7.913.700.259 (95,58%)	358.338.651 (4,32%)	8.779.300 (0,10%)

Decision on the Third Agenda:

- To appoint Public Accountants Firm Purwantono, Sungkoro & Surja as the Public Accountants Firm to audit the Company's Financial Statement and Financial Statement on the Partnership and Community Development Program for fiscal year 2016.
- To grant the power to Board Of Commissioners to determine the honorarium and other terms concerning the Public Accountants Firm, as well as to appoint substitute for the Public Accountants Firm in the event that the Public Accountants Firm Purwantono, Sungkoro & Surja, because of any reasons would unable to complete the audit for the Company's Financial Statement and Financial Statement on the Partnership and Community Development Program for fiscal year 2016, including determining the honorarium and other terms for the substitute Public Accountants Firm.

Fourth Agenda	Realized
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To determine the amount of honorarium for Board of Commissioners for the Fiscal Year of 2016 as well as tantiem for the member of Board of Directors and Board of Commissioners for the Fiscal Year 2015.	Yes
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Questioners:

In the Fourth Agenda of the Meeting, there was 1 (one) questioner.

No	Question	Answer
1	Please mention the rules/legislations stating that honorarium and tantiem of the Board of Commissioners can be delegated to other Board Of Commissioners or other party.	GMS gives power and authorities to the Board of Commissioners with prior written approval from the shareholders of Bicolor Series A share. There are no Law prohibiting the tantiem of the Board of Commissioners to be delegated to other Board of Commissioners.

Voting Result:

Agreed	Disagreed	Abstain
7,997,137,166 (96.36%)	297,853,444 (3.59%)	3,827,600 (0.05%)

Decision on the Fourth Agenda:

To grant power and authorities to the Board of Commissioners with prior written approval from the shareholders of Bicolor Series A share to determine the tantiem for Fiscal Year 2015, as well as to determine the honorarium, allowances and facilities of Board of Commissioners and Board of Directors for 2016.

Fifth Agenda	Realized
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Report for the Use of Proceeds from Continuous Obligation Public Offering II The Company
Phase I Year 2015

Yes

Questioners:

There were no questioners on the Fifth Agenda of the Meeting.

Voting Result:

There was no voting on the Fifth Agenda

Decision on the Fifth Agenda:

Given that the Agenda is a report, the Meeting did not decide anything on this Agenda.

Sixth Agenda	Realized
<p>Changes in the Board of the Company</p> <p>Questioners:</p> <p>There were no questioners on the Sixth Agenda of the Meeting.</p>	<p>All the Company's Directors have passed the Fit & Proper Test and effectively served as the Company's Directors. However, for the Board of Commissioners, there are 5 (five) members of Board Of Commissioners that have passed the Fit & Proper Test and effectively served as Board Of Commissioners; and 1 (one) members of Board Of Commissioners still have the status of 'subject to fit & proper test' by OJK, namely Mr. Iman Sugema.</p>

Voting Result:

Agreed	Disagreed	Abstain
6,650,263,866 (80.14%)	1,577,022,538 (19.00%)	71,531,806 (0.86%)

Decision on the Sixth Agenda:

I. Board of Commissioners

- To discharge honorably Mr. Fajar Harry Sampurno as the member of Board of Commissioners effective immediately as of the closing of the meeting with gratitude for his contribution of energy and thought provided during his term as the member of Board of Commissioners.
- To appoint Mr. Iman Sugema as the Company's Commissioner. The end of Board of Commissioners member's service appointed is at the closing of the 5th Annual GMS since the appointment date, that is the Annual GMS 2021, by taking into account the rules and legislations prevailing and without diminishing the right of GMS to discharge at any time.
- With the discharge and the appointment, the composition of the Board of Commissioners is as follows:

Sixth Agenda		Realized
President Commissioner/Independent	:	Mr. I Wayan Agus Mertayasa
Independent Commissioner	:	Mr. Kamaruddin Sjam
Independent Commissioner	:	Mr. Arie Coerniadi
Independent Commissioner	:	Mr. Lucky Fathul Aziz H.
Commissioner	:	Mrs. Sumiyati
Commissioner	:	Mr. Maurin Sitorus
Commissioner	:	Mr. Iman Sugema

4. To give the power and authority to the Company's Board of Directors with substituting right to perform all the necessary actions related to the decision of the agenda in accordance with the prevailing rules and legislations, including to declare in separate Notarial Deed and to inform the composition of Board Of Commissioners to the Ministry of Justice and Human Rights, as well as to ask the Financial Services Authority to do the Fit and Proper Test for the candidates of the Board Of Commissioners in accordance with the prevailing rules and legislations.

II. Board of Directors

1. To confirm the discharge of Mr. Sis Apik Wijayanto, as the Director of the Company effective immediately since his appointment as the Director of PT Bank Rakyat Indonesia (Persero) Tbk in the Annual GMS 2016 PT Bank Rakyat Indonesia (Persero) Tbk dated March 23rd 2016.
2. To discharge honorably Mr. Irman Alvian Zahiruddin as the Director of the Company effective immediately as of the closing of the meeting with gratitude for his contribution of energy and thought provided during his term as the member of Board of Directors.
3. To appoint these names as the member of Board of Directors:
 - a. Mrs. Handayani as Director.
 - b. Mr. Catur Budi Harto as Director.

The end of Board of Directors member's service appointed is at the closing of the 5th Annual GMS since the appointment date, that is the Annual GMS 2021, by taking into account the rules and legislations prevailing and without diminishing the right of GMS to discharge at any time.

Sixth Agenda	Realized
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4. With the discharge and the appointment, the composition of the Board of Directors is as follows:

- President Director : Mr. Maryono
- Director : Mr. Mansyur Syamsuri Nasution
- Director : Mr. Iman Nugroho Soeko
- Director : Mr. Adi Setianto
- Director : Mr. Sulis Usdoko
- Director : Mr. Oni Febriarto Rahardjo
- Director : Mrs. Handayani
- Director : Mr. Catur Budi Harto

5. To give the power and authority to the Company's Board of Directors with substituting right to perform all the necessary actions related to the decision of the agenda in accordance with the prevailing rules and legislations, including to declare in separate Notarial Deed and to inform the composition of Board Of Directors to the Ministry of Justice and Human Rights, as well as to ask the Financial Services Authority to do the Fit and Proper Test for the candidates of the Board Of Directors in accordance with the prevailing rules and legislations.

The Implementation of the Company's Annual GMS has been through phases as follows:

Notification	Announcement	Summoning	Revised Summoning	Revised Summoning and Revised Announcement	Execution	Announcement of Minutes of GMS	Submission of the Minutes of GMS
Notification to OJK, Indonesia Stock Exchange (BEI), and Indonesian Central Securities Depository (KSEI)	Announcement in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	Summoning of the GMS in Bisnis Indonesia Newspaper, OJK website, BEI website, and the Company's website	Revised Summoning of the GMS in Bisnis Indonesia Newspaper, Investor Daily, OJK website, and the Company's website	Revised Summoning and Revised Announcement of the GMS in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	Annual GMS is executed on schedule	Announcement of the Minutes of Extraordinary GMS in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	Minutes of GMS is submitted to OJK and BEI
February 4 th 2016	February 16 th 2016	March 2 nd 2016	March 16 th 2016	March 18 th 2016	April 12 th 2016	April 13 th 2016	May 4 th 2016

The subject matter of the Meeting shall be available from the date of the invitation of the GMS to the holding of the GMS.

D. ACTUALIZATION OF 2015 GMS RESOLUTIONS

In this annual report, the Company has actualized the decisions of GMS 2015, with progress as follows:

I. Annual GMS 2015

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
First	1. To approve the Company's Annual Report 2014 and to ratify the Board of Commissioners Supervisory Report as well as the Company's Financial Statement for the fiscal year of 2014 audited by Public Accountants Firm Purwantono, Suherman & Surja, a member firm of Ernst & Young Global Limited.	√	-
	2. To ratify the Company's Report on the Partnership and Community Development Program for the fiscal year of 2014 audited by Public Accountants Firm Purwantono, Suherman & Surja, a member firm of Ernst & Young Global Limited.	√	-
Second	3. To approve and to ratify the Company's Net Profit fiscal year 2014 amounted to IDR 1,115,591,707,713.00 (one trillion one hundred and fifteen billion, five hundred and ninety-one million seven hundred seven thousand seven hundred thirteen rupiahs) to be used with details as follows: a. 20% (twenty percent) of the Company's Net Profit or IDR 223,118,341,542.60 (two hundred and twenty-three billion, one hundred and eighteen million three hundred and forty-one thousand five hundred and forty-two point six zero rupiahs) as cash dividends for the fiscal year 2014. b. 80% approved to grant the power and authorities to the Board of Directors to schedule and provide guidelines for dividend payment of the Fiscal Year 2014 in accordance with the prevailing rules and legislations.	√	-
	4. To approve and grant the power and authorities to the Board of Directors with substitution right to schedule and provide guidelines for cash dividend payment of the Fiscal Year 2014 in accordance with the prevailing rules and legislations.	Cash dividends paid on May 12th 2016	-
Third	5. To approve and grant power and authorities to the Board of Commissioners to appoint Public Accountants Firm (KAP) to audit the Company's Financial Statement and Financial Statement of the Partnership and Community Development Program Fiscal Year 2015 as well as to determine honorarium and other terms related to the KAP.	√	-

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
Fourth	6. To grant power and authorities to the Board of Commissioners with prior written approval from the shareholders of Bicolor Series A share to determine the tantiem for Fiscal Year 2015 for the member of Board of Directors and Board of Commissioners who served during 2015 as well as to determine the amount of honorarium, allowance and facilities for the Board of Directors and Board of Commissioners for the year 2016.	√	-
Fifth	7. To grant authority to the Board of Commissioners to increase the Issued and Fully Paid-up Capital in the execution of Management and Employee Stock Option Plan/MESOP).	√	-
Sixth	8. To approve the amendment of the Company's Articles of Association in order to confirm to the Financial Service Authority Regulations (POJK) No. 32/POJK.04/2014 dated December 8th 2014 on the Planning and Implementation of Public Company GMS and POJK No. 33/POJK.04/2014 dated December 8th 2014 on the Board of Directors and the Board of Commissioners of Issuers or Public Companies.	√	-
	9. To approve and rearrange all rules n legislation in the Company's Articles of Association.	√	-
	10. To approve and give power and authorities to the Board of Directors with the right of substitution to take actions required with regard to the agendas of the meeting, including to compile and restate the Articles of Association in a Notary Deed and later to notify the relevant authority for approval and/or to submit receipt for notification changes of the Articles of Association; and later to conduct actions required and necessary to facilitate without any exception.	√	-

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
Seventh	11. To approve the increase in Pension Benefits for the Pensioners, Widows/Widowers or Children, who are entitled to Pension Benefits as per December 31st 2014, not including Participants with the status of delayed pension, amounted to IDR 250,000 (two hundred and fifty thousand rupiahs) commencing on January 1st 2015.	√	-
	12. To ratify to give other Benefit 1 (one) time in 2015 to participants who have been effectively retired by the time Other Benefit were paid amounted to IDR 1,500,000 (one million five hundred thousand rupiahs).	√	-
	13. To approve the implementation of an increase in pension benefits and/or granting Other Benefits executed after adjustments and/or additions to the Articles in the Company's Regulations on Pension Fund as approved by the Financial Services Authority.	√	-
	14. To approve the authority to decide on an increase in Pension Benefits and/or granting Other Benefits to be delegated to the Board of Commissioners as the Founder and with regard to the proposed suggestions of the Board of Directors Founder, provided they meet the minimum requirements as follows.	√	-
	a) Fund Adequacy Ratio (RKD) after the increase in Pension Benefits and/or administration of Other Pension Benefits amounted to minimum of 109% (one hundred and nine percent).		
	b) No additional mandatory liabilities and expenses/obligations PSAK No. 24 for the Founder.		
15. Implementation of the increase of Pension Benefits and establishment of distributing. Other Benefit are based on Law No. 11 of 1992 on the Pension Fund and in conjunction with the implementation of Law No. 21 of 2011 from the Financial Services Authority.	√	-	
16. To approve and to give power and authorization to Company's Board of Directors to implement the changes in rules of the Company's Pension Fund regulation and other matters required by Law No. 21 of 2011 from the Financial Services Authority.	√	-	

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
Eighth	17. To approve the discharge of the names below with gratitude for their contribution of energy and thought provided during their term on the Board of Commissioners as follows. a) Mr. Mardiasmo effective since his appointment as a member of Board of Commissioner of the Financial Services Authority on January 13th 2015. b) Mr. Herman Hidayat effective since his appointment as the Company's Director General Logistics Agency on February 16th 2015.	√	-
	18. To approve the honorable discharge of these names as members of the Board of Commissioners: a) Mr. Maulana Ibrahim : Independent Commissioner b) Mr. Sahala Lumban Gaol : Independent Commissioner. The discharge of members of the Board of Commissioners is effective immediately as of the closing of this Meeting with gratitude for their contribution of energy and thought provided during their term as members of the Board of Commissioners.	√	-
	19. To approve appointment of these names as the members of Board of Commissioners: a. Mr. Sukardi Rinakit* : President Commissioner b. Mr. Kamaruddin Sjam : Independent Commissioner c. Mr. Lucky Fathul Aziz H.: Commissioner d. Mrs. Catherinawati Hadiman : Independent Commissioner e. Mr. Arie Coerniadi: Independent Commissioner Appointment of members of the Board of Commissioners becomes effective immediately after approval by the Financial Services Authority through fit and proper test in accordance with the prevailing rules and legislations. The end of Board of Commissioners member's service appointed is at the closing of the 5th Annual GMS since the appointment date, by taking into account the rules prevailing in Capital Market and without diminishing the right of GMS to discharge at any time.	√	-

*) Based on GMS decision dated March 24th 2015, Sukardi Rinakit is appointed as President Commissioner but the decision was not carried out. On June 4th 2015, Mr. Sukardi Rinakit resigned.

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
	<p>20. To approve the honorable discharge of these names as members of the Board of Directors:</p> <p>a) Hulmansyah: Director b) Rico Rizal Budidarmo : Director</p> <p>The discharge of members of Board of Directors are effective immediately as of the closing of the Meeting with gratitude for their contribution of energy and thought provided during their term as the member of Board of Directors.</p>	√	-
	<p>21. To approve appointment of these names as the member of Board of Directors:</p> <p>a) Adi Setianto : Director b) Sis Apik Wijayanto : Director c) Sulis Usdoko : Director d) Oni Febriarto R.: Director</p> <p>Appointment of members of the Board of Directors becomes effective immediately after approval by the Financial Services Authority through fit and proper test in accordance with the prevailing rules and legislations.</p> <p>The end of Board of Directors member's service appointed is at the closing of the 5th Annual GMS since the appointment date, by taking into account the rules prevailing in Capital Market and without diminishing the right of GMS to discharge at any time.</p> <p>With the change in the Board of Commissioners and Board of Directors mentioned above, the composition of the Board of Commissioners and Board of Directors of the Bank are as follows.</p> <p>Board of Commissioners</p> <p>a. President Commissioner : Sukardi Rinakit b. Independent Commissioner : Amanah Abdulkadir c. Commissioner : Agung Kuswandono d. Independent Commissioner : Kamaruddin Sjam e. Commissioner : Lucky Fathul Aziz H. f. Independent Commissioner : Catherinawati Hadiman g. Independent Commissioner : Arie Coerniadi</p> <p>Board of Directors</p> <p>a. President Director : Maryono b. Director : Irman Alvian Zahiruddin c. Director : Mansyur Syamsuri Nasution d. Director : Iman Nugroho Soeko e. Director : Adi Setianto f. Director : Sis Apik Wijayanto g. Director : Sulis Usdoko h. Director : Oni Febriarto R.</p>	√	-

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
	<p>22. To give the power and authority to the Company's Board of Directors with substituting right to perform all the necessary actions related to the decision of the agenda in accordance with the prevailing rules and legislations, including to declare in separate Notarial Deed and to inform the composition of Board Of Commissioners and Board of Directors to the Ministry of Justice and Human Rights, as well as to ask the Financial Services Authority to do the Fit and Proper Test for the candidates of the Board in accordance with the prevailing rules and legislations.</p>	√	-

II. Extraordinary GMS 2015

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
First	<p>1. To approve the honorable discharge:</p> <p>a. Mrs. Amanah Abdulkadir as Independent Commissioner</p> <p>b. Mr. Agung Kuswandono as Commissioner</p> <p>The discharge of the members is effective immediately as of the closing of the Meeting with gratitude for their contribution of energy and thought provided during their term as the members of Board of Commissioners.</p>	√	-
	<p>2. To approve appointment of these names as the members of Board of Commissioners:</p> <p>b. Mr. Chandra M. Hamzah as President Commissioner/ Independent*</p> <p>b. Mrs. Sumiyati as Commissioner</p> <p>c. Mr. Fajar Harry Sampurno as Commissioner</p> <p>Appointment of members of the Board of Commissioners becomes effective immediately after approval by the Financial Services Authority through fit and proper test in accordance with the prevailing rules and legislations.</p> <p>The end of Board of Commissioners member's service appointed is at the closing of the 5th Annual GMS since the appointment date, by taking into account the rules prevailing in Capital Market and without diminishing the right of GMS to discharge at any time.</p> <p>Thus the composition of the Company's Board of Commissioners as of the closing of the Meeting is as follows: President Commissioner/Independent : Mr. Chandra M. Hamzah Independent Commissioner : Mr. Kamaruddin Sjam Independent Commissioner : Mr. Arie Coerniadi Independent Commissioner : Mrs. Catherinawati Hadiman Commissioner : Mrs. Sumiyati Commissioner : Mr. Fajar Harry Sampurno Commissioner : Mr. Lucky Fathul Aziz H</p>	<p>√</p> <p>*) Mr. Chandra Hamzah resigned as the President Commissioner/ Independent PT Bank Tabungan Negara (Persero) Tbk through resignation letter to State Minister for State-owned Enterprises dated October 9th 2015 regarding the unwillingness to be the President Commissioner/ Independent of PT Bank Tabungan Negara (Persero) Tbk.</p>	-

Agenda	2015 GMS Resolutions	Status	
		Actualized	Not Yet Actualized With Reasons
Second	3. To give the power and authority to the Company's Board of Directors with substituting right to perform all the necessary actions related to the decision of the agenda in accordance with the prevailing rules and legislations, including to declare in separate Notarial Deed and to inform the composition of Board Of Commissioners to the Ministry of Justice and Human Rights, as well as to ask the Financial Services Authority to do the Fit and Proper Test for the candidates of the Board Of Commissioners in accordance with the prevailing rules and legislations.	√	-

BOARD OF COMMISSIONERS

The Board of Commissioners is the Company's body collectively in charge of supervising the management policy, the general management, as well as to give advice to the Board of Directors. Board of Commissioners shall carry out their duties and responsibilities independently as well as to ensure that the Company has implemented good corporate governance on every level of the organization.

Provisions concerning The Company Board of Commissioners are regulated in Law No. 40 year 2007 on Limited Liabilities Company, and Law No. 7 year 1992 on Banking, State Ministry for State-Owned Enterprises Regulation, Financial Services Authority Regulations (POJK) No. 55, Bank Indonesia Regulation, and the Company's Articles of Association.

CAPABILITY AND COMPLIANCE ASSESSMENT

Capability and Compliance Assessment referred to PBI No. 12/23/PBI/2010 on Fit and Proper Test and POJK No. 27/POJK.03/2016 on Fit and Proper Test for Main Staff of Financial Services Institution, that stipulated that candidates of Board of Commissioners shall pass fit and proper test and be approved by Bank Indonesia/OJK before performing their duties and functions during their term.

Every member of the Company's Board of Commissioners who has passed fit and proper test without note and have received approval from Bank Indonesia/OJK, indicating that each member of the Board of Commissioners has the integrity and competence relevant to their position to carry out their duties and responsibilities.

List of competencies and fit and proper test of the Board of Commissioners is as follows:

Name	Position	Date Passed the Capability and Compliance Assessment	Competency	Organizer of Fit and Proper Test	Result
I Wayan Agus Mertayasa	President Commissioner/ Independent	April 6th 2016	Finance Banking	Financial Services Authority	Passed
Kamaruddin Sjam	Independent Commissioner	June 29th 2015	Audit Finance	Financial Services Authority	Passed
Arie Coerniadi	Independent Commissioner	June 29th 2015	Finance	Financial Services Authority	Passed
Lucky Fathul Aziz H	Commissioner*	July 27th 2015	Finance Macro Economics Management Strategy	Financial Services Authority	Passed
Sumiyati	Commissioner	February 22nd 2016	Audit Public Finance Human Resources Development	Financial Services Authority	Passed
Maurin Sitorus	Commissioner	June 6th 2016	Law Economics	Financial Services Authority	Passed

Name	Position	Date Passed the Capability and Compliance Assessment	Competency	Organizer of Fit and Proper Test	Result
Iman Sugema	Commissioner**	-	Law Economics	Financial Services Authority	Undecided

*) EGMS agreed to the transfer of Mr. Lucky Fathul Aziz H., from Commissioner to Independent Commissioner on January 7th 2016, effective immediately after getting the approval from OJK for the fit and proper test and in accordance with the prevailing rules and legislations.

***) Following the decision of Annual GMS 2016 dated April 12th 2016 and effective immediately after the approval from OJK on the F&P. (Further details on the GMS Sub-chapter)

BOARD OF COMMISSIONERS' APPOINTMENT AND DISCHARGE

Appointment of member of Board of Commissioners is conducted through GMS after the capability and compliance assessment referred to in PBI No. 12/23/PBI/2010 on Fit and Proper Test Article 17 that stated that Board of Commissioners has to have integrity, competence, and financial reputation.

Based on article 14 of Articles of Association, the discharge of Member of Board of Commissioners can be conducted if the Board of Commissioners is unable to conduct their duties properly; if the said member did not implement the prevailing rules and legislations, and Articles of Association; engaged in actions harming the Company and/or the State; and was found guilty by court. In addition to the reasons stated above, GMS also have the rights to discharge member of Board of Commissioners with appropriate reasons for the sake of the interests and purposes of the Company.

Board of Commissioners' member shall be discharged if Bank did not carry out the governance in line with article 71 POJK No. 55/POJK.03/2016. .

BOARD OF COMMISSIONERS' NUMBER AND COMPOSITION

In 2016, the composition of the Company's Board of Commissioners changed, with further explanation as follows:

1. Based on the Summary of Extraordinary GMS dated January 11th 2016, Shareholders has discharged Mrs. Catherinawati Hadiman as Independent Commissioner and appointed Mr. I Wayan Agus Mertayasa as President Commissioner/Independent and Mr. Maurin Sitorus as the Company's Commissioner.
2. Based on the Summary of Annual GMS dated April 12th 2016, Shareholders has discharged Mr. Fajar Harry Sampurno as member of Board of Commissioners and appointed Iman Sugema as the Company's Commissioner.

Until December 31st 2016, in line with GMS decisions, the Company has 7 member of Board of Commissioners, consists of 4 Independent Commissioners and 3 Commissioners. But, the member of Board of Commissioners effective changed into 6 people, consists of 3 Independent Commissioners and 3 Commissioners. Mr. Iman Sugema will be effective immediately if he has the approval from the OJK on fit & proper test. For Mr. Lucky Fathul Aziz H., he will be transferred from Commissioner to Independent Commissioner effective immediately after getting the approval from OJK for the fit and proper test and in accordance with the prevailing rules and legislations.

The composition of the Board of Commissioners is as follows:

Name	Position	Residency	Foundation and Date Appointed	Effective Date
I Wayan Agus Mertayasa	President Commissioner/ Independent	Indonesia	Extraordinary General Meeting of Shareholders (EGMS) dated January 7th 2016	April 6th 2016
Kamaruddin Sjam	Independent Commissioner	Indonesia	Annual General Meeting of Shareholders (AGMS) dated March 24th 2015	June 29th 2015
Arie Coerniadi	Independent Commissioner	Indonesia	Annual General Meeting of Shareholders (AGMS) dated March 24th 2015	June 29th 2015
Lucky Fathul Aziz H	Commissioner*	Indonesia	Annual General Meeting of Shareholders (AGMS) dated March 24th 2015	July 27th 2015
Sumiyati	Commissioner	Indonesia	Annual General Meeting of Shareholders (AGMS) dated September 2nd 2015	February 22nd 2016
Maurin Sitorus	Commissioner	Indonesia	Extraordinary General Meeting of Shareholders (EGMS) dated January 7th 2016	June 6th 2016
Iman Sugema	Commissioner**	Indonesia	Annual General Meeting of Shareholders (AGMS) dated April 12th 2016	Not effective yet

The number and composition is adjusted to the Company's needs so that the supervisory activity can be conducted effectively, objectively, and independently, and it does not have conflict of interest that could interfere with the ability to carry out their duties and responsibilities.

INDEPENDENT COMMISSIONER AND BOARD OF COMMISSIONERS' INDEPENDENCY

Independent Commissioner

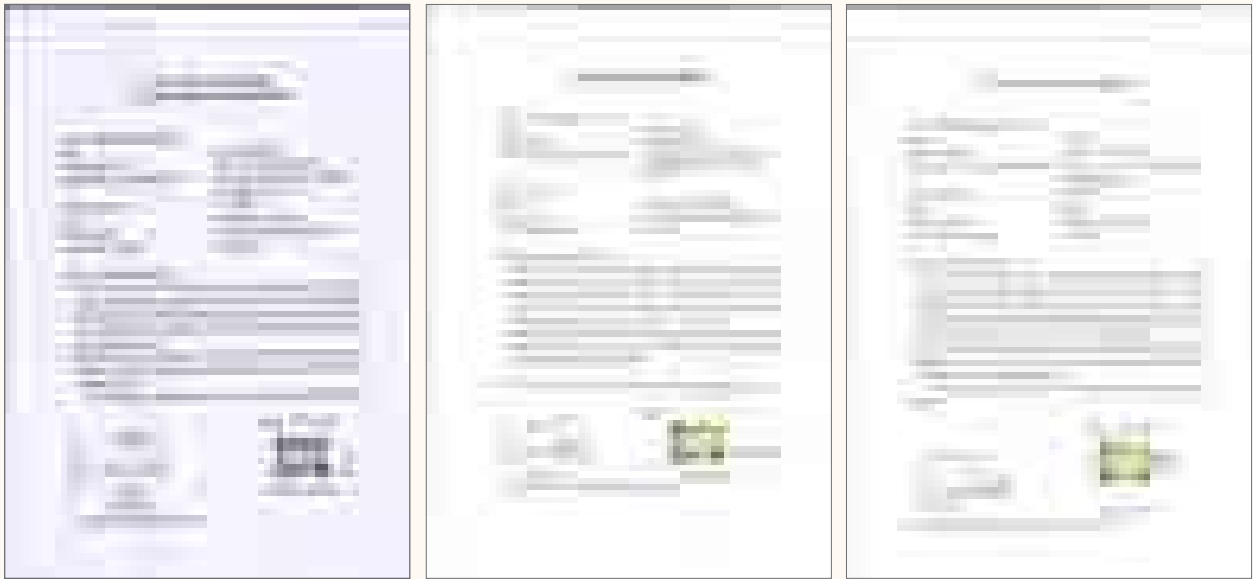
There are 3 Independent Commissioners who are active in The Company, out of 6 members of the Board of Commissioners or 50% of the total number of Commissioners. Hence, it is in line with the composition policy of minimal 50%, in line with POJK No. 55/POJK.03/2016 on Governance Implementation for Commercial Banks.

The Independent Commissioners of the Company are Mr. I Wayan Agus Mertayasa, Mr. Kamaruddin Sjam and Mr. Arie Coerniadi.

For Mr. Lucky Fathul Aziz H., based on the resolutions of the Company's EGMS dated January 7th 2016, changed into Independent Commissioner effective immediately after getting the approval from OJK for the fit and proper test and in accordance with the prevailing rules and legislations.

Statement of the Independent Commissioner

Each and every Independent Commissioner of the Company, has made an Independent Statement and has been submitted to the OJK redactionally, as stated below:



In addition to the independency statement, the member of Board of Commissioners is also obliged to report in case of status changes that affect the independence. Board of Commissioners also has to ensure the practice is conducted in line with GCG Principles.

Independent Commissioner Criteria

In accordance with the Financial Services Authority Regulation Number 33/POJK.04.2014, criteria for Independent Commissioner used by the Company is as follows:

- a. A person who have not worked or have had any authorities and responsibilities to plan, direct, control, or supervise activities of the Issuers or Public Company within the last 6 (six) months, except for the reappointment as Independent Commissioner of the Public Company for the next period;
- b. Shall not have shares directly or indirectly to the Issuer or Public Company;
- c. Shall not have any affiliation with the Issuer or Public Company, a member of the Board of Commissioners, a member of the Board of Directors or the major shareholders of the Issuer or a Public Company;
- d. Shall not have any business relationship, directly or indirectly related to the business activities of the Issuer or a Public Company.

Affiliation and Management on Other Company

Affiliate relationship among fellow members of Board of Commissioners, Board of Directors, and Controlling

Shareholders, covers the following:

- Affiliate relationship between fellow members of Board of Directors.
- Affiliate relationship between fellow members of Board of Directors and Board of Commissioners.
- Affiliate relationship between fellow members of Board of Directors and Main Shareholder and/or Controlling Shareholders.
- Affiliate relationship between fellow members of Board of Commissioners; and
- Affiliate relationship between fellow members of Board of Commissioners and Main Shareholder and/or Controlling Shareholders.

Affiliate relationship between fellow members of Board of Directors, Board of Commissioners, and Main Shareholder, can be seen in the table below:

Commissioner	Financial Relationship with			Familial Relationship with		
	Board of Commissioners	Board of Directors	Shareholders	Board of Commissioners	Board of Directors	Shareholders
I Wayan Agus Mertayasa	No	No	No	No	No	No
Kamaruddin Sjam	No	No	No	No	No	No
Arie Coerniadi	No	No	No	No	No	No
Lucky Fathul Aziz H*	No	No	No	No	No	No
Sumiyati	No	No	No	No	No	No
Maurin Sitorus	No	No	No	No	No	No
Iman Sugema**	No	No	No	No	No	No

Board of Commissioners' Share Ownership

The Company is sought to improve compliance with all prevailing rules and maintain the independence of each Board of Commissioners, by requiring the members to disclose their share ownership, to the Company, other Company, Non-Bank Financial Institutions and others, both nationally and internationally. In accordance with Bank Indonesia Regulation, members of the Board of Commissioners, either individually or jointly, are prohibited from owning more than 25% of the paid up capital on other company.

Per December 31st 2016, share ownership of Board of Commissioners of 5% or more from paid-up capital, including the type and number of shares in the Company, other company, Non-Bank Financial Institutions and others, nationally or internationally can be seen on table below:

Board of Commissioners' Shareholdings (shareholding is reaching or exceeding 5%)

Name	Shareholdings			
	The Company	Other Bank	Non-Bank Financial Institution	Other Company
I Wayan Agus Mertayasa	None	None	None	None
Kamaruddin Sjam	None	None	None	None
Arie Coerniadi	None	None	None	None
Lucky Fathul Aziz H*	None	None	None	None
Sumiyati	None	None	None	None
Maurin Sitorus	None	None	None	None
Iman Sugema**	None	None	None	None

BOARD OF COMMISSIONERS' DUAL POSITIONS AND CONFLICT OF INTERESTS

Board of Commissioners' Concurrent Position

All the member of the Company's Board of Commissioners are not holding concurrent position, which is prohibited in the prevailing rules on the GCG Implementation, the Company's Articles of Association and Board of Directors' Guidelines and the Company's Board of Commissioners.

In line with the Board of Commissioners and Board of Directors Working Procedures Guidelines. Members of the Board of Commissioners may serve in a Concurrent Position:

- As a member of a Board of Commissioners, Board of Directors or as an Executive Officer at 1 (one) institution/ company that is not a financial institution;
- As a member of a Board of Commissioners, Board of Directors or Executive Officers who carries out supervisory function on 1 (one) non-bank subsidiaries controlled by the Company.

Board of Commissioners has revealed their concurrent positions. The members of the Board of Commissioners have concurrent position as listed in the table below.

Name	Position	Management Relations (Concurrent Positions) in	
		Position in Other Company/Institution	Name of the Other Company/ Institution
I Wayan Agus Mertayasa	President Commissioner/ Independent	Not concurrent	Not concurrent
Kamaruddin Sjam	Independent Commissioner	Not concurrent	Not concurrent

Name	Position	Management Relations (Concurrent Positions) in	
		Position in Other Company/Institution	Name of the Other Company/ Institution
Arie Coerniadi	Independent Commissioner	Not concurrent	Not concurrent
Lucky Fathul Aziz H*	Commissioner*	None (Resigned as the OJK Director of Pension Fund per July 13th 2015)	
Sumiyati	Commissioner	Head of Financial Education and Training	Ministry of Finance
Maurin Sitorus	Commissioner	Director General for Housing Financing	Ministry of Public Works and Public Housing
Iman Sugema**	Commissioner**	Head Lecturer	Institut Pertanian Bogor

Board of Commissioners' Conflict of Interest

A conflict of interest is a condition in which the Company's economic interests clash with the Personal economic interests. In the event of any conflict of interest, members of the Board of Commissioners, the Board of Directors and Executive Officers of the Company are prohibited from taking actions that could harm the Company or reduce the profits of the Company and must disclose conflicts of interest referred to in any decision.

In the event of potential Board of Commissioners' conflict of interest as stipulated in the Board of Commissioners Guidelines Procedures:

- Prioritize the Company's interest without diminishing the Company's economic interest in the event of conflict of interest;
- Avoid making decisions in the event of conflict of interest;
- Disclose any familial, financial, management, ownership relationships with other member of Board of Commissioners and/or Board of Directors and/or Controlling Shareholders of the Company and/or other parties in the framework of the Company's business; and
- Disclose a decision needed to be taken in the event of conflict of interest.

GUIDELINES AND WORKING PROCEDURES OF BOARD OF COMMISSIONERS (BOARD MANUAL)

In carrying out their duties and functions, Board of Commissioners refers to the Joint Decree of the Board of Commissioners No. 01/KOM BTN/2016 and Board of Directors No. SKB-01/DIR-BTN/2016 dated July 18th 2016 on Working Guidelines of the Board of Commissioners and Board of Directors (Board Manual) compiled in accordance with the prevailing rules and legislations. The document is reviewed periodically.

The Working Guidelines for Board of Commissioners shall make the Board of Commissioners carry out their duties effectively and it shall be used as a performance assessment tool for Board of Commissioners. The contents of the Working Procedures Guidelines for the Board of Commissioners, among others, set the following:

- a. General Description of the Board of Commissioners;
- b. Board of Commissioners' Composition;
- c. Appointment criteria of the Board of Commissioners;
- d. Duties of the Board of Commissioners;
- e. Obligations of the Board of Commissioners;
- f. Rights of the Board of Commissioners;
- g. Prohibitions related to Insider Trading and Conflict of Interest;
- h. Responsibilities of the Board of Commissioners related to Company's loss due to the fault or negligence of Board of Commissioners;
- i. Distribution of Tasks of the Board of Commissioners;
- j. Concurrent Position of the Board of Commissioners;
- k. Position Ethics of the Board of Commissioners;
- l. Meeting of the Board of Commissioners;
- m. Leadership related to direct and ensure the sustainability of the Company's business and to be able to actualize the governance system in the Company;
- n. Performance Evaluation of the Board of Commissioners (Public Policy, Performance Evaluation Criteria of the Board of Commissioners, and Performance Evaluation Implementation of the Board of Commissioners);
- o. Support Bodies of the Board of Commissioners; and
- p. Induction Program and Competency Enhancement of the Board of Commissioners.

The details of Board Manual can be accessed on the Company's website, www.BTN.co.id (menu Investor Relation – governance policy).

BOARD OF COMMISSIONERS' DUTIES, RESPONSIBILITIES, AND AUTHORITIES

Board of Commissioners has clear functions, tasks, and responsibilities in line with Articles of Association and rights given by GMS, as stated in the Working Procedures of Board of Commissioners and Board of Directors. Board of Commissioners has the responsibility to the shareholders to supervise the Board of Directors' decision on the Company's general operational matter which refers to the business planned approved by Board of Commissioners and OJK, as well as to ensure the compliance with the prevailing rules and legislations.

The President Commissioner's duties are:

- a. Ensure the function of Board of Commissioners is carried out well
- b. Lead the meeting of the Board of Commissioners
- c. Coordinate and establish the meeting agenda of Board of Commissioners effectively, including policies and strategic issues
- d. Create openness culture and facilitate constructive discussion
- e. Ensure the right and appropriate information delivery in between the Board of Commissioners with the Board of Directors

- f. Give suggestions and maintain an effective and healthy relationship with the Directors.

Duties and main responsibilities of the Board of Commissioners, namely:

- a. To supervise the management of the Company by the Board of Directors, including the implementation of the Long-Term Plan (RJP), Annual Work Plan and Budget (RKAP), Articles of Association regulation, and GMS Resolutions, rules and legislations, in the best interest of the bank and in accordance with the company's vision and mission; and to accomplish special duty given in line with Articles of Association, rules and legislations, and/or GMS Resolutions.
- b. To compile the distribution of task for members of Board of Commissioners in accordance with the expertise and experience of each member of the Board of Commissioners.
- c. To compile work program and performance targets each year for the Board of Commissioners as well as peer review mechanism on the performance of the Board of Commissioners.
- d. To compile the information delivery mechanism from the Board of Commissioners to the Stakeholders.
- e. To account for the execution of duties of the Board of Commissioners on GMS.
- f. Related to the implementation of GCG Improvement Action Plan, Board of Commissioners carry out the supervision on the implementation of healthy credit management and the GCG implementation in every activity of the Company on every level of the organization.
- g. Related to the implementation of GCG Improvement Action Plan, Board of Commissioners carry out active supervision through Board of Commissioners' Meetings and/or Board of Commissioners' Meeting with the Board of Directors, on the matter of GCG Implementation.

Authorities of the Board of Commissioners are:

- a. To request information and/or explanation from the Board of Directors and/or Bank Officers under the Directors on all issues related to the Company's management;
- b. To know every policy and action that has been done and will be done by the Board of Directors;
- c. To ask the Board of Directors to attend Board of Commissioners' Meeting;
- d. To request information and/or explanation from the Officer under the Board of Directors on all issues related to the Company's management, both on the implementation of duties and the authorities of Board of Commissioners, without having to tell the Board of Directors;
- e. To appoint and discharge a Secretary of the Board of Commissioners, upon the suggestion from Shareholder Bicolor Series A Share;
- f. To establish Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee, and other committees as deemed necessary to consider the needs of the Company;
- g. To manage the action of the Company's management in certain circumstances for a certain period of time in accordance with the Company's Articles of Association;
- h. To attend the Board of Directors' Meeting and provide opinions on the matters discussed.
- i. To carry out other supervision authority as long as it is not contradictory to rules and legislations, Articles of Association, and/or the GMS Resolutions.

BOARD OF COMMISSIONERS' SUPERVISORY JOB DESCRIPTIONS

Board of Commissioners' Supervisory Job Descriptions are as follows:

Name	Supervision Focus
I Wayan Agus Mertayasa (President Commissioner)	Chairman of Nomination and Remuneration Committee Member of Audit Committee and Risk Monitoring Committee
Kamaruddin Sjam	Chairman of Audit Committee Member of Nomination and Remuneration Committee
Arie Coerniadi	Chairman of Risk Monitoring Committee Member of Nomination and Remuneration Committee
Lucky Fathul Aziz H*	Member of Risk Monitoring Committee and Member of Remuneration and Nomination Committee
Sumiyati	Member of Audit Committee
Maurin Sitorus	Member of Audit Committee and Member of Remuneration and Nomination Committee
Iman Sugema**	-

BOARD OF COMMISSIONERS' PLAN AND TASKS IMPLEMENTATION

In carrying out duties and responsibilities, Board of Commissioners have Board of Commissioners' Work Program to facilitate the implementation. Board of Commissioners' 2016 Work Program is:

1. Board of Commissioners' Orientation, Training, and Competence Development Program
2. Board of Commissioners' Meeting
3. Board of Commissioners' Decisions

4. Board of Commissioners' Recommendation and Approval
5. Performance Assessment on the Committee that support the task implementation of Board of Commissioners

The activities to realize the Work Program are as follow:

Board of Directors' Orientation, Training, and Competence Development Program

Board of Commissioners' Orientation Program s

Because the background of the members of Board of Commissioners are representation of some of the shareholders, the Company always gives Orientation Program for new members of the Board of Commissioners, with expectation that the members of Board of Commissioners shall get to know each other and to work together as a solid, comprehensive, and effective team; and as an event to give introduction of the Company's general conditions.

In line with Working Procedures of Board of Commissioners and Board of Directors (Board Manual), the orientation program includes the following:

1. Implementation of GCG principles and the Business Ethics in the Company.
2. Information on the duties and responsibilities of the Board of Commissioners and the Board of Directors as well as things prohibited.
3. Description on goals, nature and scope of activities, financial performance, strategy, short-term and long-term plans, risk, internal audit and other strategic matters.
4. Information relating to delegated authorities, internal and external audit, internal control systems and policies as well as the Audit Committee.

The Corporate Secretary has held an orientation program for the new Commissioner on January 22nd 2016, with the following material:

1. Overview of role, duties, and responsibilities of Board of Directors and Board of Commissioners
2. Compliance and GCG implementation as well as Risk Management
3. The Company's audit result
4. Company culture implementation
5. Overview of the Company's business

Board of Commissioners' Competency Development Program

As an implementation of continuous learning, Board of Commissioners annually organized Competency Development Program with purposes of increasing the financial knowledge and its development, nationally and internationally. Competency development program attended by the Board of Commissioners during 2016 were as follows:

Board of Commissioners' Competency Development Program

Name & Position	Period	Place	Competency Development/ Training Material
I Wayan Agus Mertayasa (Independent Commissioner)	September 26 - 30, 2016	London, UK	<i>The Asean Global Leadership Programme Europe 2016</i>
	December 8 - 9, 2016	Bali	<i>Erma Bali International Conference on Enterprise Risk Management</i>
Kamaruddin Sjam (Independent Commissioner)	March 2 - 3, 2016	Jakarta	<i>Workshop ASEAN CG Scorecard Implementasi Strategy to Pursue Top 50 Asean 2016</i>
	April 10 - 17, 2016	London & Cambridge	<i>Benchmarking and Workshop Enterprise Risk Management in UK</i>
Arie Coerniadi (Independent Commissioner)	February 22 - 25, 2016	Barcelona, Spanyol	<i>Mobile World Congress, For Mobile Payment and Mobile Banking Solution, including Mobile Ekyc.</i>
Lucky Fathul Aziz H (Commissioner)	March 2 - 3, 2016	Jakarta	<i>Workshop ASEAN CG Scorecard Implementasi Strategy to Pursue Top 50 Asean 2016</i>
Sumiyati (Commissioner)	September 26 - 30, 2016	London, UK	<i>London Business School and SRW & Co</i>

Name & Position	Period	Place	Competency Development/ Training Material
Maurin Sitorus (Commissioner)	December 8 - 9, 2016	Bali	<i>Erma Bali International Conference on Enterprise Risk Management</i>
Iman Sugema (Commissioner)	August 8, 2016	Jakarta	Risk Management Competence Certification Level 1 for Commissioner
	September 19 & 23, 2016	Jakarta	Risk Management Competence Certification Level 2 for Commissioner
	December 8 - 9, 2016	Bali	<i>Erma Bali International Conference on Enterprise Risk Management</i>

Risk Management Certification

In addition to the competency improvement program above, the Board of Commissioners also attend a Risk Management Certification program. During 2015, the Board of Commissioners who passed the risk management certification were as follows.

Name	Position	Pass Certification	Institution/Organizer
Iman Sugema	Commissioner	Passed	Risk Management Competence Certification Test Level 1 for Commissioner
		Passed	Risk Management Competence Certification Test Level 2 for Commissioner

Board of Commissioners' Meeting

Board of Commissioners' Meeting Policy and Implementation

Board of Commissioners' meetings refers to Board of Commissioners and Board of Directors Working Procedures Guidelines (Board Manual). Board of Commissioners has Scheduled Meetings that is mandatory to be held at least 1 time in 2 months, with the materials delivered to the participants no later than 5 days before the meeting is held. But if necessary, the Board of Commissioners may hold meetings at any time upon the request of one or more Members of the Board of Commissioners or at the written request of the Board of Directors.

Board of Commissioners' Meeting consists of Board of Commissioners' 1) Internal Meeting, i.e. meeting that is only attended by Board of Commissioners, once a week on a Tuesday, (2) Joint Meeting, i.e. meeting of the Board of Commissioners which is attended by the majority of Directors, held once a month with the main agenda of Performance Review, and (3) Consultation Meeting, i.e. meeting of the Board of Commissioners with Directorate/Division. In the decision-making, Scheduled Meeting of Board of Commissioners shall be attended by at least 2/3 (two thirds) of the number of member of Board of Commissioners."

Frequency and Attendance of the Meeting

In 2016, the Board of Commissioners has conducted 40 Internal Meetings, 15 Joint Meetings with the Board of Directors, and 16 Consultation Meetings with the Directorate/Divisions, with details as follows:

Board of Commissioners' Meetings Frequency and Attendance

Name	Position	Period	Board of Commissioners' Internal Meeting			Board of Commissioners' Joint Meeting			Board of Commissioners' Consultation Meeting		
			Number and (%) Attendance			Number and (%) Attendance			Number and (%) Attendance		
			Number of Meetings	Attendance	%	Number of Meetings	Attendance	%	Number of Meetings	Attendance	%
I Wayan Agus Mertayasa	President Commissioner/ Independent	6 April – 31 Dec 2016	29	28	96.55	9	9	100	12	11	91.67
Kamaruddin Sjam	Independent Commissioner	1 Jan-31 Dec 2016	40	33	82.50	15	14	93.33	16	14	87.50
Lucky Fathul Aziz H.	Commissioner*	1 Jan-31 Dec 2016	40	39	97.50	15	14	93.33	16	15	93.75
Arie Coerniadi	Independent Commissioner	1 Jan-31 Dec 2016	40	36	90.00	15	12	80.00	16	16	100
Sumiyati	Commissioner	22 Feb-31 Dec 2016	34	20	58.82	12	5	41.67	14	4	28.67
Maurin Sitorus	Commissioner	6 Jun-31 Dec 2016	23	14	60.87	7	3	42.86	10	7	70.00
Fajar Harry S.	Commissioner	1-12 Apr 2016	12	5	41.67	6	0	0	4	1	25.00
Iman Sugema	Commissioner**	Not effective									

Board of Commissioners' Internal Meetings Agenda, Date and Participants

Here is the details of Agenda, Dates, and Participants of Board of Commissioners' Internal Meeting Participants throughout 2016.

Table: Board of Commissioners' Internal Meetings Agenda, Date and Participants

Date	Meeting Agenda	Meeting Participants
January 13 th 2016	<ol style="list-style-type: none"> 1. Introduction of President Commissioner and Independent Members 2. Committee and Discussion of Audit Committee's Work Program and Risk Monitoring Committee Work Program. 	Kamaruddin Sjam, Lucky Fathul Aziz H and Arie Coerniadi
January 20 th 2016	<ol style="list-style-type: none"> 1. Board of Commissioners' Internal Coordination 2. Audit Committee's explanation about the Audit Result KAP PSS EY 3. Remuneration and Nomination Committee Work Program and Committee Composition after EGMS 2016 	Kamaruddin Sjam, Lucky Fathul Aziz H and Arie Coerniadi
January 27 th 2016	Board of Commissioners' Internal Coordination	Kamaruddin Sjam, Lucky Fathul Aziz H and Arie Coerniadi
February 3 rd 2016	<ol style="list-style-type: none"> 1. Audit Committee's presentation 2. Progress Report for KAP Procurement for the Fiscal Year 2016 3. Inbox Discussion 	Kamaruddin Sjam, Lucky Fathul Aziz H, Arie Coerniadi and Fajar Harry S
February 10 th 2016	<ol style="list-style-type: none"> 1. Risk Monitoring Committee's presentation on the Company's Operational Risk 2. Current issues 	Kamaruddin Sjam, Lucky Fathul Aziz H and Arie Coerniadi
February 17 th 2016	<ol style="list-style-type: none"> 1. Remuneration and Nomination Committee's presentation on Human Resources Management, KPIDireksi 2015 and Suggestion Study KPI for Board of Commissioners and Board of Directors 2016 2. Current issues 	Kamaruddin Sjam, Lucky Fathul Aziz H, Arie Coerniadi and Fajar Harry S
February 24 th 2016	<ol style="list-style-type: none"> 1. Report of the Company's Supervised Business Plan Realization Semester II/2016 2. Inbox from the Board of Directors on KAP Procurement Development Report 3. Request for Additional Agenda on Board of Commissioners' Meeting. 	Kamaruddin Sjam, Lucky Fathul Aziz H and Fajar Harry S
March 2 nd 2016	<ol style="list-style-type: none"> 1. Decisions Follow-up Monitoring 2. Inbox Discussion 	Kamaruddin Sjam, Lucky Fathul Aziz and, Arie Coerniadi
March 8 th 2016	<ol style="list-style-type: none"> 1. Audit Committee's presentation 2. Risk Monitoring Committee's presentation 3. Current issues and Inbox 	Lucky Fathul Aziz H, , Arie Coerniadi and Fajar Sumiyanti
March 16 th 2016	<ol style="list-style-type: none"> 1. Remuneration and Nomination Committee's presentation; Good Corporate Governance 2. Current issues and Inbox 	Lucky Fathul Aziz H, , Arie Coerniadi, Fajar Sumiyanti and Fajar Harry S
March 23 rd 2016	<ol style="list-style-type: none"> 1. Internal Substance Discussion of the Board of Commissioners 2. Current issues and Inbox 	Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti, Fajar Harry S and Maurin Sitorus

Date	Meeting Agenda	Meeting Participants
April 6 th 2016	<ol style="list-style-type: none"> 1. Audit Committee's presentation 2. Discussion of Credit Consultation 3. Current issues and Inbox 	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti
April 20 th 2016	<ol style="list-style-type: none"> 1. Audit Committee's presentation 2. Remuneration and Nomination Committee's presentation 3. DPK and Credit Business Process 4. Inbox and Important Current Issues 	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti
April 27 th 2016	<ol style="list-style-type: none"> 1. Remuneration and Nomination Committee's presentation; KPI Suggestion of Board of Commissioners 2016 2. Risk Monitoring Committee's presentation: Risk Monitoring Committee Work Program Implementation until the 3rd quarter of 2016 3. DPK and Credit Business Process 4. Presentation of KAP PSS EY 	I Wayan Agus Mertayasa, Lucky Fathul Aziz and Arie Coerniadi
May 4 th 2016	<ol style="list-style-type: none"> 1. Implementation of Credit Restructuration, including Cessie, Novasi 2. Record of Consumer and Commercial Credit Collectability 3. BOPO reduction strategy in terms of CASA strategy and operational cost other than interest 4. Current Strategic Issues 	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti
May 11 th 2016	<ol style="list-style-type: none"> 1. Risk Monitoring Committee's Plan to implement Four Eyes Principle Monitoring in Branch Offices 2. Pending Matters and Decision Follow-up of Dekom's Meeting until April 2016 3. Strategic Issues 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz and Arie Coerniadi
May 25 th 2016	<ol style="list-style-type: none"> 1. Current issues 2. Strategic issues and the Company's future development 3. Board of Commissioners' 1st Quarter 2016 Supervisory Report Discussion to the Shareholders 4. Current inbox 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Arie Coerniadi and Sumiyanti
June 8 th 2016	<ol style="list-style-type: none"> 1. Current issues, ratifying the Notary Deed from the last meeting, Inbox for Board of Commissioners 2. Review of Board of Commissioners' Committees duty's execution for the 1st quarter of 2016 3. Discussion on preparation of the OJK's report on GCG Self-Assessment Implementation in the Company 4. Discussion on work program, Board of Commissioners' self-assessment performance and Board of Commissioners' KPI 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Arie Coerniadi and Sumiyanti
June 15 th 2016	<ol style="list-style-type: none"> 1. Current issues, ratifying the Notary Deed from the last meeting, Inbox for Board of Commissioners 2. Explanation of planning and realization of One Million Houses Program until June 2016 by Mr. Maurin Sitorus 3. Risk Monitoring Committee's presentation on Four Eyes Principle Monitoring in the Branch Offices visited. 4. Remuneration and Nomination Committee's presentation regarding: <ul style="list-style-type: none"> - Remuneration of Board of Commissioners' Secretary and Board of Commissioners' Committee - Company Culture 	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam, Arie Coerniadi, Sumiyanti and Maurin Sitorus

Date	Meeting Agenda	Meeting Participants
June 20 th 2016	<ol style="list-style-type: none"> Current issues, ratifying the Notary Deed from the last meeting, Inbox for Board of Commissioners. Remuneration and Nomination Committee's presentation on Board of Commissioners' KPI 	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam and Arie Coerniadi
June 27 th 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam, Arie Coerniadi and Sumiyanti
July 25 th 2016	Board of Commissioners' Inbox and Current Issues.	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam and Arie Coerniadi
August 1 st 2016	Board of Commissioners' Inbox and Current Issues.	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam and Arie Coerniadi
August 15 th 2016	<ol style="list-style-type: none"> Committee's presentation on OJK Audit Resume Result by December 31st 2015 Discussion of Board of Commissioners' Supervisory Report Draft RBB 2016-2018 Semester I 2016 Board of Commissioners' Inbox and Current Issues 	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam and Arie Coerniadi
August 27 th 2016	Finalization of Board of Commissioners' Supervisory Report Semester I 2016, Board of Commissioners' Inbox, and Current Issues	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam and Arie Coerniadi
September 9 th 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam, Arie Coerniadi and Sumiyanti
September 15 th 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Kamaruddin Sjam and Arie Coerniadi and Sumiyanti
September 22 nd 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Lucky Fathul Aziz, Sumiyanti and Maurin Sitorus
September 29 th 2016	Board of Commissioners' Inbox and Current Issues	Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Maurin Sitorus
October 11 th 2016	Board of Commissioners' Inbox and Current Issues.	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti Maurin Sitorus

Date	Meeting Agenda	Meeting Participants
October 18 th 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Maurin Sitorus
October 25 th 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti Maurin Sitorus
November 1 st 2016	Board of Commissioners' Inbox, Current Issues, and SIPD Presentation (Chief Economic) on Perspective of Current Economic Condition	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus
November 8 th 2016	Board of Commissioners' Inbox and Current Issues.	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus
November 15 th 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz and Maurin Sitorus
November 22 nd 2016	Board of Commissioners' Inbox, Current Issues, and Draft of Dekom Tw III Supervisory Report	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Sumiyanti and Maurin Sitorus
November 29 th 2016	Board of Commissioners' Inbox, Current Issues, and Draft of Dekom Tw III Supervisory Report	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi
December 6 th 2016	Current Issues, Board of Commissioners' Inbox, and progress report on every Committee's Report	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus
December 8 th 2016	Board of Commissioners' Inbox and Current Issues	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti
December 27 th 2016	Board of Commissioners' Inbox, Current Issues, and Discussion Approval for PKMR 2016 Review	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus

Joint Meetings of the Board of Commissioners and the Board of Directors

Here is the details of Agenda, Dates, and Participants of Board of Commissioners' Joint Meeting with the Directors throughout 2016.

Here is the details of Agenda, Dates, and Participants of Board of Commissioners' Joint Meeting with the Directors throughout 2016.

Date	Meeting Agenda	Meeting Participants	Meeting Participants
January 20 th 2016	Performance Review December 2015 and Supervisory Improvement Report KAP PSS EY	Kamaruddin Sjam, Lucky Fathul Aziz and Arie Coerniadi	Maryono, Mansyur S. Nasution, Iman Nugroho S, Irman A. Zahiruddin, Sulis Usdoko and Adi Setianto
January 21 st 2016	Exit Meeting PSS-EY on the Audit Fiscal Year December 31 st 2015	Kamaruddin Sjam dan Lucky Fathul Aziz	Iman Nugroho S, Irman A. Zahiruddin, Sis Apik W, Sulis Usdoko, Oni Febriarto and Adi Setianto
February 3 rd 2016	<ol style="list-style-type: none"> Discussion of Board of Directors' Inbox on Financial Statement Publication Draft Confirmation to KAP PSS-EY related to the financial statement publication 	Kamaruddin Sjam, Lucky Fathul Aziz and Arie Coerniadi	Iman Nugroho S and Irman A. Zahiruddin,
February 24 th 2016	<ol style="list-style-type: none"> Performance Review January 2016 Non-Performing Loan Discussion Discussion on Audit Preparation by BPKP on FLPP Credit on the legal aspect and the administration completeness Current Issues 	Kamaruddin Sjam and Lucky Fathul Aziz	Iman Nugroho S, Irman A. Zahiruddin, Sis Apik W, Sulis Usdoko and Oni Febriarto
March 2 nd 2016	<ol style="list-style-type: none"> Follow-up on the Company's Plan to Establish Life Insurance Subsidiary Follow-up on the Company's Plan to Establish Life Insurance Subsidiary Current Issues 	Kamaruddin Sjam, Lucky Fathul Aziz and Arie Coerniadi	Maryono, and Iman Nugroho S
March 23 rd 2016	Performance Review February 2016 and Important Current Issues.	Kamaruddin Sjam, Lucky Fathul Aziz and Arie Coerniadi	Maryono, Mansyur S. Nasution, Iman Nugroho S, Irman A. Zahiruddin, Sis Apik W, Sulis Usdoko, Oni Febriarto and Adi Setianto
April 20 th 2016	<ol style="list-style-type: none"> Performance Review March 2016 Legal Division's presentation on legal risk faced by the Company and the potential loss Important Current Issues 	I Wayan Agus Mertayasa, Lucky Fathul Aziz and Arie Coerniadi,	Maryono, Mansyur S. Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto

Date	Meeting Agenda	Meeting Participants	Meeting Participants
May 18 th 2016	<ol style="list-style-type: none"> 1. Performance Review April 2016 2. 50 Main Debtor of the Company 3. Complain Handling 4. The Company's Liquidity Projection on FLPP Credit Disbursement 5. Credit Consultation 6. Board of Commissioners' letters to the Board of Directors that has not been followed up 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti	Maryono, Mansyur S. Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto
June 27 th 2016	<ol style="list-style-type: none"> 1. Performance Review May 2016. 2. Discussion on RBB Revision 2016-2018 and RKAP Revision 2016 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti	Maryono, Mansyur S. Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto
July 25 th 2016	<ol style="list-style-type: none"> 1. The Company's preparation as Perception Bank in the implementation of Tax Amnesty Law. 2. Performance Review June 2016. 3. Important Current Issues 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Sumiyanti	Maryono, Mansyur S. Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto
August 29 th 2016	<ol style="list-style-type: none"> 1. Performance Review July 2016. 2. Important Current Issues 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Arie Coerniadi and Sumiyanti	Maryono, Mansyur S. Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto
October 11 th 2016	<ol style="list-style-type: none"> 1. Performance Review August 2016. 2. Discussion on the settlement of foreclosed collateral 3. Important Current Issues 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz H, Arie Coerniadi, Sumiyanti and Maurin Sitorus.	Mansyur S. Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto
October 18 th 2016	<ol style="list-style-type: none"> 1. Performance Review September 2016. 2. Action plan and FLPP settlement reimbursement target 3. Important Current Issues 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Maurin Sitorus	Maryono, Mansyur S. Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto

Date	Meeting Agenda	Meeting Participants	Meeting Participants
November 15 th 2016	<ol style="list-style-type: none"> 1. RKAP 2017 Plan 2. Application on the Credit Consultation 3. Approval on the write-off of active in Kalimalang 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz and Maurin Sitorus	Maryono, Mansyur S. Nasution, Iman Nugroho S, Oni Febriarto, Adi Setianto, Handayani, and Catur Budiharto
November 29 th 2016	<ol style="list-style-type: none"> 1. Performance Review October 2016. 2. Approval of RKAP 2017. 3. RBB 2017 - 2019 	I Wayan Agus Mertayasa, Kamaruddin Sjam, Lucky Fathul Aziz and Arie Coerniadi	Mansyur S. Nasution, Sulis Usdoko, Oni Febriarto and Adi Setianto,

Board of Commissioners' Consultation Meeting

Here is the details of Agenda, Dates, and Participants of Board of Commissioners' Consultation Meeting with Directors throughout 2016.

Table: Board of Commissioners' Consultation Meetings with Directors Agenda, Date and Participants

Date	Meeting Agenda	Meeting Participants
January 27 th , 2016	<ol style="list-style-type: none"> 1. Risk Management 2. Questioner of the Company's Stress Evaluation Testing 3. Follow-up Plan on KAP Settlement for 65 Debtor 	Kamarudin Sjam, Lucky Fathul Aziz and Arie Coerniadi
February 10 th , 2016	<ol style="list-style-type: none"> 1. RBBR by December 31st 2015 2. Collectability Credit 2 3. Credit Process Workflow and Third Party Funding Cooperation Agreement of the Board of Directors with Strategic Third Party 4. Report Progress on the Cooperation with ICBC 	Kamarudin Sjam, Lucky Fathul Aziz and Arie Coerniadi
March 16 th , 2016	<ol style="list-style-type: none"> 1. Strengthening of Capital and Liquidity Strategy 2. Development of Collectability Credit 2 and Collectability Credit 5 3. Important Current Issues 	Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Fajar Harry S
March 30 th , 2016	<ol style="list-style-type: none"> 1. Additional Agenda: Annual GMS 2016 Preparation 2. Presentation of Sharia Business Unit 3. Important Current Issues 	Kamarudin Sjam, Lucky Fathul Aziz and Arie Coerniadi
April 13 rd , 2016	<ol style="list-style-type: none"> 1. Commercial Lending Strategy in order to achieve RBB 2016 as well as addressing the current condition. 2. New Debtor Realization and Non-Performing Loan 	I Wayan Agus Mertayasa, Lucky Fathul Aziz and Arie Coerniadi

Date	Meeting Agenda	Meeting Participants
May 25th, 2016	<ol style="list-style-type: none"> 1. Discussion on Board of Directors' suggestion about change in the organization structure 2. Complain handling discussion (in line with OJK Letter No. S-31/PB.312/2016) 	I Wayan Agus Mertayasa, Kamarudin Sjam and Arie Coerniadi
June 8th, 2016	<ol style="list-style-type: none"> 1. Explanation about Information & Technology Architecture of the Company and the Development 2. Explanation about the Company's Digital Banking Development 	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Maurin Sitorus
June 20th, 2016	<ol style="list-style-type: none"> 1. Presentation on the credit collectability 2 development and the Company's NPL up until May 2016 with the presentation in accordance with the previous rules and legislations 2. Discussion on the reimbursement of KPR FLPP 2014/2015 and reconciliation plan of Ministry for Public Works and Public Housing and the Company with realization in 2016, as well as liquidity needs analysis and target distribution KR/KC in order to use the remaining FLPP and SSB 2. 3. Committee's private presentation. 	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz and Arie Coerniadi
August 1st, 2016	Strategy for Collectability 5 Settlement	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Maurin Sitorus
August 15th, 2016	Special Audit Follow-up and External Audit Monitoring Follow-up	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi and Maurin Sitorus
August 22th, 2016	Discussion on Perum Perumnas credit consultation.	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz and Arie Coerniadi
August 29th, 2016	<p>Consultation with the Company's Central Board of Labor Unions (DPP-SP):</p> <ol style="list-style-type: none"> 1. Inactive DPP-SP management 2. Expired Cooperation Agreement from 2 years ago and SE No. 43/DIR/HCD/2011 index 152/P/HC ENG/2011 dated November 28th 2011 on Sanctions Regulations and Employee Discipline 3. Discussion result with the Labor Unions on the action of special audit decisions (Bipartite) in accordance with Board of Directors' SE No. 43/DIR/CMO/2011 index 151/P/HC-ENG/2011 ENG/2011. 	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz and Arie Coerniadi
November 8th, 2016	<ol style="list-style-type: none"> 1. Compliance Report 3rd Quarter 2016 2. Consultation of Bank Guarantee Issuance Application to Related Parties 	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus

Date	Meeting Agenda	Meeting Participants
December 6th, 2016	Credit Consultation	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus
December 21th, 2016	<ol style="list-style-type: none"> 1. Credit Consultation 2. Line Facility Consultation 3. Credit Plafond Added Consultation 	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus
December 27th, 2016	Discussion on Review Approval PKMR 2016	I Wayan Agus Mertayasa, Kamarudin Sjam, Lucky Fathul Aziz, Arie Coerniadi, Sumiyanti and Maurin Sitorus

Decisions made in the Company's Board of Commissioners' Meeting, both internal meeting and consultation meeting, has been noted and documented properly in the Board of Commissioners' Meeting Summary. The Minutes of Meeting is signed by the head of the meeting and distributed to every Board of Commissioners. Dissenting opinion that happened on the meeting has been noted in the meeting summary as well as the reasons as to why.

Board of Commissioners' Decision

By December 31st 2016, Board of Commissioners has issued several supervisory and advisory decisions, related to aspects as follows:

No	Board of Commissioners' Decision
1	<p>On Subsidized KPR FLPP Program, Board of Commissioners has given recommendation and suggestion as follows:</p> <ul style="list-style-type: none"> • Suggest that Board of Directors gives request letter to the Ministry of Public Works and Public Housing for KPR FLPP inspection by BPKP and the inspection has to be finished by the end of 2016. • Suggest that Board of Directors identifies the impacts and prepares strategic measures in 2017 if FLPP cannot be disbursed until the end of 2016.

No	Board of Commissioners' Decision
2.	<p>On Company's Performance, Board of Commissioners has given perspective and suggestion to the Board of Directors as follows</p> <ul style="list-style-type: none"> • To focus in the housing field and to observe the synergic program between the State Ministry for State-Owned Enterprises and Housing Related. • To learn more about DRBM position and analyze in depth about the root cause and the NPL position that tend to increase, by improving the end to end credit process. • New strategy for increase on Third Party Funding digitally, especially CASA. • Fee based income has not yet met the target and only supported by achievement from the Treasury Division, so the other Division/Unit needs to define comprehensive strategy. • CKPN calculation needs review, considering the coverage ratio NPL is still below the figures in the banking industry in general. • Every Branch Office shall anticipate potential business from Bank Guarantee. • To compile improvement strategy in handling slowdown in housing sales Non-KPR. • Synchronization Board of Directors to provide liquidity so it does not affect the financing for operational activities. • Reevaluation and restructuring Human Resources AMD to 3 levels. • Not procrastinating on sanctions that may affect employees who did fraud or had conflict of interest. • Improve employee's competence and compliance with the rules and legislations and prevailing SOP to avoid Company's loss. • To improve the job grading implementation fairly and transparently using personal grade that is parallel with job grade so that it will not be counterproductive.
3.	<p>On the Human Resources problems, Board of Commissioners has given advices as follows:</p> <ul style="list-style-type: none"> • Board of Directors shall apply the corporate culture that obey the Good Corporate Governance (rules, norms, and prevailing regulations) on every level of employees. • Management shall increase the volume on education and training on every level of the employees. • To study the forced ranking performance assessment application, as well as normal distribution curve; • To study job opening implementation for certain positions, so that the employee with good performance and talent may be considered to apply even though the job grade is not sufficient; • To study the possibility of Person Grade removal. • Strategic map and KPI Corporate suggestion and Directorate and for 2016, to target Board of Commissioners; • Minutes of Meeting of the Board of Directors and Human Capital Committee along with supporting documents and Remuneration and Nomination Committee shall be asked to study and review the process of executive employee nomination through the review of Minutes of Meeting of the Board of Directors and Human Capital Committee about promotion and mutation of executive officer and nomination document.
4.	<p>On the effort to reduce NPL, Board of Commissioners advised the Board of Directors to do:</p> <ul style="list-style-type: none"> • Rereview the end to end credit process by four eyes principle, namely Front End (initial credit process and credit analysis), Middle End (credit administration process, binding guarantee, disbursement monitoring, and compliance to the credit), Back End (collection, restructuring, and credit payment). • Improve the adherence of the Company's Management on the prevailing rules about the Company's collectability. • Settle the 65 debtor founded by EY that will be used as pilot project to see the unite performance collection of the Company • Ask Board of Directors to enhance Asset Management Division • Discuss the improvement of fraud settlement and Special Audit as well as NPL performance with Board of Directors once every two weeks

No	Board of Commissioners' Decision
5.	On the business process improvement in general <ul style="list-style-type: none"> To suggest Board of Directors to organize pilot project in an orderly manner and encompass every business process in location (no mistake, no fraud, customer oriented). To suggest Board of Directors to improve and settle documents for credit Beyond the Threshold of Tolerance.
6.	To review and advise the improvement of Bank Risk Management Operational, namely by: <ul style="list-style-type: none"> Doing review on Operational Risk Management Tools. Reviewing the process of Loss Event Database and the discipline of Branch Office in the filling process. Reviewing the Business Continuity Plan (BCP) and how the Risk Management Division can set recovery numbers in the event of calamity

Board of Commissioners' Meeting Plan in 2017

Based on Minutes of Meeting of Board of Commissioners' Meeting dated January 27th 2016, it was agreed that Board of Commissioners shall conduct one meeting every one week and the agreement will always apply, with agenda:

1. First Week: Discussion of Audit Committee
2. Second Week: Discussion of Risk Monitoring Committee
3. Third Week: Discussion of Remuneration and Nomination Committee
4. Fourth Week: Joint Meeting with Board of Directors

Table: Board of Commissioners' Meeting schedule plan in 2017

No	Date	Agenda
1	January 3 rd 2017	Audit Committee Discussion
2	January 10 th 2017	Risk Monitoring Committee Discussion
3	January 17 th 2017	Nomination and Remuneration Committee Discussion
4	January 24 th 2017	Joint meeting with the Directors
5	January 31 st 2017	Audit Committee Discussion
6	February 7 th 2017	Risk Monitoring Committee Discussion
7	February 14 th 2017	Nomination and Remuneration Committee Discussion
8	February 21 st 2017	Joint meeting with the Directors
9	February 28 th 2017	Audit Committee Discussion
10	March 7 th 2017	Risk Monitoring Committee Discussion
11	March 14 th 2017	Nomination and Remuneration Committee Discussion
12	March 21 st 2017	Joint meeting with the Directors

No	Date	Agenda
13	March 29 th 2017	Audit Committee Discussion
14	April 4 th 2017	Risk Monitoring Committee Discussion
15	April 11 th 2017	Nomination and Remuneration Committee Discussion
16	April 18 th 2017	Joint meeting with the Directors
17	April 25 th 2017	Audit Committee Discussion
18	May 2 nd 2017	Risk Monitoring Committee Discussion
19	May 9 th 2017	Nomination and Remuneration Committee Discussion
20	May 16 th 2017	Joint meeting with the Directors
21	May 23 rd 2017	Audit Committee Discussion
22	May 30 th 2017	Risk Monitoring Committee Discussion
23	June 6 th 2017	Nomination and Remuneration Committee Discussion
24	June 13 th 2017	Joint meeting with the Directors
25	June 20 th 2017	Audit Committee Discussion
26	June 27 th 2017	Risk Monitoring Committee Discussion
27	July 4 th 2017	Nomination and Remuneration Committee Discussion
28	July 11 th 2017	Joint meeting with the Directors
29	July 18 th 2017	Audit Committee Discussion
30	July 25 th 2017	Risk Monitoring Committee Discussion
31	August 1 st 2017	Nomination and Remuneration Committee Discussion
32	August 8 th 2017	Joint meeting with the Directors
33	August 15 th 2017	Audit Committee Discussion
34	August 22 nd 2017	Risk Monitoring Committee Discussion
35	August 29 th 2017	Nomination and Remuneration Committee Discussion
36	September 5 th 2017	Joint meeting with the Directors
37	September 12 th 2017	Audit Committee Discussion
38	September 19 th 2017	Risk Monitoring Committee Discussion
39	September 26 th 2017	Nomination and Remuneration Committee Discussion
40	October 3 rd 2017	Joint meeting with the Directors
41	October 10 th 2017	Audit Committee Discussion
42	October 17 th 2017	Risk Monitoring Committee Discussion
43	October 24 th 2017	Nomination and Remuneration Committee Discussion
44	October 31 st 2017	Joint meeting with the Directors
45	November 7 th 2017	Audit Committee Discussion
46	November 14 th 2017	Risk Monitoring Committee Discussion
47	November 21 st 2017	Nomination and Remuneration Committee Discussion
48	November 28 th 2017	Joint meeting with the Directors
49	December 5 th 2017	Audit Committee Discussion

No	Date	Agenda
50	December 12 th 2017	Risk Monitoring Committee Discussion
51	December 19 th 2017	Nomination and Remuneration Committee Discussion
52	December 26 th 2017	Joint meeting with the Directors

However, the meeting plans may change if deemed necessary by one or more member of Board of Commissioners and other related parties.

Board of Commissioners' Recommendations and Approval 2016

In every decisions of Board of Commissioners' and Board of Directors' Meeting in the Minutes of Meeting, the follow up will be monitored on the next meeting. In 2016, Board of Commissioners has given recommendations and approval to the Board of Directors, namely:

No	Board of Commissioners' Recommendations and Approval
1	Recommendation and suggestion on the credit loan consulted by the Board of Directors to the Board of Commissioners
2	Approval for Head of Internal Audit Unit (SKAI)
3	Approval of Revision Joint Decree between Board of Commissioners and Board of Directors on Board Manual, Audit Committee Charter, and Remuneration and Nomination Committee Charter
4	Approval of RBB Revision 2016-2018 and RKAP Revision 2016
5	Approval of Bank Guarantee Publication to the Related Parties
6	Approval of Write-off and Land Handover
7	Approval of RKAP 2017.
8	Approval of RBB 2017-2019

Assessment of the Every Committee's Performance Reporting Directly to the Board of Commissioners and the Basis of the Assessment

Performance Assessment on the Board of Commissioners' Committee is determined based on the duty in the Charter Committee and Work Program of the Committee.

The basis of performance appraisal of the committee includes (1) realization of the committee's report in accordance with their responsibilities, (2) recommendations given, and (3) meeting frequency of the committee in order to support the supervisory and advisory function of the Board of Commissioners.

BOARD OF COMMISSIONERS' PERFORMANCE ASSESSMENT

The General policy on performance evaluation of the Board of Commissioners has been set out in the Board Manual. Performance evaluation of the Board of Commissioners shall be done based on the criteria related to the execution of duties and responsibilities of the Council, and the submission of Board of Commissioners' performance report will be evaluated by the Shareholders.

Procedure of Board of Commissioners' Performance Assessment

Procedure of Board of Commissioners' performance assessment shall be held on the GMS forum. GMS is a meeting that is attended by the Shareholders who meet quorum criteria and organized by the Board of Directors at the request of Board of Commissioners, Board of Commissioners, or shareholders who represents 1/10 of all the share; in order to make decisions and/or to decide matters that are not in the Board of Directors' or Board of Commissioners' authorities. Board of Commissioners assessment implementation is conducted by several measurement instruments, such as:

- Board of Commissioners' Performance Assessment Criteria
- Self-Assessment GCG Bank
- ASEAN CG Scorecard

Board of Commissioners' Performance Assessment Criteria

The criteria used to assess the performance of the Board of Commissioners and its members is the accomplishment of the supervisory and advisory role played by the Board of Commissioners in its monitoring and recommendations to the Board of Directors in the best interests of the bank and the shareholders in particular and the stakeholders in general.

Parties Conducting the Assessment

The assessment of Board of Commissioners is conducted by the Shareholders in the GMS forum based on the accountability of their duties in line with the prevailing rules and legislations. The Board of Commissioners will be accountable for their performance during 2016 at the GMS to be held in 2017.

In addition, the Board of Commissioners has assessment mechanism, referring to POJK and BUMN Ministry regulation as follows:

1. Self-Assessment in line with SEOJK No. 32/SEOJK.04/2015 Board of Commissioners has formulated Key Performance Indicator (KPI) based on 3 (three) aspects, i.e. supervisory and guidance aspects, reporting aspects, as well as dynamic aspect (other than those related to the duties and responsibilities of Board of Commissioners).
2. The performance evaluation of the Board of Commissioners is conducted through a GCG Self-Assessment pursuant to POJK Regulation No. 55/POJK.03/2016 and Third Party Assessment using international standards, i.e. the ASEAN CG Scorecard. Further explanation on the Bank GCG self-assessment results based on the BI/OJK provisions and ASEAN CG Scorecard are provided in this Annual Report in the section on Building Commitment to Sustainably Implement GCG in The Company.

BOARD OF DIRECTORS

THE BOARD OF DIRECTORS OF BTN CONTINUOUSLY IMPROVE THE QUALITY OF CORPORATE GOVERNANCE BY MEETING ALL GOOD CORPORATE GOVERNANCE (GCG) PROVISIONS AND STANDARDS AT THE NATIONAL AND INTERNATIONAL LEVEL, PARTICULARLY THE ASEAN REGION. THE BOARD OF DIRECTORS ARE OPTIMISTIC THAT GOOD CORPORATE GOVERNANCE (GCG) CAN FORM A STRONG FOUNDATION FOR CORPORATE GOVERNANCE HENCE SUPPORTING THE SUSTAINABILITY OF THE COMPANY'S DEVOTION TO THE COUNTRY.

The Board of Directors are the Key Organ who are authorized and fully responsible for managing the Company for The Company's interest, in line with the purpose and objectives of the Company as well as representing Company, both inside and outside the court in line with the Articles of Association provisions. In general, the Board of Directors' duty includes carrying out all actions related to the management of The Company with restrictions as set forth in the Law, Articles of Association and/or GMS decision and being held accountable by the GMS.

The Board of Directors are a central figure as the Company's executive organ holding the largest portion of responsibility to achieve Good Corporate Governance. Therefore, the Company has appointed one Director to manage The Company GCG, this role is attached to the Managing Director Strategic, Compliance and Risk.

FIT AND PROPER TEST

The potential members of the Board of Directors have to undergo a fit and proper test as set forth in Bank of Indonesia Regulation (PBI) Number 12/23/PBI/2010 stating that the potential members of the Board of Directors have to pass the fit and proper test and obtain approval from Bank Indonesia prior to carrying out their official duties and functions, this is also regulated in POJK No.27/POJK.03/2016 on Fit and Proper Test for Key Parties of Financial Services Agency.

The Indonesia Financial Services Authority (OJK) has conducted the fit and proper test since 2013. Approval for the appointment and result of the Fit and Proper Test for the Board of Directors of The Company in 2016 are specified in the table below:

Tabel Hasil *Fit and Proper Test* Direksi Perseroan

Nama	Position	Date Passing the Fit and Proper Test	Competency	Fit and Proper Test Organizer	Result
Maryono	President Director	March 18 th 2013	Finance, Banking	Indonesia Financial Services Authority	Passed
Irman A. Zahiruddin*	Director	October 27 th 2015	Finance, Banking	Indonesia Financial Services Authority	Passed
Mansyur S. Nasution	Director	March 18 th 2013	Finance, Banking	Indonesia Financial Services Authority	Passed
Iman Nugroho Soeko	Director	June 16 th 2014	Finance, Banking	Indonesia Financial Services Authority	Passed
Adi Setianto	Director	June 8 th 2015	Finance, Banking	Indonesia Financial Services Authority	Passed
Sis Apik Wijayanto*	Director	June 1 st 2015	Finance, Banking	Indonesia Financial Services Authority	Passed
Sulis Usdoko	Director	June 1 st 2015	Finance, Banking	Indonesia Financial Services Authority	Passed
Oni Febriarto R	Director	May 19 th 2015	Finance, Banking	Indonesia Financial Services Authority	Passed
Handayani*	Director	September 16 th 2016	Management	Indonesia Financial Services Authority	Passed
Catur Budi Harto*	Director	August 23 rd 2016	Finance, Banking	Indonesia Financial Services Authority	Passed

All members of the Board of Directors have been declared to have passed the fit and proper test without notes by the Indonesia Financial Services Authority and have been approved by Bank Indonesia, indicating that all members of the Board of Directors have sufficient integrity, competency and financial reputation.

- *) The Annual GMS decision on April 12th 2016 approves the discharge of Mr. Sis Apik Wijayanto, Mr. Irman Alvian Zahiruddin as the Director of PT. Bank Tabungan Negara (Persero) Tbk and appointed Mrs. Handayani and Mr. Catur Budi Harto as the Director of PT. Bank Tabungan Negara (Persero) Tbk.

APPOINTMENT AND DISCHARGE OF THE BOARD OF DIRECTORS

The members of the Board of Directors are appointed through a GMS and through a fit and proper test referring to PBI Number 12/23/PBI/2010 on Fit and Proper Test, Article 17 states that the Board of Directors are required to have integrity, competency and financial reputation.

Article 11 of the Articles of Association states that a Member of the Board of Directors may be discharged if the incumbent does not carry out his/her duties well; does not implement the provisions of the law and Articles of Association; involved in actions that harm the Company and are deemed guilty by a court decision. In addition to the reasons above, the GMS can also discharge a member of the Board of Directors with appropriate reasons by the GMS for the Company's interest and objectiv

TOTAL AND COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of The Company consist of 8 (eight) people, i.e. 1 (one) President Director and 7 (seven) Directors. All members of the Board of Directors reside in the working area of The Company Head Office.

The total and composition of the Board of Directors for the period of January-April 2016 are as follows

Table : Composition of the Board of Directors

Name	Position	Place of Domicile	Basis and Date of Appointment	Effective since
Maryono	President Director	Indonesia	The Company Extraordinary General Meeting of Shareholders (RUPSLB) on December 28th 2012	March 18 th 2013
Irman A. Zahiruddin*	Managing Director Strategic, Compliance and Risk	Indonesia	The Company Extraordinary General Meeting of Shareholders (RUPSLB) on December 28th 2012	December 28 th 2012
Mansyur S. Nasution	Managing Director Mortgage and Consumer Lending	Indonesia	The Company Extraordinary General Meeting of Shareholders (RUPSLB) on December 28th 2012	March 18 th 2013
Iman Nugroho Soeko	Managing Director Finance and Treasury (CFO)	Indonesia	The Company Annual General Meeting of Shareholders (RUPS) on 25 February 2014	June 16 th 2014
Adi Setianto	Managing Director Information Technology,	Indonesia	The Company Annual General Meeting of Shareholders on 24 March 2015	June 8 th 2015
Sis Apik Wijayanto*	Managing Director Funding and Distribution	Indonesia	The Company Annual General Meeting of Shareholders (RUPS) on 24 March 2015	June 1 st 2015
Sulis Usdoko	Managing Director Collection, Asset Management and Legal	Indonesia	The Company Annual General Meeting of Shareholders (RUPS) on 24 March 2015	June 1 st 2015
Oni Febriarto R	Managing Director Commercial Lending	Indonesia	The Company Annual General Meeting of Shareholders (RUPS) on 24 March 2015	May 19 th 2015

*) The Annual GMS decision on April 12th 2016 approves the discharge of Mr. Sis Apik Wijayanto, Mr. Irman Alvian Zahiruddin as the Director of PT. Bank Tabungan Negara (Persero) Tbk.

The total and composition of the Board of Directors for the period of April-December 2016 are as follows :

Name	Position	Place of Domicile	Basis and Date of Appointment	Effective since
Maryono	President Director	Jakarta	The Company Extraordinary General Meeting of Shareholders (RUPSLB) on December 28 th 2012	March 18 th 2013
Mansyur S. Nasution	Managing Director Strategic, Compliance & Risk	Jakarta	The Company Extraordinary General Meeting of Shareholders (RUPSLB) on December 28 th 2012	March 18 th 2013
Iman Nugroho Soeko	Managing Director Finance & Treasury (Chief Financial Officer/CFO)	Jakarta	The Company Annual General Meeting of Shareholders (RUPS) on 25 February 2014	June 16 th 2014
Adi Setianto	Managing Director IT, Operation & Credit Risk (Chief Information Officer/CIO)	Jakarta	The Company Annual General Meeting of Shareholders (RUPS) on 24 March 2015	June 8 th 2015
Sulis Usdoko	Managing Director Collection, Asset Management & Legal	Jakarta	The Company Annual General Meeting of Shareholders (RUPS) on 24 March 2015	June 1 st 2015
Oni Febriarto R	Managing Director Commercial Lending	Jakarta	The Company Annual General Meeting of Shareholders (RUPS) on 24 March 2015	May 19 th 2015
Handayani*	Managing Director Consumer Banking	Jakarta	The Company Annual General Meeting of Shareholders (RUPS) on April 12 th 2016	September 16 th 2016
Catur Budi Harto*	Managing Director Commercial Funding, Digital Banking & Distribution	Jakarta	The Company Annual General Meeting of Shareholders (RUPS) on April 12 th 2016	August 23 rd 2016

*) The Annual GMS decision on April 12th 2016 approves the appointment Mrs. Handayani and Mr. Catur Budi Harto as the Director of PT. Bank Tabungan Negara (Persero) Tbk.

BOARD OF DIRECTORS INDUCTION, TRAINING AND COMPETENCY DEVELOPMENT PROGRAM

Induction Program or Orientation for Members of the New Board of Directors

The Company held an orientation in line with the provisions applicable in the Company to assist and support the new Directors in adapting to the objective and cultural values of the Company. The provisions on the orientation program for new members of the Board of Directors include the following:

1. Newly appointed members of the Board of Directors are required to be given orientation on an overview of the Bank's condition.
2. The person in charge of the orientation program is the Corporate Secretary.
3. The Orientation Program includes:
 - a. Implementation of Good Corporate Governance and Business Ethics principles in The Company.
 - b. A description of the Bank related to the objectives, nature, and scope of activities, financial performance, strategies, Bank's short-term and long-term plans, Competitive advantage, internal control risk and other strategic issues that are deemed necessary.
 - c. Explanations on the obligations, duties, responsibilities and rights of the Board of Directors and Board of Commissioners.
4. The orientation program can be in the form of presentations, meetings, visits to the Branch Office/Regional Offices/Divisions, to the bank facilities, reviewing Bank documents or other programs as required.

On April 12th 2016, The Company held a General Meeting of Shareholders and approved the appointment of 2 (two) members of the Board of Directors of The Company i.e. Mrs. Handayani and Mr. Catur Budi Harto.

Following up on the appointment of a new member of the Board of Directors and the Board of Commissioners, the Corporate Secretary held an orientation program on May 16th 2016. The purpose of this orientation program is to give a general introduction about the condition of the company so the members of the Board of Directors and the Board of Commissioners can work together as a solid team, considering their different backgrounds. The material presented in the orientation program are as follows:

1. Overview of roles, duties, and responsibilities of the Board of Directors and Board of Commissioners
2. Implementation of compliance, GCG and risk management
3. The Company audit result
4. Implementation of corporate culture
5. Overview of The Company's business

Board of Directors Training and Competency Development Program

The Board Manual specifies that the provisions for increasing competency is deemed important to improve the effectiveness of the Board of Directors by constantly updating information about the latest developments of the business lines of The Company, anticipating problems that may arise in the future for the sustainability of the Company. In 2016, the members of the Board of Directors of The Company have attended various programs to increase competence through the following training, workshops, conferences and seminars:

Table : Board of Directors Competency Development

Name and Position	Date	Place	Competency Development Material
Maryono (President Director)	02 – 03 March 2016	Jakarta, Indonesia	Asean CG Scorecard Implementasi Strategy to Pursue Top 50 Asean 2016 Workshop
	6 – 8 April 2016	Tokyo, Jepang	WSBI-ADBI Policy Forum, 22nd Meeting of the WSBI Asia-Pacific Regional Group, The 2016 Asia-Pacific Forum on Financial Inclusion
	8-13 May 2016	Berkeley, USA	ASEAN Global Leadership Program
	19 – 21 September 2016	Stockholm, Swedia	Integrated Risk Management
Mansyur S. Nasution (Director)	02 – 03 March 2016	Jakarta, Indonesia	Asean CG Scorecard Implementasi Strategy to Pursue Top 50 Asean 2016 Workshop
	19 – 21 September 2016	Stockholm, Swedia	Integrated Risk Management
Iman Nugroho Soeko (Director)	02 – 03 March 2016	Jakarta, Indonesia	Asean CG Scorecard Implementasi Strategy to Pursue Top 50 Asean 2016 Workshop
	28 – 29 April 2016	Jakarta, Indonesia	Risk Governance Master Class Training & Certification
	25 September – 01 October 2016	Jepang	Managing Risk in Global Business Environment
Adi Setianto (Director)	15-22 October 2016	Zurich, Basel, Milan	International Risk Management Refreshment Program for Executives – Europe Class
Sulis Usdoko (Director)	January – May 2016	Jakarta, Indonesia	English Program
	12 – 13 May 2016	Bali, Indonesia	BUMN Seminar Post Constitutional Court (MK) Decision Number 662/PUU XI/2013
	02 – 03 March 2016	Jakarta, Indonesia	Asean CG Scorecard Implementasi Strategy to Pursue Top 50 Asean 2016 Workshop
	19-21 September 2016	USA	2016 Learning & Leadership Development Conference
Oni Febriarto R (Director)	02 – 03 March 2016	Jakarta, Indonesia	Asean CG Scorecard Implementasi Strategy to Pursue Top 50 Asean 2016 Workshop
	6 – 8 April 2016	Tokyo, Japan	WSBI-ADBI Policy Forum, 22nd Meeting of the WSBI Asia-Pacific Regional Group, The 2016 Asia-Pacific Forum on Financial Inclusion
	8-13 May 2016	Berkeley, USA	ASEAN Global Leadership Program
	0 June 1st 2016, Jakarta	Jakarta, Indonesia	2016 Anti-Fraud Management Seminar

Name and Position	Date	Place	Competency Development Material
	1 – 2 June 2016	Jakarta, Indonesia	Risk Management Level 5 Certification Training
Handayani (Director)	4 June 2016	Jakarta, Indonesia	Risk Management Level 5 Certification Test
Catur Budi Harto (Director)	16 – 17 May 2016	Jakarta, Indonesia	Risk Management Level 5 Certification Training
	21 May 2016	Jakarta, Indonesia	Risk Management Level 5 Certification Test
	17 – 18 August 2016	Myanmar	Indonesian Economic Socialization

RISK MANAGEMENT CERTIFICATION

The Board of Directors have participated in the Risk Management Certification conducted by the Banking Professional Certification Agency (LSPP) in 2016 and the following Directors have passed the risk management certification:

1. Handayani has passed the Risk Management Level 5 Certification Test
2. Catur Budi Harto has passed the Risk Management Level 5 Certification Test

BOARD OF DIRECTORS' INDEPENDENCY

Independency is an important quality that is required from the Board of Directors, especially in relation to decision making and actions taken to be in line with the objective of the Company and solely for the interest of the Company.

BOARD OF DIRECTORS' INDEPENDENCY CRITERIA

The Board of Directors are required to not have affiliate relationships related to finance and/or family relationships with fellow members of the Board of Commissioners, Board of Directors and/ or Controlling Shareholders or relationships with the Bank, as well as management relationships and/or shareholding and thus, can carry out their duties and responsibilities independently.

In addition, the Board of Directors are prohibited from holding another position as the President Director or other Director position in a State-Owned Enterprise, Regional Government Owned Enterprise and Private sector or other positions related to the management of the Company, as well as structural positions, and other functional positions in central and/or local government agencies/institutions as well as other positions that could potentially result in a conflict of interest in accordance with the provisions of the Articles of Association and other legislation in force.

BOARD OF DIRECTORS AFFILIATE RELATIONSHIP

Affiliate relationship between fellow members of the Board of Directors, Board of Commissioners, and the Main Shareholders and/or controllers include:

1. Affiliate relationship between members of the Board of Directors with other Board of Directors members;
2. Affiliate relationship between members of the Board of Directors and members of the Board of Commissioners;
3. Affiliate relationship between members of the Board of Directors and the Main Shareholders and/or controllers;
4. Affiliate relationship between members of the Board of Commissioners and other Commissioners; and
5. Affiliate relationship between members of the Board of Commissioners and the Main Shareholders and/or controllers.

Name	Family Relationship With						Financial Relationship With					
	Board of Commissioners		Board of Directors		Share holders		Board of Commissioners		Board of Directors		Share holders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Maryono	-	√	-	√	-	√	-	√	-	√	-	√
Irman A. Zahiruddin*	-	√	-	√	-	√	-	√	-	√	-	√
Mansyur S. Nasution	-	√	-	√	-	√	-	√	-	√	-	√
Iman Nugroho Soeko	-	√	-	√	-	√	-	√	-	√	-	√
Adi Setianto	-	√	-	√	-	√	-	√	-	√	-	√
Sis Apik Wijayanto*	-	√	-	√	-	√	-	√	-	√	-	√
Sulis Usdoko	-	√	-	√	-	√	-	√	-	√	-	√
Oni Febriarto R	-	√	-	√	-	√	-	√	-	√	-	√
Handayani*	-	√	-	√	-	√	-	√	-	√	-	√
Catur Budi Harto*	-	√	-	√	-	√	-	√	-	√	-	√

- *) The Annual GMS decision on April 12th 2016 approves the discharge of Mr. Sis Apik Wijayanto, Mr. Irman Alvian Zahiruddin as the Director of PT. Bank Tabungan Negara(Persero Tbk) and appointed Mrs. Handayani and Mr. Catur Budi Harto as the Director of PT. Bank Tabungan Negara(Persero Tbk).

BOARD OF DIRECTORS' SHAREHOLDING

The Company aims to improve compliance with all applicable provisions and maintaining the independency of each Director, among others by requiring members of the Board of Directors to disclose their shareholding, both at The Company, or other Banks, Non-Bank Financial Institutions and other companies, which are based inside and outside the country. In accordance with Bank Indonesia provisions, members of the Board of Directors, either individually or jointly, are prohibited from owning more than 25% of the paid up capital of another company.

As of December 31st 2016, members of the Board of Directors holding shares amounting to 5% or more of the paid up capital, including the type and number of shares at The Company, other Banks, Non-Bank Financial Institutions and other companies, which are based inside and outside the country are listed in the table below:

Table: Board of Directors' Shareholding
(shareholding reaches 5% or more)

Name	Shareholding			
	The Company	Other Banks	Non-Bank Financial Institutions	Other Companies
Maryono	98.500	NIL	NIL	NIL
Irman A. Zahiruddin*	NIL	NIL	NIL	NIL
Mansyur S. Nasution	375.000	NIL	NIL	NIL
Iman Nugroho Soeko	NIL	NIL	NIL	NIL
Adi Setianto	NIL	NIL	NIL	NIL
Sis Apik Wijayanto*	NIL	NIL	NIL	NIL
Sulis Usdoko	NIL	NIL	NIL	NIL
Oni Febriarto R	NIL	NIL	NIL	NIL
Handayani*	NIL	NIL	NIL	NIL
Catur Budi Harto*	NIL	NIL	NIL	NIL

*) The Annual GMS decision on April 12th 2016 approves the discharge of Mr. Sis Apik Wijayanto, Mr. Irman Alvian Zahiruddin as the Director of PT. Bank Tabungan Negara(Persero Tbk) and appointed Mrs. Handayani and Mr. Catur Budi Harto as the Director of PT. Bank Tabungan Negara(Persero Tbk).

CONCURRENT POSITIONS AND CONFLICT OF INTEREST

Concurrent Positions

Provisions on concurrent positions for the Board of Directors are regulated in the Guidelines for Working Procedures of the Board of Commissioners and Board of Directors (Board Manual), including:

1. Members of the Board of Directors are prohibited from serving in a concurrent position as:
 - a. A member of the Board of Directors at State-Owned Enterprises (BUMN), Regional-Owned Enterprises and Private Owned Enterprises;
 - b. A member of the Board of Commissioners/Board of Trustees in BUMN;
 - c. Other structural and functional positions in institutions/agencies of the central and/or local government;
 - d. Other positions in accordance with the provisions in the legislations, political portal administrators and/or candidate/members of the legislature and/or regional head/deputy regional head candidates and/or the regional head/deputy regional head; and/or
 - e. Positions which may result in a conflict of interest.

2. In addition to concurrent positions, Members of the Board of Directors are prohibited from holding another position as a Member of the Board of Commissioners in private companies, except:
- Members of the Board of Commissioners of a Subsidiary/joint venture of the respective BUMN, under the provisions that they are only entitled to the accumulation of income as a Member of the Board of Commissioners at one or more subsidiaries/joint ventures i.e. maximum of 30% (thirty percent) of the salaries of members of the respective Board of Directors in BUMN, other/additional income is transferred and considered to be the respective BUMN's revenue.
 - Members of the Board of Commissioners representing/promoting the interests of BUMN (such as the Indonesia Stock Exchange), Members of the Board of Commissioners due the obligations specified by the legislations, or members of the Board of Directors whose remaining term of office is a maximum of 3 (three) months and by regulation can no longer be extended or if a Member of the Board of Directors has been discharged, with permission from the Minister of BUMN.
 - Excluding concurrent positions, if the members of the Board of Directors are responsible for the supervision of the Bank's investments in subsidiaries or joint ventures, carrying out functional tasks as a member of the Board of Commissioners in subsidiaries controlled by the Bank, as long as the concurrent position does not interfere with their duties and responsibilities as members of the Board of Directors of the Bank.

Table: Board of Directors' Concurrent Positions

Name	Management Relations (Concurrent Positions) in			
	Other Companies	Government Agencies	Political Party	Legislative Agency
Maryono	No	No	No	No
Irman A. Zahiruddin*	No	No	No	No
Mansyur S. Nasution	No	No	No	No
Iman Nugroho Soeko	No	No	No	No
Adi Setianto	No	No	No	No
Sis Apik Wijayanto*	No	No	No	No
Sulis Usdoko	No	No	No	No
Oni Febriarto R	No	No	No	No
Handayani*	No	No	No	No
Catur Budi Harto*	No	No	No	No

- *) The Annual GMS decision on April 12th 2016 approves the discharge of Mr. Sis Apik Wijayanto, Mr. Irman Alvian Zahiruddin as the Director of PT. Bank Tabungan Negara(Persero Tbk) and appointed Mrs. Handayani and Mr. Catur Budi Harto as the Director of PT. Bank Tabungan Negara(Persero Tbk).

Conflict of Interest

Conflict of interest is closely related to independency, especially in The Company's decision making, hence the members of the Board of Directors of The Company are required to:

1. Prioritize the economic interest of the Company above personal or family and other parties' economic interests;
2. Should not use their position for personal gain or for the benefit of another person or party that is contrary to The Company's interests;
3. Fill in the Special Register listing shareholdings and/or family shareholdings of 5% (five percent) or more in the Bank and other companies based inside and outside the country;
4. Disclose financial relationships and family relationships with other commissioners, members of the Board of Directors and/or controlling shareholders of The Company;
5. Not undertake actions that could harm The Company or reduce the Company's profits and are required to disclose conflicts of interest in any decision making in case of any conflict of interest;
6. Not participate in any discussion and decision-making where there is an element of conflict of interest.

GUIDELINES AND RULES FOR THE BOARD OF DIRECTORS (BOARD MANUAL)

The Guidelines for Working Procedures of the Board of Commissioners and Board of Directors (Board Manual) has been endorsed by the Board of Commissioners Joint Decision No. 01/KOM-BTN/2015 and Board of Directors Decision No. SKB-01/DIR-BTN/2015 then updated and legalized through the Board of Commissioners Join Decision Letter No. 01/DEKOM-BTN/2016 and Board of Directors Letter No. SKB-01/DIR-BTN/2016. The content of the Board Manual on the Board of Directors

among others cover matters related to the Board of Directors' Duties, Board of Directors Authorities, Board of Directors' Obligations, Prohibitions, Distribution of Board of Directors' Duties and Authorities, Board of Directors Meeting, Board of Directors and Board of Commissioners Joint Meeting, Appointment and Term of Office of Members of the Board of Directors, Resignation and Discharge of the Members of the Board of Directors, Concurrent Positions of the Board of Directors, Business Ethics, Leadership, Board of Directors Performance Evaluation, Board of Directors Supporting Organ, Induction Program and Board of Directors Competency Development.

BOARD OF DIRECTORS' DUTIES AND RESPONSIBILITIES

The Board of Directors carries out their duties and responsibilities by considering the GCG aspects included in the Board Manual. The Board Manual specifically regulates the Board of Directors' duties including the following:

1. Leading and managing the Company in accordance with the Board of Directors' authority and responsibility as stipulated in the Articles of Association and laws.
2. Ensuring the implementation of RJP, RKAP and RBB including the achievement of financial and non-financial targets.
3. All members of the Board of Directors shall carry out their duties and responsibilities in good faith, full of responsibility and prudence with regard to the legislation in force.
4. Ensuring the implementation of internal controls including Internal Audit, External Audit, Risk Management and Compliance.
5. Developing and utilizing information technology.

6. Providing complete, accurate, up-to-date and timely data and information to the Board of Commissioners, i.e. RJP, RKAP, and RBB, System Information Management (MIS), executive succession/transfer/promotion, human capital development program, Risk Management accountability, and information technology performance.
7. Holding a GMS and producing the minutes of GMS.
8. Following up on the audit findings and recommendations given by the Internal Audit Division, external auditors, and results of the supervision by Bank Indonesia and/or Otoritas Jasa Keuangan and/or other supervision in accordance with laws and regulations.
9. Succession plan, a process to identify and develop potential internal resources to hold key leadership positions.
10. Implementing GCG principles in all aspects of The Company's business activities across organizational levels.
11. Informing employees about the bank's strategic policies on human capital using easy-to-access media.
12. Being fully responsible for their managerial role at the Company.
13. Being accountable for the Board of Directors' duties and responsibilities to shareholders through the GMS.
14. Considering the interests of stakeholders in accordance with the code of ethics and prevailing laws and regulations.

DISTRIBUTION OF DUTIES FOR MEMBERS OF THE BOARD OF DIRECTORS

The duties for members of the Board of Directors are distributed based on the decision of the Board of Directors meeting. The table below outlines the distribution of duties and responsibilities for each Director :

Position	Duties and Responsibilities
President Director	Supervising the Internal Audit Division, Corporate Secretary Division and Human Capital Division
Managing Director Strategic, Compliance and Risk	Supervising the Strategic Innovation and Performance Division, Compliance Division, Risk Management Division and Sharia Branch Offices.
Managing Director Finance & Treasury (Chief Financial Officer/CFO)	Supervising the Finance and Accounting Division, Treasury Division, Institutional Banking Division
Managing Director IT, Operation & Credit Risk (Chief Information Officer/CIO)	Supervising the Information and Communication Technology Division, Operation and Business Support Division, Procurement and General Services Division, Credit Risk Division.
Managing Director Collection, Asset Management and Legal	Supervising the Consumer Collection and Remedial Division, Asset Management Division, Legal Division.
Managing Director Commercial Lending	Supervising the Commercial Lending Division, Small and Micro Lending Division, Sharia Division.
Managing Director Consumer Banking	Supervising the Non Subsidized Mortgage and Consumer Lending Division, Subsidized Mortgage Division, Retail Funding and Services Division, Wealth Management Division.
Managing Director Commercial Funding, Digital Banking & Distribution	Supervising the Commercial Funding and Services Division, Card Business Division/Digital Banking, Service Quality, Network and Electronic Banking Division, Regional Offices.

REALIZATION OF BOARD OF DIRECTORS' DUTIES

In general, the duties and responsibilities of the Board of Directors is reflected in the meeting agenda above. In 2016, a total of 104 (one hundred and four) Board of Directors Meeting were held discussing various management issues and/or strategies of The Company, including:

- Strategy for Improving Credit Quality
- Performance Review
- FLPP fund conversion legal study
- BTN Property Website Evaluation & Development
- Communication with Investor events
- Housing Finance Center (HFC) Programs
- Key Performance Indicator (KPI) discussion
- Performance assessment (KPI)
- 2015 Profit Use
- BUMN Road Map Development
- Discussion on the Human Capital Division (HCD)
- Credit Quality Report and Evaluation
- The Company Transformation
- Annual GMS preparation
- Publication of Financial Reports
- The Company Pension Fund Report
- Evaluating Foreclosed Assets (AYDA)
- Establishing Life Insurance Subsidiaries
- Sharia Business Unit Work Plan
- Discussion on OJK Findings
- Revision of the Bank Business Plan (RBB) Period 2016-2018
- Discussion on Business and Operational Performance
- Follow Up of OJK Audit Findings
- Discussion on the 2017 RKAP & RBB
- Evaluating the APU-PPT
- The Company Product Profile
- Prognosis and Credit Restructurization 2016
- Financial Performance Report
- 2016 Financial Performance Report

BOARD OF DIRECTORS MEETING

Policies and Implementation of Board of Directors meeting

The Board of Directors meeting refers to the Guidelines for Working Procedures of the Board of Commissioners and Board of Directors (Board Manual). The Board of Directors have a Scheduled Meeting that is required to be held once a month, the meeting materials are distributed to the participants no later than 5 days prior to the meeting. If considered necessary, the Board of Directors meeting can be held at any time upon the request of at least one Member of the Board of Directors or written request from the Board of Commissioners.

The Board of Directors meeting consist of the Board of Directors' Internal Meeting and Joint Meeting with the Board of Commissioners. The Board of Directors' Internal Meeting, i.e. a meeting only attended by the Board of Directors. Joint Meeting, i.e. a meeting attended by the majority of the Board of Directors and Board of Commissioners.

For decision making, the Board of Directors' Schedule Meeting shall be attended by at least 2/3 (two-thirds) of the total members of the Board of Directors.

Meeting Frequency and Attendance

The Company Board of Directors held 104 internal meetings and 15 joint meetings with the Board of Commissioners in 2016. Information related to the agenda of the joint meeting with the Board of Commissioners is provided in the section on the Board of Commissioners. The attendance rate of each member of the Board of Directors in internal meetings or consultation meetings with the Board of Commissioners are provided in the table below:

Table : Meeting Frequency and Attendance

Name	Term of Office	Attendance in Internal Meetings			Attendance in Joint Meetings with the Board of Commissioners		
		Total Meetings	Total Attendance	%	Total Meetings	Total Attendance	%
Maryono / President Director	1 January - 31 December 2016	100	97	97%	15	11	73
Irman Alvian Z / Director*	1 January – 12 April 2016	28	23	82%	6	6	100
Mansyur Nasution / Director	1 January - 31 December 2016	104	90	87%	15	12	80
Iman Nugroho S / Director	1 January - 31 December 2016	104	88	85%	15	13	86
Adi Setianto / Director	1 January - 31 December 2016	104	89	86%	15	12	80
Sis Apik W / Director*	1 January – 12 April 2016	26	20	77%	6	3	50
Sulis Usdoko / Director	1 January - 31 December 2016	104	88	85%	15	12	80
Oni Febriarto R / Director	1 January - 31 December 2016	104	98	94%	15	11	73
Catur Budi Harto / Director **	23 August - 31 December 2016	76	62	82%	9	8	89
Handayani / Director **	16 September -31 December 2016	76	61	80%	9	8	89

*) The Annual GMS decision on April 12th 2016 approves the discharge of Mr. Sis Apik Wijayanto, Mr. Irman Alvian Zahiruddin as the Director of PT. Bank Tabungan Negara (Persero Tbk).

***) The Annual GMS decision on April 12th 2016 approves the appointment Mrs. Handayani and Mr. Catur Budi Harto as the Director of PT. Bank Tabungan Negara (Persero Tbk)

AGENDA, DATE AND PARTICIPANTS OF THE BOARD OF DIRECTORS MEETING

The date, agenda and participants of the Board of Directors' internal meeting in 2016 are as follows:

Table: Date, Agenda and Participants of the Board of Directors' Internal Meeting

Date	Agenda	Participants
January 5 th 2016	Strategy for Improving Credit Quality	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
January 12 th 2016	Commercial Credit Application	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
January 13 th 2016	The Company Anniversary Preparation OJK Staff Loan	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R

Date	Agenda	Participants
January 19 th 2016	Performance Review FLPP fund conversion legal study	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
January 19 th 2016	Asset and Liability Committee (ALCO)	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
January 20 th 2016	Strategy for Improving Credit Quality BTN Property Website Evaluation & Development	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
January 20 th 2016	Risk Management Committee Meeting	Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febriarto R
January 26 th 2016	2016 Performance Assessment 2016 Annual GMS Plan Communication with Investor events	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R
February 2 nd 2016	2016 Performance Assessment Staff Loan MESOP Execution	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko
February 3 rd 2016	2016 Performance Assessment	Maryono, Irman Alvian Z, Mansyur Nasution, Sulis Usdoko, Oni Febriarto R
February 3 rd 2016	Discussion on the Human Capital Division (HCD)	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R
February 9 th 2016	Housing Finance Center (HFC) Programs Key Performance Indicator (KPI) discussion	Maryono, Irman Alvian Z, Mansyur Nasution, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
February 16 th 2016	Commercial Credit Application Performance assessment (KPI) Establishing Subsidiaries Commercial Funding Organization	Maryono, Mansyur Nasution, Adi Setianto, Sis Apik W, Oni Febriarto R
February 18 th 2016	BTN Pension Fund Performance Report	Maryono, Adi Setianto, Sis Apik W, Oni Febriarto R
February 18 th 2016	Performance Review Commercial Credit Application	Maryono, Irman Alvian Z, Adi Setianto, Sis Apik W, Oni Febriarto R
February 18 th 2016	Asset and Liability Committee (ALCO)	Maryono, Irman Alvian Z, Mansyur Nasution, Adi Setianto, Sis Apik W, Oni Febriarto R
February 23 rd 2016	Establishing Subsidiaries 2015 Profit Use Credit Management Policies	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R
February 29 th 2016	Discussion on the Annual Report	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R

Date	Agenda	Participants
March 1 st 2016	Establishing Subsidiaries BUMN Road Map Development Commercial Credit Application NPL Crash Program SNED Organization Chart	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
March 1 st 2016	Discussion on the Human Capital Division (HCD)	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
March 4 th 2016	Commercial Credit Application	Maryono, Irman Alvian Z, Mansyur Nasution, Adi Setianto, Sis Apik W, Oni Febriarto R
March 7 th 2016	NPL Crash Program Proposed Authority to Terminate Loans	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
March 11 th 2016	Asset and Liability Committee (ALCO)	Maryono, Irman Alvian Z, Sis Apik W, Sulis Usdoko, Oni Febriarto R
March 15 th 2016	Commercial Credit Application	Maryono, Irman Alvian Z, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R
March 16 th 2016	Discussion on the Human Capital Division (HCD)	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
March 22 nd 2016	Performance Review	Maryono, Irman Alvian Z, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sis Apik W, Sulis Usdoko, Oni Febriarto R
March 24 th 2016	Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R
March 29 th 2016	Digital Banking Organization Structure The Company Transformation Consultant One Million Houses Program Annual GMS preparation	Maryono, Mansyur Nasution, Adi Setianto, Sulis Usdoko, Oni Febriarto R
April 19 th 2016	Board of Directors Supervision Publication of Financial Reports FLPP Discussion Performance Review	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
April 19 th 2016	Risk Management Committee Meeting	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
April 22 nd 2016	Asset and Liability Committee (ALCO)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Handayani

Date	Agenda	Participants
April 26 th 2016	Commercial Credit Application LAT Document Settlement Regional Director	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R
May 3 rd 2016	NPL Settlement Crash Program	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R
May 4 th 2016	Board of Directors Supervision	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R
May 12 th 2016	Performance Review	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto
May 12 th 2016	The Company Pension Fund Report	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febriarto R
May 19 th 2016	Informal Sector KPR Evaluating the Business Loan Process	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
May 19 th 2016	Asset and Liability Committee (ALCO)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
May 24 th 2016	Credit Quality Report and Evaluation Strategy for Credit Growth Subordinated Loan	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
May 26 th 2016	Interest Rate Adjustment Commercial Credit Policy Relaxation Housing Loan (KPR) for Non-Fixed Income – Informal Sector	Maryono, Iman Nugroho S, Adi Setianto, Oni Febriarto R, Catur Budi Harto, Handayani
June 1 st 2016	Consumer Banking Business Plan Evaluating Foreclosed Assets (AYDA) Credit Risk Profile Organization Chart	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
June 7 th 2016	Establishing Life Insurance Subsidiaries Consumer Banking Business Plan	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
June 7 th 2016	Discussion on the Human Capital Division (HCD)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
June 7 th 2016	Discussion on the Human Capital Division (HCD)	Maryono, Mansyur Nasution, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Handayani
June 8 th 2016	Foreclosed Assets (AYDA) Sharia Business Unit Work Plan Discussion on OJK Findings	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R

Date	Agenda	Participants
June 14 th 2016	Establishing Subsidiaries Revision of the Bank Business Plan (RBB) Period 2016-2018 Commercial Lending Work Plan	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Handayani
June 21 st 2016	Write Off (WO) Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
June 22 nd 2016	Asset and Liability Committee (ALCO) Performance Review	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
June 29 th 2016	Discussion on the Human Capital Division (HCD)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
July 13 th 2016	2016 Corporate Key Performance Indicator (KPI)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Catur Budi Harto, Handayani
July 19 th 2016	Tax Amnesty BTN Property Portal Credit Quality Report and Evaluation Office Network	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
July 20 th 2016	Risk Management Committee Meeting	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
July 25 th 2016	Performance Review	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
July 26 th 2016	Asset and Liability Committee (ALCO) Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febriarto R, Catur Budi Harto, Handayani
August 2 nd 2016	Discussion on Business and Operational Performance Tax Amnesty Legal Issues Digital Loan Document	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febriarto R
August 15 th 2016	Discussion on Business and Operational Performance	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
August 18 th 2016	Performance Review	Maryono, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Handayani

Date	Agenda	Participants
August 19 th 2016	Asset and Liability Committee (ALCO)	Maryono, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Handayani
August 23 rd 2016	The Company Transformation Consultant Report	Maryono, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
August 23 rd 2016	Discussion on the Human Capital Division (HCD)	Maryono, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
August 30 th 2016	Planned Event for the Launching of the National Saving Day Digital Banking Progress	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
September 5 th 2016	Credit Quality Report and Evaluation	Maryono, Adi Setianto, Sulis Usdoko, Oni Febriarto R
September 6 th 2016	Discussion on Business and Operational Performance Non-Fixed Income KPR Business Process	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
September 16 th 2016	Performance Review	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febriarto R, Catur Budi Harto
September 26 th 2016	Asset and Liability Committee (ALCO)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febriarto R, Catur Budi Harto
September 26 th 2016	LCredit Quality Report and Evaluation Discussion on Business and Operational Performance	Maryono, Mansyur Nasution, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
September 27 th 2016	Board of Director Workshop	Maryono, Mansyur Nasution, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 3 rd 2016	Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 4 th 2016	Capital Market Community Event Credit Product Committee Organization Chart and Credit Policy Credit Committee Meeting Preparation for the National Saving Day and the World Savings Banks Institute (WSBI) Conference	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 12 th 2016	Plan to Establish Subsidiaries Credit Committee Meeting Credit Restructurization	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 12 th 2016	Line Facility Proposal	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Handayani

Date	Agenda	Participants
October 12 th 2016	Discussion on the Human Capital Division (HCD)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 13 th 2016	Performance Review	Maryono, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto
October 13 th 2016	Asset and Liability Committee (ALCO)	Maryono, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto
October 17 th 2016	Remuneration based on POJK No.45/POJK.03/2015	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 17 th 2016	Follow Up of OJK Audit Findings Discussion on the 2017 RKAP & RBB Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 24 th 2016	Analyst Meeting & Press Conference Consumer Credit Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
October 24 th 2016	Credit Committee Meeting	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Handayani
October 25 th 2016	Preparation for the National Saving Day and NPL	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
November 1 st 2016	Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febriarto R, Catur Budi Harto, Handayani
November 3 rd 2016	Credit Quality Report and Evaluation 2016 Target Achievement Strategy	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
November 14 th 2016	Performance Review Micro KPR	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Catur Budi Harto, Handayani
November 15 th 2016	Credit Quality Report and Evaluation Bank and Financial Institution Holding	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani

Date	Agenda	Participants
November 16 th 2016	Credit Quality Report and Evaluation	Maryono, Iman Nugroho S, Adi Setianto, Oni Febriarto R, Catur Budi Harto
November 16 th 2016	Asset and Liability Committee (ALCO)	Iman Nugroho S, Adi Setianto, Oni Febriarto R, Catur Budi Harto, Handayani
November 21 st 2016	Discussion on Business and Operational Performance Financial Performance Prognosis Promotion Budget Prognosis Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
November 22 nd 2016	Credit Quality Report and Evaluation Discussion on Business and Operational Performance	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
November 22 nd 2016	Legal Issues	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
November 29 th 2016	Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 2 nd 2016	Overview Konsultan Hukum Prognosa Keuangan 2016	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 4 th 2016	Holding Statement Perseroan kepada Nasabah Media dan Regulator serta Penunjukan Konsultan Hukum	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 6 th 2016	Legal Issues Evaluating the APU-PPT	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 7 th 2016	Credit Quality Report and Evaluation	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 7 th 2016	Credit Committee Meeting	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 13 th 2016	2017 Pension Fund Investment Plan	Maryono, Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 13 th 2016	Credit Committee Meeting	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani

Date	Agenda	Participants
December 13 th 2016	Credit Quality Report and Evaluation Review upon OJK Request	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 14 th 2016	Performance Review	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Catur Budi Harto, Handayani
December 14 th 2016	Asset and Liability Committee (ALCO)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 14 th 2016	Risk Management Committee Meeting	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 19 th 2016	2017 Subsidized KPR The Company Product Profile	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Catur Budi Harto, Handayani
December 21 st 2016	Prognosis and Credit Restructurization 2016 Financial Performance Report	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani
December 22 nd 2016	Foreclosed Assets (AYDA)	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R
December 29 th 2016	2016 Financial Performance Report	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febriarto R, Catur Budi Harto, Handayani

The results of The Company Board of Directors meeting have been recorded and documented in the minutes of meeting of the Board of Directors meeting including dissenting opinions which includes a statement of disapproval or disagreement (if any). The minutes of meeting is signed by all members of the Board of Directors attending the meeting and distributed to all members of the Board of Directors and the Board of Directors informs the Board of Commissioners if requested.

The date, agenda of the meeting, and participants of the joint meeting with the Board of Commissioners are provided in the section on the Board of Commissioners of this Annual Report.

Monitoring and Evaluation of the Implementation of Duties and Follow Up of the Board of Directors Meeting Decision

The Board of Directors continuously supervise and evaluate the duties and routinely follow up the meeting decisions in the internal Board of Directors meeting to effectively carry out duties and implement the decisions taken in the previous meeting.

Board of Directors Planned Meetings

The Company's Articles of Association states that the Board of Directors Meeting shall be held regularly at least once a month. If considered necessary, the Board of Directors Meeting can be held at any time upon the request of at least one Member of the Board of Directors or written request from the Board of Commissioners.

The 2017 Board of Directors planned meetings have been scheduled 12 (twelve) times, it will be held every Monday and the joint meeting with the Board of Commissioners will be routinely held once a month as described in the Board of Commissioners section. The 2017 Board of Directors scheduled planned meetings are as follows:

No	Date	Agenda
1	January 16 th 2017	ALCO and Performance Review
2	February 13 th 2017	ALCO and Performance Review
3	March 13 th 2017	ALCO and Performance Review
4	April 17 th 2017	ALCO and Performance Review
5	May 15 th 2017	ALCO and Performance Review
6	June 12 th 2017	ALCO and Performance Review
7	July 17 th 2017	ALCO and Performance Review
8	August 14 th 2017	ALCO and Performance Review
9	September 18 th 2017	ALCO and Performance Review
10	October 16 th 2017	ALCO and Performance Review
11	November 13 th 2017	ALCO and Performance Review
12	December 11 th 2017	ALCO and Performance Review

Monitoring and Evaluation of Bank Strategies

The Board of Directors continuously achieve and maintain the effectiveness of the Company's strategy by monitoring the implementation of The Company's strategies. The Board of Directors have conducted an annual evaluation on the implementation of The Company's strategies in the Board of Directors internal meeting on October 17th 2016 with the agenda of discussing the 2017 RKAP and Bank Business Plan.

Performance Assessment for Committees Supporting the Board of Directors' Duties

The Performance Assessment for the Committee reporting to the Board of Directors is determined based on the committee work plan related to the Company work plan. The Committee's work is reflected in the Committee work meeting and the decision of the committee meeting. The description on the Committee reporting to the Board of Directors is provided in a separate section of this Annual Report.

BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT

The General Policy on The Company Board of Directors' performance assessment refer to the Company's Board Manual. The Board of Directors' performance assessment is carried out based on assessment criteria related to the implementation of the Board of Directors' duties and responsibilities; and submission of the Board of Directors' performance report which will then be evaluated by the Share Holders.

Board of Directors' Performance Assessment Implementation Procedures

The procedure for evaluating the Board of Directors' performance is discussed in the GMS forum. GMS refers to a meeting attended by Share Holders meeting the quorum requirement and is held by the Board of Directors upon the request of the Board of Commissioners, or share holders representing 1/10 of all shares to take decisions and/or to take decisions on matters where the Board of Directors or Board of Commissioners don't hold authority.

The result of the evaluation on the Board of Directors' collective performance and individual performance of each Member of the Board of Directors which is an integral part of the compensation scheme and provision of incentives for the Members of the Board of Directors. The Board of Directors' assessment utilizes a number of measurement tools, including:

- Key Performance Indicator
- BUMN Superior Performance Assessment Criteria (KPKU)
- Bank GCG Self-Assessment
- ASEAN CG Scorecard

Board of Directors' Performance Assessment Criteria

Board of Directors' Key Performance Indicators (KPI)

The Board of Directors' KPI performance assessment can be done collegially by using the Corporate KPI and individually for each Director's KPI. The three KPI criteria set by BI and OJK for Bank Performance Assessment are: compliance performance, health performance and financial performance are explained in the table below:

Table Criteria KPI Kolegial and Individual Directors

KPI	PRESDIR	DIR ConB	DIR ComL	DIR CF, DB & D	DIR CAML	DIR CFO	DIR CITO	DIR SCR
Financial Perspective								
% Profit Growth	●	●	●	●	●	●	●	●
% Asset Growth	√							√
% NIM	●	●	●	●	●	●	●	●
% BOPO	●	●	●	●	●	●	●	●
% LDR	√							√

KPI	PRESDIR	DIR ConB	DIR ComL	DIR CF, DB & D	DIR CAML	DIR CFO	DIR CITO	DIR SCR
% NPL	●	●	●	●	●	●	●	●
% Credit Growth		√	√				√	
% Growth of DPK & CASA Ratios		√		√				
Wholesale funding issuance (Bonds, loans, securitization)						√		
POL Growth		√	√	√	√	√		
Sharia ROA			√					
Customer Perspective								
Δ Market Share Mortgages	●	●	●	●	●	●	●	●
Business Process Perspective								
Increase of KPKU BUMN Score	●	●	●	●	●	●	●	●
% Project capital strengthening						√		
% Establishment of a subsidiary	√					√		√
% project digital banking		√		√				
% Process improvement business operations							√	
The effectiveness of collection & assets management			√		√			
RBBR Composite Rating	●	●	●	●	●	●	●	●
Improved handling quality legal issues					√			
Learning & Growth Perspective								
Culture Assessment Index	●	●	●	●	●	●	●	●
Division & Territory Supervision	√	√	√	√	√	√	√	√
% IT project implemented							√	

Description:

- is KPI of Kolegial Level Directorate
- √ is KPI of Individual

PRESDIR (President Director)

DIR ConB (Managing Director Consumer Banking)

DIR ComL (Managing Director Commercial Lending)

DIR CF, DB & D (Managing Director Commercial Funding, Digital Banking & Distribution)

DIR CAML (Managing Director Collection, Asset Management & Legal)

DIR CFO (Managing Director Finance & Treasury)

DIR CITO (Managing Director IT Operation & Credit Risk)

DIR SCR (Managing Director Strategic, Compliance & Risk)

The performance of the Board of Directors and each member of the Board of Directors will be evaluated by the Board of Commissioners. The realization of each KPI Members of the Board of Directors are reported to the Board of Commissioners and subsequently reviewed by the Remuneration Committee and Nomination as consideration in determining the amount of remuneration of each member of the Board of Directors.

Board of Directors' Performance Assessment Using the Superior Performance Criteria (KPKU)

The performance assessments for the Board of Directors is carried out using criteria specifically set by the Ministry of State Owned Enterprises (BUMN) through Letter No. S-153/S-MBU/2012 dated July 19th 2012 on BUMN Superior Performance Criteria Based Assessment Reporting.

The KPKU Assessment Procedures is as follows:

- a. The Ministry of BUMN established a Forum of BUMN Excellence (FEB), which serves to carry out the Assessment.
- b. The Ministry of BUMN reports to the FEB team Company as the personnel carrying out the Company Assessment.
- c. The Board of Directors appoints the Strategic Innovation and Performance Division (SIPD) as a Liaison Officer and also coordinates all work units to carry out the assessment.
- d. The FEB Team performs the assessment and makes a conclusion on the assessment result.
- e. The FEB Team conveys the Assessment results to the Minister of BUMN to obtain approval.
- f. The Ministry of BUMN determines the Assessment results.

The KPKU assessment criteria consists of 7 (seven) categories, namely: Leadership, Strategic Planning, Customer Focus, Analysis Measurement and Knowledge Management, Workforce Focus, Operational Focus and Results. The party conducting the KPKU Assessment is the FEB Team and the Ministry of BUMN.

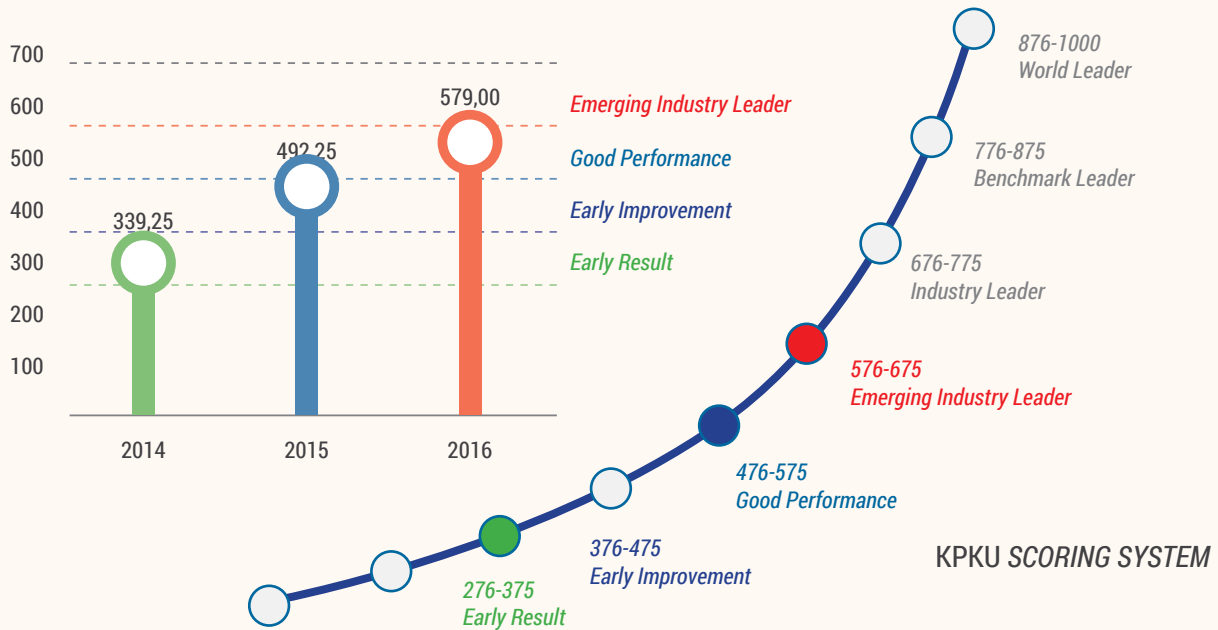
The Company's KPKU Assessment has measured and controlled 500 performance indicators including the performance of products and processes (155 indicators), customer focus performance (37 indicators), labor focus performance (122 indicators), leadership and governance performance (97 indicators) and financial and market performance (89 indicators); with the following results:

- A. 290 indicators (58 %) level: Good,
- B. 370 indicators (74%) trend: Beneficial,
- C. 88 indicators (17.60%) leading from Competitors / comparison

The Company's 2016 KPKU Score increased by 17.62% compared to 2015 (target score increase 5%). From a score of 492.25 with a "Good Performance" predicate in 2015 to a score of 579 with an "Emerging Industry Leader" predicate.

The Company's KPKU Score in the last 3 years are as follows:

Score and Band KPKU of the Company



Parties Conducting the Assessment

The Board of Directors' performance assessment is done by the Shareholders. The Board of Directors' performance assessment refers to the RKAP targets set in the beginning of the period and is set as Key Performance Indicators (KPI). The Board of Directors based on the accountability in the supervision aspect, risk mitigation and compliance to all of the applicable regulations.

The Board of Directors will report their 2016 fiscal year performance in the GMS which will be held in 2017.

In addition to the Board of Directors' performance assessment through the GMS, the Board of Directors' performance assessment is also conducted through a GCG Self Assessment pursuant to BI/OJK provisions and Third Party Assessment using international standards, i.e. ASEAN CG Scorecard. Further explanation on the Bank GCG self assessment results based on the BI/OJK provisions and ASEAN CG Scorecard are provided in this Annual Report in the section on Building Commitment to Sustainably Implement GCG in The Company.

BODIES AND COMMITTEES REPORTING DIRECTLY TO BOARD OF COMMISSIONERS

Supporting bodies for Board of Commissioners are those with collective duties and responsibilities to help Board of Commissioners in carrying out their supervisory function and giving advices to Directors.

Until 2016, the Company has had Board of Commissioners Bodies consists of Secretary of the Board of Commissioners, Audit Committee, Remuneration and Nomination Committee, and Risk Monitoring Committee.

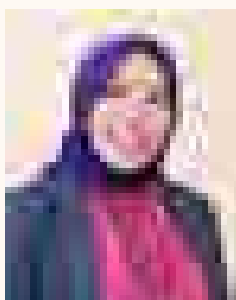
SECRETARY OF THE BOARD OF COMMISSIONERS

The secretary of the Board of Commissioners has important roles in supporting the Board of Commissioners' performance. The secretary carries out administrative function, as well as has function and strategic values in the implementation of optimal supervisory function of the Board of Commissioners. Therefore, The Company Board of Commissioners appoints the Secretary of Board of Commissioners. The appointment of Secretary of the Board is based on the Board of Commissioners Decree SK Directors PT Bank Tabungan Negara (Persero) Tbk No. 382/DIR/2014 dated August 27th 2014, currently filled by Mrs. Sandra Firmania, SE, MH.

Appointment and discharge of the Secretary of Board of Commissioners is conducted by the Board of Commissioners based on the adequate knowledge aspects in the prevailing rules and other related rules regarding the Board of Commissioners, administration, communication, and the needed managerial skill.

Profile of the Secretary of the Board of Commissioners

Here is the profile summary of Secretary of the Board of Commissioners



Sandra Firmania

Indonesian Citizen, Born in Padang Panjang, age 46. Holds a Magister in Economic Law from Universitas Indonesia in 2007. Has been a Secretary for Board of Commissioners since August 31st 2014.

Prior to that, she was a Head of Restructuration Plan and Other Services Business Privatization Sub Division (Ministry of State-Owned Enterprises) in 2006-2010; Head of Service and Legal Aid Ic Sub Division (Ministry of State-Owned Enterprises) in 2010-2012; Head of Publication and Mass Media Relationship Sub Division in 2012-2014; Head of Service Business Financing and Other Services II Division in 2014-2015; and Head of Financing Services, Survey Services, and Consultant II B since 2015.

Training and seminar attended, namely Corporate Valuation Workshop held by Price Waterhouse Coopers (PWC) in Jakarta 2002; Contract and Legal Drafting, held by Indonesia Institutions of Law PATAMA in Jakarta, 2011; Methods and Technic to Compile SOP with KPI Implementation, held by PT Tempo Inti Media in Batam-Singapore, 2011.

SECRETARY OF BOARD OF COMMISSIONERS ORGANIZATION CHART

In the organizational structure, Secretary of Board of Commissioners reports directly to Board of Commissioners and is assisted by 1 (one) Secretariat personnel of Board of Commissioners.

WORK GUIDELINES AND RESPONSIBILITIES OF SECRETARY OF BOARD OF COMMISSIONERS

Work Guidelines of Secretary of Board of Commissioners

In carrying out his/her duty, Secretary of Board of Commissioners is equipped with Guidelines which refers to Board Manual. Guidelines of Secretary of Board of Commissioners is governing the tasks in order to help Board of Commissioners in their Supervisory duties.

Work Guidelines of the Secretary of Board of Commissioners is review at least once a year to ensure the scope of guidelines are always in line with the needs or related prevailing regulations. 2015 Guidelines of the Secretary of Board of Commissioners has been reviewed and was not amended considering that it is still relevant with The Company current conditions.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS

Duties and responsibilities of the Company's Secretary of the Board of Commissioners, i.e.:

1. To organize administrative secretariat activities in the Board of Commissioners' environment.
2. To organize Board of Commissioners' Meetings and meeting in between the Board of Commissioners with Shareholders, Directors, or related (stakeholder) parties, including: Preparation of meeting invitations, preparation of meeting

materials, documenting correspondences, and preparation of minutes of meeting.

3. To prepare the minutes of Board of Commissioners Meeting, and the minutes of joint meetings between the Board of Commissioners and the Board of Directors together with the Corporate Secretary.
4. Deliver the original minutes of meetings of the Board of Commissioners to the Board of Directors through the Corporate Secretary.
5. To compile the Work Program & Budget draft of the Board of Commissioners.
6. To compile the Board of Commissioners' reports template.
7. To ensure that Board of Commissioners comply with legislations and implement the GCG principles.
8. To provide necessary information to the Board of Commissioners periodically and/or at any time requested
9. To coordinate the member of Committee if needed in order to facilitate the duties of Board of Commissioners.
10. To collect data or information relevant to the duties of Board of Commissioners.
11. To provide data/information necessary for Commissioner and the Committees in the Board of Commissioners' environment
12. To collect technical data from the Committees in the Board of Commissioners' environment for the Board of Commissioners' needs.
13. To be a liaison in between Board of Commissioners with Shareholders, Directors, and other related parties (stakeholder).
14. To carry out other duties given by the Board of Commissioners in order to carry out the duties and function of Board of Commissioners.

ACTIVITIES REPORT OF THE SECRETARY OF BOARD OF COMMISSIONERS

In order to support the function of Board of Commissioners, the Secretary of Board of Commissioners has specified activities. The activities of Secretary of Board of Commissioners throughout 2016 are described as follows:

1. Organized administrative secretariat activities in the Board of Commissioners' environment, i.e. incoming and outgoing administrative mails, as well as Company's Minutes of Board of Commissioners' Meetings.
2. Held the Board of Commissioners Joint Meeting with Directors or other related parties, including preparing the meeting invitation, meeting's agenda, outcoming mails, based on the meeting's decision.
3. Compiled the minutes of Board of Commissioners Meeting, and the minutes of joint meetings between the Board of Commissioners and the Board of Directors together with the Corporate Secretary.
4. Delivered the original minutes of meetings of the Board of Commissioners to the Board of Directors through the Corporate Secretary.
5. Compiled the Board of Commissioners' reports template.
6. Provided necessary information to the Board of Commissioners periodically and/or at any time requested
7. Coordinated the member of Committee if needed in order to facilitate the duties of Board of Commissioners.
8. Collected data or information relevant to the duties of Board of Commissioners.
9. Provided data/information necessary for Commissioner and the Committees in the Board of Commissioners' environment
10. Collected technical data from the Committees in the Board of Commissioners' environment for the Board of Commissioners' needs.

AUDIT COMMITTEE

Audit Committee, in line with POJK No. 55/POJK.04/2015 on Working Guidelines and Implementation of Audit Committee, is a committee by Board of Commissioners to help and facilitate Board of Commissioners in carrying out the duties and supervisory function on matters related to financial statement, internal control system, and effectivity on external and internal auditor inspection.

Audit Committee Legal Ground

The Audit Committee was established by the Board of Commissioners to carry out their duties according to the rules and legislations, as follows.

1. Chairman of BAPEPAM Decree No. KEP-643/BL/2012 dated December 7th 2012 on the Establishment of the Audit Committee and the Guidelines for the Task Implementation.
2. Financial Services Authority Regulation No. 55/POJK.03/2016 on Good Corporate Governance for Commercial Bank dated December 7th 2016
3. The Jakarta Stock Exchange (BEI) Directors Decision No. KEP-305/BEJ/07-2004 dated July 19th 2004 on the Rules IA on Registration of Shares and Equity Securities other than shares issued by a Listed Company

Audit Committee Establishment for the Company has the purposes of:

1. To help Board of Commissioners carry out their duties and functions.
2. To ensure the truth and reliability of the Company's financial statement.
3. To provide recommendation to the Board of Commissioners to be opened in the GMS forum about the Public Accountants Firm, taking into account the quality, coverage, and compliance with the related prevailing rules and legislations, especially independence aspects, and ensuring the fairness in line with the scope and quality level offered.

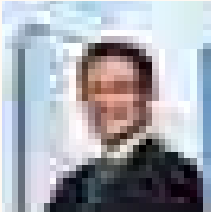

APPOINTMENT AND DISCHARGE

Appointment and discharge of the Audit Committee is conducted by Board of Commissioners; Audit Committee reports directly to Board of Commissioners even though the establishment was conducted by the Board of Directors. Audit Committee works collectively and does its duties independent of the Company’s management, and Audit Committee is obliged to report the evaluation result conducted to the Board of Commissioners.

In the appointment of Audit Committee, the Company refers to the Board of Commissioners Joint Decision No. 02/DEKOM-BTN/2013 dated December 18th 2013 on Audit Committee Charter Article 7 about Member of the Audit Committee Requirements paragraph 1, which stated “Have high integrity, competence and knowledge, as well as experience in the field of supervising/auditing, and can communicate properly”, with explanation as follows:

Educational Qualifications and Work Experiences of the Member of Audit Committee

Name / Photo	Profile Summary of Member of Audit Committee
 <p>Kamaruddin S jam (Chairman)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners’ Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis of Appointment as Chairman of Audit Committee: Board of Directors’ Decree of PT Bank Tabungan Negara (Persero) Tbk No. 507/DIR/2015 dated September 9th 2016.</p> <p>Period of service: Juli 3rd 2015 until July 2nd 2018</p> <p>Expertise : Audit & Finance.</p>
 <p>I Wayan Agus Mertayasa (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners’ Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis of Appointment as Member of Audit Committee: Board of Directors’ Decree of PT Bank Tabungan Negara (Persero) Tbk No. 161/DIR/2016 dated April 25th 2016.</p> <p>Period of service: April 25th 2016 until April 24th 2019</p> <p>Expertise : Finance & Banking.</p>
 <p>Sumiyati (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners’ Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis of Appointment as Member of Audit Committee: Board of Directors’ Decree of PT Bank Tabungan Negara (Persero) Tbk No. 161/DIR/2016 dated April 25th 2016.</p> <p>Period of service: April 25th 2016 until April 24th 2019</p> <p>Expertise : Audit, Public Finance, Human Resources Development</p>

Name / Photo	Profile Summary of Member of Audit Committee
 <p>Maurin Sitorus (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis of Appointment as Member of Audit Committee: Board of Directors' Decree of PT Bank Tabungan Negara (Persero) Tbk No. 474/DIR/2016 dated November 1st 2016</p> <p>Period of service: November 1st 2016 until October 31st 2019</p> <p>Expertise : Law, Economics</p>
 <p>Waldy Gutama (Member)</p>	<p>An Indonesian citizen, born in Jakarta, age 61. Achieved Master of Management from Sekolah Tinggi Ilmu Ekonomi IPWI Jakarta in 2000.</p> <p>Career history: :1989-2011 as Bank Investigator and Supervisor in Bank Indonesia.</p> <p>Training attended, among others, is Regulation and Supervision of Cooperatives Insurance Companies and Other Non-Bank Financial Institution (SEACEN Center) in Kuala Lumpur Malaysia in 1983. In 1999, took course in the Specialized Course in Bank Supervision in Bank Supervision in Federal Reserve Bank of NYC, USA, as Expert Bank Supervisor in 2006 from Bank Indonesia and Basel 2 Implementation in Bank Indonesia and Bank of Thailand in 2010.</p> <p>Legal Basis of Appointment as Member of Audit Committee: Board of Directors' Decree of PT Bank Tabungan Negara (Persero) No. 736/DIR/2015 dated October 2nd 2013 on Appointment of Member of audit committee PT Bank Tabungan Negara (Persero) Tbk and Prolongation Decree No. 390/DIR/2016 dated September 15th 2016 on Prolongation of Mr. Waldy Gutama and Mrs. Sondang Gayatri as Member of Audit Committee PT Bank Tabungan Negara (Persero) Tbk.</p> <p>Periode of Service:</p> <ul style="list-style-type: none"> - First appointed: September 26th 2013 until September 25th 2016 - Extension: September 15th 2016 until September 26th 2017 <p>Expertise: Banking and Bank Audit.</p>

Name / Photo	Profile Summary of Member of Audit Committee
 <p>Sondang Gayatri (Member)</p>	<p>Indonesian citizen, born in Tarutung, age 58. Graduate as Bachelor of Education Institution Economic Management in 1983.</p> <p>Served as member of Audit Committee since September 26th 2013. Previously she was active in BNI since 1982 until March 2013 and her last position was as Regional Leader.</p> <p>Training attended, include: Risk Management Competence Test Certification Level IV in 2012, Risk Management Certification Level 4, as well as 4st International (CWMA and IBI) Certification in 2011.</p> <p>Legal Basis of Appointment as Member of Audit Committee: Board of Directors' Decree of PT Bank Tabungan Negara (Persero) No. 736/DIR/2015 dated October 2nd 2013 on Appointment of Member of audit committee PT Bank Tabungan Negara (Persero) Tbk and Prolongation Decree No. 390/DIR/2016 dated September 15th 2016 on Prolongation of Mr. Waldy Gutama and Mrs. Sondang Gayatri as Member of Audit Committee PT Bank Tabungan Negara (Persero) Tbk.</p> <p>Period of service:</p> <ul style="list-style-type: none"> - First appointed: September 26th 2013 until September 25th 2016 - Extension: September 15th 2016 until September 26th September 2017 <p>Expertise : Finance & Banking</p>
 <p>Rachmat Supratman (Member)</p>	<p>Indonesian citizen, born in Surabaya, age 60, graduated from Faculty of Law, Universitas Airlangga in 1981, and Education from Faculty of Economics Boston University in 1987.</p> <p>Worked previously as Chairman of Internal Audit Team Bank Indonesia (2008-2012), Chairman of Internal Audit Research and Development Team Bank Indonesia (2004-2008), Head Division in the Directorate of Economic Statistics and Monetary, Bank Indonesia (2002-2004)</p> <p>Training attended, namely: Asian Conference On Internal Audit 2007 in Beijing, China; International Statistics Conference in 2008 in Malaysia; Money and Bank in 2004, Washington, USA.</p> <p>Legal Basis of Appointment as Member of Audit Committee: Board of Directors' Decree of PT Bank Tabungan Negara (Persero) Tbk No. 474/DIR/2016 dated November 1st 2016</p> <p>Period of Service: November 8th 2016 until November 7th 2019</p> <p>Expertise: Audit, Banking, Supervising</p>

As of December 31st 2015, the Chairman of the Committee concurrent position is in accordance with the rules, that is, an Independent Commissioner does not serve in the Committee for more than 2 (two) Chairman in the same company.

Member of the Audit Committee shall resign or discharge by the Board of Commissioners based on Audit Committee Charter in article 6 that stated Chairman and Member of the Committee is appointed and discharged by Board of Commissioners.

NUMBER, COMPOSITION, PERIOD, AND TERM OF AUDIT COMMITTEE

As of 2016, the Audit Committee consists of 7 people. Audit Committee Composition consists of 1 Independent Commissioner as Chairman, 1 member from the Independent Commissioner, 2 members from Commissioner, and 3 members from Independent Party.

In 2016, the composition of the Company's Audit Committee changed, with further explanation as follows:

1. Based on the excerpt of Board of Directors' Decree No. 161/DIR/2016 on Member of Audit Committee's Composition Change of PT Bank Tabungan Negara (Persero) Tbk dated April 25th 2016. Has appointed Mr. I Wayan Agus Mertayasa, Mrs. Sumiyati, Mr. Deddy Effendi Ridwan and discharged Mrs. Catherinawati Hadiman as Member of Audit Committee.
2. Based on the excerpt of Board of Directors' Decree No. 161/DIR/2016 on Member of Audit Committee's Composition Change of PT Bank Tabungan Negara (Persero) Tbk dated April 25th 2016, has appointed Mr. Rachmat Supratman and discharged Mr. Deddy Effendi Ridwan.

Thus the structure and composition of Audit Committee based on the decision of Board of Commissioners' Meeting as stipulated on the Board of Commissioners' Decree No. 124/KOM/BTN/X/2016 dated October 25th 2016 on Committee's Composition Change, and set forth in the Board of Directors' Decree No. 481/DIR/2016 dated November 1st 2016, is as follows:

Audit Committee Composition

Name	Position	Period	Term of Office
Kamaruddin Sjam	President/Independent Commissioner	09/09/2015 - 02/07/2018	3 years
I Wayan Agus Mertayasa	Member/Independent Commissioner	25/04/2016 – 24/04/2019	3 years
Sumiyati	Member/Commissioner	25/04/2016 – 24/04/2019	3 years
Maurin Sitorus	Member/Commissioner	01/11/2016 – 30/09/2019	3 years
Waldy Gutama	Member/Independent Party	26/09/2013 – 25/09/2017	4 years
Sondang Gayatri	Member/Independent Party	26/09/2013 – 25/09/2017	4 years
Rachmat Supratman	Member/Independent Party	08/11/2016 – 07/11/2019	3 years

Based on the Composition of Member of Audit Committee, the composition of member of Audit Committee is more than 51%, originated from the Independent Commissioner and Independent Party, i.e. 2 Independent Commissioner and 3 Independent Party with expertise in financial, accounting, law or banking.

Currently, Board of Commissioners will fulfill the POJK Regulation No. 55/POJK.04/2015 on Establishment and Work Guidelines of Audit Committee, specifically Article 7 paragraph 7 that stated Member of Audit Committee is not a person who works or has right and responsibilities to plan, lead, control, or supervise the Activities of Emiten or Public Company in the last 6 (six) month; except Independent Commissioner.

AUDIT COMMITTEE INDEPENDENCE STATEMENT

In carrying out their duties and responsibilities, every member of Audit Committee has to be characteristically independent, objective, and professional, both in appearance and in the act.

The independency of member of Audit Committee can be seen in the table with aspects as follows.

Audit Committee Independence

Independency Aspect	Kamaruddin Sjam	I Wayan Agus Mertayasa	Sumiyati	Maurin Sitorus	Waldy Gutama	Sondang Gayatri	Rachmat Supratman
Does not have a financial relationship with the Board of Commissioners and Board of Directors	√	√	√	√	√	√	√
Does not have a management relationship in the company, subsidiaries or affiliated companies	√	√	√	√	√	√	√
Does not have a relationship with the company shareholders	√	√	√	√	√	√	√
Does not have any familial relationship with the Board of Commissioners, Board of Directors, and/or fellow members of the Audit Committee	√	√	√	√	√	√	√

Every member of Audit Committee fulfill the criteria as reflected in the independence aspect

Audit Committee Concurrent Position

Name	Position	Concurrent Position in the Company	Concurrent Position in other Company/Institution
Kamaruddin Sjam	Chairman of Audit Committee	- Commissioner - Member of Remuneration and Nomination Committee - Member of Risk Monitoring Committee	-
I Wayan Agus Mertayasa	Member	- President Commissioner - Chairman of Remuneration and Nomination Committee - Member of Risk Monitoring Committee	-
Sumiyati	Member	- Commissioner	- Head of Financial Education and Training, Ministry of Finance
Maurin Sitorus	Member	- Commissioner - Member of Remuneration and Nomination Committee	- Director General for Housing Financing, Ministry of Public Works and Public Housing

AUDIT COMMITTEE'S GUIDELINES AND RULES OF CONDUCT

In carrying out their functions and roles, Audit Committee has a Work Guidelines set forth in the Audit Committee Charter. It shows the commitment from Board of Directors and Board of Commissioners on the effectivity of good corporate governance, internal control, risk assessment, and overall Company's management.

Audit Committee Charter consists of the tasks and responsibilities of the committee, structure, details of activities, the rights from Audit Committee, systematically as follows: I: General Rules; II: Purpose and Objective; III: Duties and responsibilities, and authority of the Audit Committee; IV: Committee's Obligations; V: Information Access and Confidentiality; VI: Structure, Appointment and Discharge of the Committee; VII: Criteria for Committee's Member; VIII: Working Guidelines and Procedures of the Committee;

IX: Audit Committee's Meeting; X: Committee's Report; XI: Term of Service; XII: Audit Committee Professionalism Improvement and the Supporting; XIII: Committee's Budget; XIV: Member of Committee's Honorarium; XV: Closing.

The Audit Committee Charter was formulated based on the prevailing rules and legislations and continues to be reviewed periodically and has been ratified by Board of Commissioners' Decree No. 02/DEKOM-BTN/2016 and Board of Directors' Decree No. SKB-02/DIR-BTN/2016 on the Changes of the Board of Commissioners' Joint Decree No. 02/DEKOM-BTN/2013 and Board of Directors' Joint Decree No. SKB-02/DIR-BTN/2013.

Audit Committee's Duties and Responsibilities

The Audit Committee is responsible for advising the Board of Commissioners regarding reports or matters submitted by the Board of Directors to the Board of Commissioners, to identify issues that require the attention of the Board of Commissioners, and carry

out other tasks related to the duties of the Board of Commissioners, including:

1. Assisting the Board of Commissioners to ensure the effectiveness of the internal control system and the effectiveness of implementation of tasks of external and internal auditors.
2. Assessing the activities and the results of audits conducted by the Internal Audit Unit and external auditors.
3. Providing recommendations on improvement of the management control system and its implementation.
4. Ensuring there has been satisfactory evaluation procedures for all information issued by the Company.
5. Identifying matters that require the attention and duties of the Board of Commissioners.
6. Reviewing the financial information to be released by the Company to the public and/or authorities including financial statements, projections, and other reports related to the financial information of the Company.
7. Reviewing adherence to rules and legislations related to the activities of the Company.
8. Providing independent opinion in the event of disagreements between management and accountants over the services rendered.
9. Providing recommendations to the Board of Commissioners on the appointment, reappointment, and discharge of Public Accountant based on independence, scope of the assignment, and audit fee.
10. Reviewing the implementation of inspections by the internal auditor and supervising the implementation of the follow-up by the Board of Directors on internal auditor findings.
11. Reviewing complaints related to accounting processes and financial reports by the Company.

12. Reviewing and providing advice to the Board of Commissioners related to potential conflicts of interest of the Company.
13. Maintaining confidentiality of documents, data, and information of the Company.

Audit Committee's Authority

1. The Committee is authorized to access the documents, data, and information about the Company's employees, funds, assets, and the Company's resources as required.
2. The Committee is authorized to communicate directly with the Board of Directors and employees including those who perform the functions of internal audit, risk management, and accounting-related duties and responsibilities of the committee.
3. The Committee is authorized to engage independent parties outside the Committee members, if needed, to assist in carrying out their duties.
4. The Committee is authorized to perform other powers granted by the Board of Commissioners.

The Audit Committee Charter can be viewed on the Company's website (www.btn.co.id) on the Investor Relations menu on Governance Policy.

AUDIT COMMITTEE'S WORK PROGRAM AND REALIZATION

In carrying out duties and responsibilities, Audit Committee has Work Program to facilitate the implementation. Audit Committee's 2016 Work Program is:

1. To compile Audit Committee Activity Report
2. Audit Committee's Meeting
3. Audit Committee's Training and Competency Development Program

The activities to realize the Work Program are as follow:

Audit Committee Activity Report

Audit Committee is responsible to the Board of Commissioners and shall submit report to the Board of Commissioners on the execution of tasks, completed with recommendation if needed.

In 2016, Audit Committee carried out various activities in order to fulfill their duties and responsibilities, as follows:

1. To supervise and evaluate the planning and execution of audit as well as to supervise the follow-up of audit result in order to assess the adequacy of Financial Reporting Process.
2. To evaluate the human resources, organization structure, planning, internal audit report, and follow-up after the findings
3. To discuss Annual Audit Plan with IAD.
4. To organize meeting 24 (twenty-four) times, which are:
 - Evaluation on the Public Accountants Firm audit.
 - Coordination of Audit Committee with IAD.
 - Discussion of IT Internal Control in the Company.
 - Discussion of Audited Financial Statement per December 31st 2015
 - Follow-up on special audit in Branch Offices.
 - Organizing meeting for Monitoring of IAD Finding and External
 - Meeting for Kick Off Meeting KAP Preparation.
5. To provide recommendation at the appointment of Public Accountant and Public Accountants Firm in accordance with the prevailing rules and legislations to the GMS through Board of Commissioners.
 - Audit Committee Presentation to the Board of Commissioners.
 - Coordinate the Audit Committee with IAD related to Follow-up of External Meeting.
 - Discussion of Audit Committee's Work Program 2016.
 - Follow-up on the finding of special audit in Branch Offices
 - Monitoring Conventional and Sharia Main Debtor of the Company

Audit Committee Meetings

Meeting' Policy

In line with Audit Committee Charter, the Audit Committee held meeting at least equal to the minimum requirements the Board of Commissioners' meeting led by the Chairman of the Audit Committee. Decisions in the Audit Committee Meeting are done through deliberation.

Audit Committee Meeting Frequency and Attendance

In 2016, the Audit Committee has conducted a total of 24 (twenty-four) meetings, and 17 (seventeen) of them has always been attended by at least 51% (fifty-one percent) of the total members, including Independent Commissioner and Independent Party, presented by the term of service of the Audit Committee's member, as follows:

Meeting's Attendance

Name	Position	Total Meeting	Attendance	Percentage
Kamaruddin Sjam	Chairman	17	15	88,24%
I Wayan Agus Mertayasa	Member	5	2	40,00%
Sumiyati	Member	5	1	20,00%
Maurin Sitorus	Member	3	1	33,33%
Waldy Gutama	Member	17	17	100,00%
Sondang Gayatri	Member	17	16	94,12%
Rachmat Supratman	Member	2	2	100,00%

* Meeting that was attended by at least 51% (fifty-one percent) of the total members

Decisions made in the Audit Committee meeting has been noted and documented in the Minutes of Meeting of the Audit Committee. The Minutes of Meeting is signed by the head of the meeting and distributed to every member of Audit Committee. Dissenting opinion that happened on the meeting has been noted in the meeting summary as well as the reasons as to why.

Audit Committee's Training and Development Program

In 2016, Audit Committee has attended training as to support the carrying out of their duties and responsibilities, as listed below:

Name	Position	Implementation Time	Material
Kamaruddin Sjam	Chairman	Desember 2016	Erma Bali International Conference On Enterprise Risk Management
		September 2016	Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration
		April 2016	Benchmarking and Workshop Enterprise Risk Management in UK
I Wayan Agus Mertayasa	Member	Desember 2016	Erma Bali International Conference On Enterprise Risk Management
		September 2016	London Business School and SRW & Co
Sumiyati	Member	Desember 2016	Erma Bali International Conference On Enterprise Risk Management
		September 2016	London Business School dan SRW & Co
Maurin Sitorus	Member	Desember 2016	Erma Bali International Conference On Enterprise Risk Management

AUDIT COMMITTEE MEETING PLAN 2017

Audit Committee has a program to hold at least 12 meeting in one year, with agenda as follows:

1. Coordination meeting with Internal Audit Division, to discuss:
 - Problems found by the IAD in the auditing process.
 - Review of the IAD Audit.
 - Monitoring of the problems in the IAD that could be solved
 - Monitoring the finding and recommendation from internal & external audit and the follow-up
2. Discussion of IAD Annual Audit Plan 2016
3. Monitoring of the Audit by KAP, and discussion of the finding and other important matters related to the audit in fiscal year 2017.
4. To hold Audit Committee's Internal Meeting, with agenda as follows:
 - To evaluate the Audit Committee Work Program execution
 - Report from the Audit Committee to the Chairman of Audit Committee on the matters conducted since the last meeting.
 - To discuss problems that needs follow-up
5. To monitor that the Company has followed up on the external meeting as agreed.
6. To hold meeting with the related unit pertaining to KAP procurement
7. To monitor that management has executed procedures in accordance with the prevailing rules and legislations.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee was established by the Board of Commissioners and reports to the Board of Commissioners in supporting the functions and duties of the Board of Commissioners in relation to Remuneration and Nomination of the members of the Board of Directors and members of the Board of Commissioners.

Basis for Establishment

The Remuneration and Nomination Committee was established by the Board of Commissioners to carry out their duties according to the regulations, as follows.

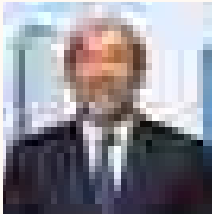


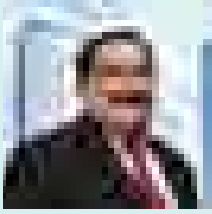
1. POJK number 34/POJK.04/2014 on the Remuneration and Nomination Committee of Public Company dated December 8th 2014.
2. Bank Indonesia Regulation Number 8/4/PBI/2006 dated October 5th 2006 on Implementation of Good Corporate Governance for Commercial Banks, last amended by the Indonesia Financial Services Authority Regulation No.55/POJK.03/2016 dated December 7th 2016.
3. Minister of State Owned Enterprises (BUMN) Regulation No. Per-01/MBU/2011 dated August 1st 2011 on the Implementation of Good Corporate Governance in State Owned Enterprises (BUMN); jo Minister of BUMN Regulation No. PER-09/MBU/2012 on Amendments to the Regulation of the State Minister for State-Owned Enterprises No. Per-01/MBU/2011 on the Implementation of Good Corporate Governance in State Owned Enterprises.

Appointment and Discharge

The appointment and discharge of the Remuneration and Nomination Committee is done by the Board of Commissioners, therefore the Remuneration and Nomination Committee directly reports to the Board of Commissioners although their appointment is decided by the Board of Directors. The Remuneration and Nomination Committee work collectively and independently perform their duties to the Company's management and the Remuneration and Nomination Committee shall report the results of evaluations done to the Board of Commissioners.

The appointment of members of the Remuneration and Nomination Committee has taken into account and considered knowledge and acknowledges the remuneration system and/or nomination and Bank succession plan, as described below:

Summary Table of Remuneration and Nomination Committee Members as of December 31, 2016

Name / Photo	Brief Profile of Member of Risk Monitoring Committee
 <p>I Wayan Agus Mertayasa (Chairman)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis for the Appointment as the Chairman of the Remuneration and Nomination Committee: PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 163/DIR/2016 dated April 25th 2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee</p> <p>Expertise: Finance, Banking</p>
 <p>Lucky Fathul Aziz Hadibrata (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis for the Appointment as a Member of the Remuneration and Nomination Committee: PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 503/DIR/2015 dated September 4th 2015 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee</p> <p>Expertise: Finance, Macro Economy, Management Strategy</p>
 <p>Arie Coerniadi (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis for the Appointment as a Member of the Remuneration and Nomination Committee: PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 163/DIR/2015 dated April 25th 2015 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee</p> <p>Expertise: Finance</p>
 <p>Kamaruddin Sjam (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis for the Appointment as a Member of the Remuneration and Nomination Committee: PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 476/DIR/2016 dated November 1st 2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee</p> <p>Expertise: Audit, Finance</p>

Name / Photo	Brief Profile of Member of Risk Monitoring Committee
 <p>Maurin Sitorus (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis for the Appointment as a Member of the Remuneration and Nomination Committee: PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 476/DIR/2016 dated November 1st 2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee</p> <p>Expertise: Law, Economics</p>
 <p>I Nengah Rentaya (Member)</p>	<p>Indonesian Citizen, Born in Tabanan Bali, Age 58. He completed his Bachelor's degree at the Faculty of Economics Universitas Gajah Mada Yogyakarta in 1987 and obtained a Master of International Affairs in Economic Policy & Management at Columbia University, USA in 1994.</p> <p>Work Experiences include holding the position of the Senior Vice President – Group Head of Learning Center PT Bank Mandiri (Persero) Tbk (2007-2014); as the Senior Vice President – Group Head of Human Capital Group PT Bank Mandiri (Persero) Tbk (2006-2007); as the Senior Vice President – Deputy Group Head of Human Capital Group PT Bank Mandiri (Persero) Tbk (2003-2006).</p> <p>Trainings attended, namely: Train the Trainer Methodology and Tool Delivery Program Bank Mandiri (2013); Training Certificate Coaching Program 60 hours, by ICF, USA (2013); Service Excellence for Senior Manager Program, by SQC, Singapura (2012); The 4 Disciplines of Execution (4DX), Manager Certification Program – Gold Certificate, by Franklin Covey and Dunamis Indonesia, 2012; Human Resources Management in ASIA PASIFIC, by INSEAD, Singapore, 2000; Achieving Performance, by INSEAD France, 2002.</p> <p>Legal Basis for the Appointment as a Member of the Remuneration and Nomination Committee: PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 476/DIR/2016 dated 1 November 2016 on the Appointment of the Members of the Remuneration and Nomination Committee at PT Bank Tabungan Negara (Persero) Tbk.</p> <p>Expertise: Banking, Human Resources</p>

Name/Photo	Brief Profile of Remuneration and Nomination Committee Members
 <p>Arief Pramuhanto (<i>ex officio</i> Member)</p>	<p>Indonesian Citizen, Born in Jakarta, Age 54. Obtained a Bachelor's Degree in Civil Engineering from Institut Teknologi Bandung (ITB), Master's Degree in Economics from Monash University, Melbourne.</p> <p>Work Experience include Technical Assistance at "Change Management" Division - Andersen Consulting (Currently Accenture) (1989-1990); Loan Officer - Development Bank Of Indonesia (1991-1993); Human Resources Specialist - Change Management Project of Standard Chartered Bank-Dev Bank of Indonesia (1996); Human Resources Manager – Koja Container Terminal (1997-1998); Training & Development Manager – PT.Thames Pam Jaya (1998-2000); General Manager Human Resources Development – PT. Frisian Flag Indonesia (2000-2015)</p> <p>Training attended, include: Overview The 4 Discipline of Execution – Dunamis Organization (2015); Banking Risk Management Level 4 – Banker Associations for Risk Management, Bara (2015); Executive Forum II/2015 – Indonesian Banking Human Capital Forum (2015); Bara Risk Forum (2016); Outbound HCD – Human Capital Division (2016); SOS. Implementation of Policy Credit - Consumer Collection & Remedial Division (2016); Mega Seminar with Prof. Dave Ulrich – GML Performance Consulting (2016); Information Dissemination on AFI KPKU BTN Senior Leader – Bank Tabungan Negara (2016); Workshop on Formulating the Employee's SMK – Muamalat Institut (2016).</p> <p>Legal Basis for the Appointment as a Member of the Remuneration and Nomination Committee: PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 03/Dekom-BTN/XII/2013 and PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 03/Dekom-BTN/XII/2013 on PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee Charter</p> <p>Expertise: Strategic Plan/Corporate Plan, Performance Management System, Job Analysis, Evaluation & Grading System, Remuneration System, Competency Model, Career Management, Corporate Value, Organizational Design; Training Architecture, and Business Process Improvement.</p>

As of December 31st 2016, the Chairman of the Remuneration and Nomination Committee concurrent position is in accordance with the provisions, i.e. an Independent Commissioner does not serve in more than 2 (two) Committees in the same Bank.

The discharge of Members of the Remuneration and Nomination Committee (resign or discharge) is based on Article 8 of the Committee Charter which states that the Chairman and Member of the Committee is appointed for a term of 2 (two) years, without limiting the Board of Commissioners' rights to discharge at any time.

TOTAL, COMPOSITION, PERIOD, AND TERM OF OFFICE OF THE REMUNERATION AND NOMINATION COMMITTEE

As of 2016, the Remuneration and Nomination Committee consists of 7 people. The composition of the Remuneration and Nomination Committee consists of 3 (three) Independent Commissioners, 2 (two) Commissioners, 1 (one) independent party and one Executive Officer supervising human resources.

In 2016, the composition of the Remuneration and Nomination Committee changed, as follows:

1. Based on the Board of Directors' Decision Letter No. No.163/DIR/2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee dated April 25th 2016 appointing Mr. I Wayan Agus Mertayasa as the Chairman of the Remuneration and Nomination Committee, and Mr. Arie Coerniadi as Members of the Remuneration and Nomination Committee.
2. Based on the Board of Directors' Decision Letter No. No.476/DIR/2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee dated November 1st 2016 appointing Mr. Kamaruddin Sjam, Mr. Maurin Sitorus, Mr. Heru Ratna Azimada and Mr. I Nengah Rentaya as Members of the Remuneration and Nomination Committee.
3. Board of Directors' Decision Letter No.483/DIR/2016 dated November 1st 2016 discharging Mr. Rudolf Tulus Pandapotan as a Member of the Remuneration and Nomination Committee.

Therefore, the composition of the Remuneration and Nomination Committee based on the decision of Board of Commissioners' Meeting No. 124/KOM/BTN/X/2016 dated October 25th 2016 on Change in the Membership Composition of the Committee, and set forth in the Board of Directors' Decision Letter No. 477/DIR/2016 dated November 1st 2016 as follows:

Table: Composition of the Remuneration and Nomination Committee

Name	Position	Period	Term	Description
I Wayan Agus Mertayasa	Chairman	03-07-2015 – 02-07-2018	3 Years	Independent Commissioner
Lucky Fathul Aziz Hadibrata	Member	09-09-2015 – 02-07-2018	3 Years	Commissioner*
Arie Coerniadi	Member	25-04-2016 – 24-04-2019	3 Years	Independent Commissioner
Kamaruddin Sjam	Member	01-12-2016 – 30-11-2019	3 Years	Independent Party
Maurin Sitorus	Member	08-11-2016 - 07-11-2019	3 Years	Independent Party
I Nengah Rentaya	Member	08/11/2016 – 07/11/2019	3 Tahun	Independent Party
Arief Pramuhanto	Ex-Officio Member	01/03/2015 – 28/02/2017	2 Tahun	Human Resources Executive Officer

REMUNERATION AND NOMINATION COMMITTEE STATEMENT OF INDEPENDENCE

In carrying out their duties and responsibilities, all members of the Remuneration and Nomination Committee has act in an independent, objective, and professional manner, both in appearance and in fact. The independency of members of Remuneration and Nomination Committee is provided in the table below.

Table: Independency of the Remuneration and Nomination Committee

Independency Aspect	I Wayan Agus Mertayasa	Lucky Fathul Aziz Hadibrata	Arie Coerniadi	Kamaruddin Sjam	Maurin Sitorus	Arief Pramuhanto	I Nengah Rentaya
Does not have a financial relationship with the Board of Commissioners and Board of Directors	√	√	√	√	√	√	√
Does not have a management relationship in the company, subsidiaries or affiliated companies	√	√	√	√	√	√	√
Does not have any share in the company	√	√	√	√	√	√	√
Does not have any family relationship with the Board of Commissioners, Board of Directors, and/or fellow members of the Remuneration and Nomination Committee	√	√	√	√	√	√	√
All Members of the Remuneration and Nomination Committee meets the independency criteria reflected in the independency aspect							

Remuneration and Nomination Committee Concurrent Positions

Name	Position	Concurrent Position at The Company	Concurrent Position in other Company/Institution
I Wayan Agus Mertayasa	Chairman of the Remuneration and Nomination Committee	- President Commissioner - Member of the Audit Committee - Member of Risk Monitoring Committee	No other positions held
Lucky Fathul Aziz Hadibrata	Member	- Commissioner - Member of Risk Monitoring Committee	No other positions held
Arie Coerniadi	Member	- Commissioner - Chairman of the Risk Monitoring Committee	No other positions held
Kamaruddin Sjam	Member	- Commissioner - Chairman of Audit Committee	No other positions held
Maurin Sitorus	Member	- Commissioner - Member of the Audit Committee	Director General for Housing Financing, Ministry of Public Works and Public Housing
I Nengah Rentaya	Member	No other positions held	No other positions held
Arief Pramuhanto	Member	Head of Human Capital Division	No other positions held

GUIDELINES AND WORK RULES OF CONDUCT OF THE REMUNERATION AND NOMINATION COMMITTEE

In carrying out its duties and responsibilities, the Remuneration and Nomination Committee follows the guidelines set out in the Remuneration and Nomination Committee Charter. The Remuneration and Nomination Committee Charter was formulated based on the regulations and legislations in force and is periodically reviewed and has been endorsed by the Board of Commissioners Decision No. SKB – 03/DEKOMBTN/2016 and the Board of Directors Decision No. SKB-03/DIR-BTN/2016 dated July 18th 2016 on the Amendment to the Board of Commissioners Joint Decision Letter Number SKB – 03/DEKOMBTN/ XII/2013 the Board of Directors Decision No. SKB-03/DIR-BTN/ XII/2013.

The Guidelines for the Remuneration and Nomination Committee’s Work, Systems and Procedures contains the following Chapters on Understanding; Purpose and Objectives; Structure; Membership Requirements for Independent Parties; Duties and Responsibilities; Liabilities and Work Ethics; Rights and Authority; Meetings; Improved Professionalism and Utilization of Supporting Personnel; Reporting; Word Period; and Closing.

Duties and Responsibilities of the Remuneration and Nomination Committee

1. The Remuneration and Nomination Committee has the following duties and responsibilities:
 - a. Provide recommendations to the Board of Commissioners on 1) Remuneration Structure; 2) Remuneration structure in the form of salaries, emoluments, incentives, and/or fixed and/or variable allowances
 - b. Assisting the Board of Commissioners in carrying out a performance assessment on the conformity of the Remuneration received by each member of the Board of Directors and/or member of the Board of Commissioners
 - c. Required to prepare procedures for formulating the Remuneration Structure, Remuneration Policy and determining the amount for the members of the Board of Directors/members of the Board of Commissioners
 - d. Evaluating remuneration policies based on performance, risk, fairness with peer group, targets, and the Bank's long-term strategies, meeting reserves as set forth in the regulation and the bank's potential revenue in the future
 - e. Submitting the result of the evaluation and recommendation to the Board of Commissioners
 - f. Ensuring that the remuneration policy is in line with the prevailing provisions
 - g. Periodically evaluate the implementation of the Remuneration policy, at least once a year
 - h. Review the human capital management system and human capital development policy starting from recruitment, assessment, competency development, evaluation, promotion, demotion, termination, succession and others.
 - i. Formulate, analyze and provide recommendations on the criteria and procedures for selecting, appointing, and/or replacing members of the Board of Commissioners/Board of Directors
 - j. Establishing a performance assessment system for members of the Board of Commissioners/Board of Directors
- k. Preparing and evaluating the wage system and provision of allowances for members of the Board of Commissioners and Board of Directors as well as providing recommendations.
- l. Carrying out other duties from the Board of Commissioners in line with Remuneration and Nomination.
2. Duties and responsibilities related Nomination policies, namely:
 - a. Providing recommendations to the Board of Commissioners on the 1) Nomination of candidates of the Board of Directors referring to the Company's strategy; 2) Composition of members of the Board of Directors/members of the Board of Commissioners; 3) Policies and criteria required for the Nomination process and 4) Performance evaluation policies for members of the Board of Directors/Board of Commissioners
 - b. Supporting the Board of Commissioners in assessing the performance of members of the Board of Directors/members of the Board of Commissioners based on the benchmarks set as evaluation material
 - c. Providing recommendations to the Board of Commissioners on the programs to develop the expertise of members of the Board of Directors/members of the Board of Commissioners
 - d. In carrying out the Nomination function as referred to in letter b up to e, the Remuneration and Nomination Committee is required to follow procedures in formulating the composition and Nomination process, establishing the composition and nomination process, preparing an expertise development program and exploring as well as proposing candidates that meet the requirements to become a member of the Board of Directors/member of the Board of Commissioners to be submitted to the GMS.
 - e. Monitor and analyze the nomination criteria and procedures for other executives up to 1 (one) level below the Board of Directors.

Rights and Authorities of the Remuneration and Nomination Committee

The Remuneration and Nomination Remuneration and Nomination Committee reserves the following rights and authorities:

1. The Remuneration and Nomination Committee is entitled to gain full, free and unlimited access to records, employees, assets and other resources of the Bank relating to the implementation of their duties.
2. In executing their rights, the Remuneration and Nomination Committee cooperates with the Human Resources Division, Compliance Desk, and other Units.
3. The members of the Remuneration and Nomination Committee are Independent parties entitled to receive a honorarium set through the Board of Directors Decision Letter based on the results of the Board of Commissioners meeting.

The complete version of the Remuneration and Nomination Committee's Charter is available in the company website (www.btn.co.id) and on the Investor Relations menu on Corporate Governance.

THE REMUNERATION AND NOMINATION COMMITTEE'S WORK PROGRAM AND REALIZATION

In carrying out the duties and responsibilities, the Remuneration and Nomination Committee follows the work program prepared. The Remuneration and Nomination Committee's work program in 2016 include:

1. Training and Competency Development of the Remuneration and Nomination Committee
2. Remuneration and Nomination Committee Meeting
3. Drafting a report for the implementation of Remuneration and Nomination Committee activities

Training and Development of the Remuneration and Nomination Committee

In 2016, the Remuneration and Nomination Committee have participated in the following expertise enhancement to support the implementation of duties and responsibilities including:

Name	Position	Implementation Time	Material
I Wayan Agus Mertayasa	Chairman	September 2016	London Business School dan SRW & Co
		December 2016	Erma Bali International Conference On Enterprise Risk Management
Arie Coerniadi	Member	February 2016	Mobile World Congress, For Mobile Payment and Mobile Banking Solution, including Mobile Ekyc.
		September 2016	Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration
		October 2016	The 8th Batch CGLP & Asean CG Score Card
		December 2016	Erma Bali International Conference On Enterprise Risk Management

Name	Position	Implementation Time	Material
Lucky Fathul Aziz Hadibrata	Member	July 2016	The IIA International Conference 2016
		August 2016	The 7th Batch CGLP & Asean CG Score Card
		December 2016	Erma Bali International Conference On Enterprise Risk Management
Kamaruddin Sjam	Member	April 2016	Benchmarking and Workshop Enterprise Risk Management in UK
		September 2016	London Business School dan SRW & Co
		December 2016	Erma Bali International Conference On Enterprise Risk Management

Policies and Frequency of the Remuneration and Nomination Committee Meeting

Meeting Policy

In line with the Board Manual and the Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee conducts at least 4 (four) meetings each year and the meetings are led by the Chairman of the Remuneration and Nomination Committee. Remuneration and Nomination Committee Meeting Decisions are taken through deliberation.

Frequency and Level of Attendance of Remuneration and Nomination Committee Meetings

In 2016, the Remuneration and Nomination Committee has conducted 12 (twelve) meetings, and 10 (ten) of the meetings were always attended by at least 51% (fifty one percent) of the total members including the Independent Commissioners and Independent Parties. The frequency and level of attendance of the members of the Remuneration and Nomination Committee in the meetings are provided based on the term of office of the members of the Remuneration and Nomination Committee as follows:

Table: Meeting Attendance

Name	Position	Total Meetings	Total Attendance	Percentage
I Wayan Agus Mertayasa	Chairman	8	8	100%
Lucky Fathul Aziz Hadibrata	Member	10	10	100%
Arie Coerniadi	Member	3	3	100%
Kamaruddin Sjam	Member	2	2	100%
Maurin Sitorus	Member	2	1	50%
I Nengah Rentaya	Member	1	1	100%
Arief Pramuhanto	<i>Ex-officio member</i>	10	7	70%

REPORT ON THE IMPLEMENTATION OF REMUNERATION AND NOMINATION COMMITTEE ACTIVITIES

In 2016, the Remuneration and Nomination Committee has carried out several activities including:

1. Held 12 meetings.
2. Evaluated remuneration policies for:
 - The Board of Commissioners and Board of Directors, has been reported to the GMS
 - Executive officials and employees, has been reported to the Board of Directors
3. Providing recommendations for candidates of the Board of Commissioners and/or Board of Directors to be presented to the GMS including based on the result of the coordination with the SIPD and HCD in the Talent Pool Program. Factors assessed in the Talent Mapping process consist of 2 (two) aspects, i.e. Performance aspects through the Performance Management System (Company KPI, Unit KPI, Individual KPI) and potential aspects (Cognitive and Behavior, Knowledge and Technical Skills, Last Education and Work Experience) as set forth in Circular Letter No. 13/DIR/HCD/2016 dated March 22nd 2016 on Talent Mapping.
4. The Remuneration and Nomination policy had been reviewed and evaluated against the Salary policy for the Board of Directors in 2016 and the distribution in Financial Year 2015.

The review was carried out by considering the best practices for the professional salary market in other banking industries of similar size with The Company.

The Board of Commissioners have proposed the result of the review to the Ministry of BUMN as the bank's shareholder for approval. Independent consultants competent in the field of remuneration (top executive remuneration) were hired to gain a comprehensive review and obtain information on the professional market salary.

5. Discussing Employee Career Path from recruitment up to one level under the Board of Directors.
6. Discussing on employee needs to support the RBB requirement in the upcoming five years.
7. Coordinate policies on Promotion and Transfer of Employees, Human Capital Development, Employee Training.
8. Discussion on Strategic Issues and Concern Board of Commissioners of the Human Capital Management
 - Increasing the implementation of the company's cultural values and risk management in a consistent manner for all levels of the organization with accountability for each level by preparing a targeted and measurable internalization program, to achieve:
 - Risk Awareness (the importance of managing risk) in all levels of the organization
 - Human resource competency to support the realization of GCG
 - The implementation of KYC (Know Your Customer), and Anti-Money Laundering and Combating the Financing of Terrorism (APUPPT) in a serious and disciplined manner so our Bank avoids potential material loss and reputational risks.
 - Plan and implement the Talent Management program and acceleration for selective promotion opportunities, based on the existing HR system in a consistent, open and fair manner.
 - Provide certainty on grades for employees that have held a job grade that is higher than their personal grade.
 - Conducting Programs to meet the Bank's Strategic Position, especially for 2 (two) levels under the Board of Directors;

- Reviewing the possibility to integrate the existing Organization Development (OD) function that is currently under the SIPD Division, with the HCD to carry out their duties more effectively.
- Strengthening the alignment between Employee Competency Development Strategies and Strategic Goals through the School of Business, School of Operational Banking and School of leadership.
- Aligning remuneration of variable pay nature i.e. Sales Incentives, Performance Bonus, and Long-Term Incentives (LTi) to support the Performance Culture Program to reduce the impact of “Silo-Silo” behavior in the organization.
- Bank Performance Assessment and Employee Individual Performance Assessment (KPI), referring to the Normal Distribution. The employee assessment gradually refers to the 360 ° multiraters system.
- Improving the function of the Human Capital Information System to support the medium-term and long-term Human Capital Strategic Program.

MEETINGS PLANNED FOR THE REMUNERATION AND NOMINATION COMMITTEE IN 2017

The Remuneration and Nomination Committee plans to hold 10 meetings in 2017 with the following agenda:

No	Activity	Output	Activities Planned	Description
1.	Facilitate the formulation of Corporate and Board of Directors KPI	Recommendations	Jan, July 2017	Working together with the SIPD
2.	Work together with the HCD to formulate a good Talent Pool program that is in line with the bank's needs	Talent Pool Program/Criteria	Jan – Sept 2017	Especially related to Training and Competency Development.
3.	Facilitate the implementation of the Talent Pool candidate Employee Selection and Assessment	Recommendations	Jan, Sept 2017	Selectively for strategic positions at the Bank.
4.	Reviewing the implementation of Company Culture and Engagement Program that has been implemented up to 2016, as well as recommend the program to 2017	Recommendations	Jan – June 2017	Reviewing the Policies and Implementation
5.	Reviewing the KPI and Remuneration Policy Proposal (Board of Directors and Board of Commissioners)	Recommendations	Jan – Mar 2017	Working together with the HCD
6.	Reviewing the Employee Training Program and other School Programs, specifically related to mortgage competency.	Recommendations	Jan – Sept 2017	Working together with the HCD and Learning Center Dept.

No	Activity	Output	Activities Planned	Description
7.	Provide an opinion on proposed promotions, transfers and tour of duty is for employees	Recommendations	Jan-December 2017	Working together with the HCD
8.	Review the provisions, Strategic Human Capital policies and GCG at the Bank	Recommendations	April, October 2017	Working together with the HCD and CMPD
9.	Selectively conduct a work visit with the HCD to the Business units or Operational units of the Bank	Report	Jan – Dec 2017	Quarterly Est. Cost IDR 50 million.
10.	Carry out other duties from the Board of Commissioners	Report	Jan – Dec 2017	-
11.	Develop the competency of members through training, seminars, workshops and certification	Report	Jan – Dec 2017	Cost Required IDR 75 million

REMUNERATION PAID TO MEMBERS OF THE REMUNERATION AND NOMINATION COMMITTEE ON AN ANNUAL BASIS

The annual remuneration package received by members of the Remuneration and Nomination Committee from independent parties (excluding the members of the Board of Commissioners and executive officers) are provided in the table below:

Name of Member of the Remuneration and Nomination Committee from Independent Party	Period	Total Remuneration
Rudolf Tulus P.S	1 January 2016-31 October 2016	
Heru Ratna Azimada	1 September 2016-30 November 2016	
I Nengah Rentaya	1 November 2016-31 December 2106	
Total Remuneration		IDR 364,217,910

RISK MONITORING COMMITTEE

Risk Monitoring Committee is an organization created by the Board of Commissioners and reports directly to the Board of Commissioners in order to help them ensuring the supervisory monitoring, and to provide advices for Directors, as well as compliance with the prevailing rules and regulations and Bank's internal regulations related to risk management.

Risk Monitoring Committee Legal Ground

The Risk Monitoring Committee was established by the Board of Commissioners to carry out their duties according to the rules and regulations, as follows.

1. Financial Services Authority Regulation No. 55/POJK.03/2016 on Good Corporate Governance for Commercial Bank dated December 9th 2016
2. Regulation of Ministry of State-Owned Enterprises PER-12/MBU/2012 dated August 24th 2012 on Organ Supporting the Board of Commissioners/Supervisory Board of the State-Owned Enterprises (BUMN).

Appointment and Discharge

Appointment and discharge of the Risk Monitoring Committee is conducted by Board of Commissioners, so the Risk Monitoring Committee reports directly to Board of Commissioners even though the establishment was conducted by the Board of Directors. Risk Monitoring Committee works collectively and does its duties independent of the Company's management, and Risk Monitoring Committee is obliged to report the evaluation result conducted to the Board of Commissioners.

In the appointment of Risk Monitoring Committee, the Company refers to the Board of Commissioners' meeting decision, stipulated in Board of Commissioners' letter, and set forth by the Directors Decree. Appointment of member of Risk Monitoring Committee takes integrity, moral, and independency into account, as described below:

Name / Photo	Brief Profile of Member of Risk Monitoring Committee
 <p data-bbox="225 1906 395 1966">Arie Coerniadi (Chairman)</p>	<p data-bbox="459 1675 1394 1765">The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p data-bbox="459 1798 1394 1917">Legal Basis of Appointment as Chairman of Risk Monitoring Committee: Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 400/DIR/2015 dated July 2nd 2015 on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.</p> <p data-bbox="459 1951 660 1975">Expertise: Finance</p>

Name / Photo	Brief Profile of Member of Risk Monitoring Committee
 <p>Lucky Fathul Aziz Hadibrata (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis of Appointment as Member of Risk Monitoring Committee: Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 508/DIR/2015 dated September 2nd 2015 on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.</p> <p>Expertise: Finance, Macro Economics, and Management Strategy</p>
 <p>I Wayan Agus Mertayasa (Member)</p>	<p>The name, position, age, nationality, education background, and work experiences are provided in the section on the Board of Commissioners' Profile of the Management Report Chapter in this Annual Report.</p> <p>Legal Basis of Appointment as Member of Risk Monitoring Committee: Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 162/DIR/2015 dated April 25th 2015 on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.</p> <p>Expertise: Finance & Banking</p>
 <p>Heru Ratna Azimada (Member)</p>	<p>Indonesian Citizen, born in Magelang, age 67. Holds a Bachelor from Universitas Gadjah Mada in Economic Faculty, Company Major.</p> <p>Work experience prior to this, he was an EVP/Director Expert Staff in Human Resources, in PT Bank Mandiri (Persero) Tbk (2003); Executive Vice President Training Group in PT Bank Mandiri (Persero) Tbk (2001-2003); EVP Coordinator (SEVP) Corporate, Government, Commercial and Restructuring Section of PT Bank Mandiri (Persero) Tbk (2000-2001); Executive Vice President Corporate Banking of PT Bank Mandiri (Persero) Tbk (1999); Director of PT Bank Ekspor Impor Indonesia (Persero) (1998-1999).</p> <p>Training attended, namely: Senior Executives Forum IV 2002 in Australia; Asia Pacific Economic Summit (2000) in Australia; Asian Banker Summit (2000) in Singapore; Asian Pacific Non Performing Loan (2000) in South Korea; The Asian Banker Summit (2000) in Australia; Treasury Management (1996) in Singapore; Asset Liability Management (1996) in Singapore.</p> <p>Legal Basis of Appointment as Member of Risk Monitoring Committee:</p> <p>Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 517/DIR/2016 dated November 30th 2016 on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.</p> <p>Expertise: Banking, Risk Management</p>

Name / Photo	Brief Profile of Member of Risk Monitoring Committee
 <p>Yuki Noviani Kohar (Member)</p>	<p>Indonesian Citizen, born in Bandung, age 55. Graduated from Economic Faculty, Accountancy Major, Universitas Padjajaran in 1986.</p> <p>Work Experience Vice President – Deputy GM Commercial Credit Division PT Bank BNI (Persero) Tbk (2010-2015); Vice President, Group Head of Commercial Business Development Bank Niaga (2007-2009); Special Assignment as Merger Team CIMB Niaga Representative Commercial Banking (2007-2009)</p> <p>Training attended, include: Risk Management Certification Training in Jakarta, 2014; Account Management & Relationship by Michigan University Ross Scholl of Business in Hong Kong, 2005; Financial for senior Management London Business School in London, UK, 2015.</p> <p>Legal Basis of Appointment as Member of Risk Monitoring Committee: Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 475/DIR/2016 dated November 1st 2016 on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.</p> <p>Expertise: Banking, Loan</p>

By December 31st 2016, the Chairman of Risk Monitoring Committee concurrent position is in accordance with the rules, that is, an Independent Commissioner who does not serve in the Committee for more than 2 (two) Committee in the same company.

Discharge of member of Risk Monitoring Committee can be conducted or terminated based on Risk Monitoring Committee Charter, in Article 6, which stated that Chairman and Member of the Committee are appointed and discharged by Board of Commissioners.

Number, Composition, Period, and Term of Risk Monitoring Committee

The Company's Risk Monitoring Committee Composition in 2016 consists of 5 people, 1 Independent Commissioner as Chairman, 1 member from the Independent Commissioner, 1 member from Commissioner, and 2 members from Independent Party.

In 2016, the composition of the Company's Risk Monitoring Committee changed, with further explanation as follows:

1. Based on Directors Decree No. 479/DIR/2016 dated November 1st 2016, appointed Mrs. Yuki Noviani Kohar as Member of Risk Monitoring Committee
2. Board of Directors Decree No. 162/DIR/2016 dated April 25th 2016, I Wayan Agus Mertayasa as Member of Risk Monitoring Committee Thus the structure and composition of Risk Monitoring Committee based on the decision of Board of Commissioners' Meeting as stipulated on the Board of Commissioners' Decree No. 124/KOM/BTN/X/2016 dated October 25th 2016 on Committee's Composition Change, and set forth in the Board of Directors Decree No. 479/DIR/2016 dated November 1st 2016, is as follows:

Table: Risk Monitoring Committee Composition

Name	Position	Period	Term	Description
Arie Coerniadi	Chairman	03-07-2015 – 02-07-2018	3 Years	Independent Commissioner
Lucky Fathul Aziz Hadibrata	Member	09-09-2015 – 02-07-2018	3 Years	Commissioner*
I Wayan Agus Mertayasa	Member	25-04-2016 – 24-04-2019	3 Years	Independent Commissioner
Heru Ratna Azimada	Member	01-12-2016 – 30-11-2019	3 Years	Independent Party
Yuki Noviani Kohar	Member	08-11-2016 - 07-11-2019	3 Years	Independent Party

Notes:

*) Transferred to be an Independent Commissioner from Commissioner based on decision in Extraordinary GMS dated January 7th 2016, effective immediately after getting the approval from OJK for the fit and proper test and in accordance with the prevailing rules and legislations.

Based on the composition table of Risk Monitoring Committee, the composition of member of Risk Monitoring Committee has been more than 51%, which includes 2 Independent Commissioners, 1 Commissioner, and 2 Independent Parties, who has expertise in finance, risk management, Macro Economics, Management Strategy, Banking, and loan.

RISK MONITORING COMMITTEE INDEPENDENCE STATEMENT

In carrying out their duties and responsibilities, every member of Risk Monitoring Committee has to be characteristically independent, objective, and professional, both in appearance and in the act. The independency of member of Audit Committee can be seen in the table with aspects as follows.

Table: Risk Monitoring Committee Independence

Independency Aspect	Arie Coerniadi	Lucky Fathul Aziz Hadibrata	I Wayan Agus Mertayasa	Heru Ratna Azimada	Yuki Noviani Kohar
Does not have a financial relationship with the Board of Commissioners and Board of Directors	√	√	√	√	√
Does not have a management relationship in the company, subsidiaries or affiliated companies	√	√	√	√	√
Does not have a relationship with the company shareholders	√	√	√	√	√
Does not have any familial relationship with the Board of Commissioners, Board of Directors, and/or fellow members of the Risk Monitoring Committee	√	√	√	√	√

Risk Monitoring Committee Concurrent Position

Name	Position	Concurrent Position in the Company	Concurrent Position in other Company/ Institution
Arie Coerniadi	Chairman of Risk Monitoring Committee	- Commissioner - Member of Nomination and Remuneration Committee	-
Lucky Fathul Aziz Hadibrata	Member	- Commissioner - Member of Nomination and Remuneration Committee	-
I Wayan Agus Mertayasa	Member	- Commissioner - President of Nomination and Remuneration Committee - Audit Committee Member	-
Heru Ratna Azimada	Member	-	-
Yuki Noviani Kohar	Member	-	Technical Advisor in Crowe Horwath

RISK MONITORING COMMITTEE'S GUIDELINES AND RULES OF CONDUCT

In carrying out their functions and roles, Risk Monitoring Committee has a Work Guidelines set forth in the Risk Monitoring Committee Charter. The Risk Monitoring Committee Charter was formulated based on the prevailing rules and legislations and continues to be reviewed periodically and has been ratified by Board of Commissioners' Joint Decree No. SKB-01/DEKOM-BTN/XII/2013 and Board of Directors' Decree No. SKB-01/DIR-BTN/XII/2013 on The Company Risk Monitoring Committee Charter.

Risk Monitoring Committee Charter consists of General Provisions; Purpose and Objectives; Duties, Rights, and Responsibilities of the Committee; Committee's Obligations; Information Access and Confidentiality; Structure, Appointment, and Discharge of the Committee; Requirements for Membership of the Committee; Work Guidelines and Procedures of the Committee; Committee's Meetings; Committee's Reports; Tenure; Improving Professionalism of Committee's Member and Supporting Staff; Committee's Budget; Remuneration of the Member of Committee; and Closing.

Risk Monitoring Committee Duties and Responsibilities

Risk Monitoring Committee has duties and responsibilities as follow:

1. Collecting data and information, and evaluating Bank's risk management policy that must consists of: Loan Risk, Market Risk, Liquidity Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk
2. Conducting evaluation on the conformity between the Bank's risk management policy and the implementation of the policy.
3. Monitoring and evaluating, and conducting evaluation on Risk Management Committee's duties and Risk Management Unit.
4. Empowering the Company's risk management function.

5. Reporting to Board of Commissioners in terms of likelihood of the Bank's risk as well as providing alternative solutions.
6. Committee shall conduct risk monitoring in work unit related to the risk based decision making and cooperate with Risk Management Division.
7. Inviting management and other internal party to attend the Committee's meeting if necessary.
8. Conduct other duties from Board of Commissioners in line with the risk management duties.

The Risk Monitoring Committee Charter can be viewed on the Company's website (www.btn.co.id) on the Investor Relations menu Governance Policy.

WORK PROGRAM AND REALIZATION OF RISK MONITORING COMMITTEE

In carrying out their duties and responsibilities, Risk Monitoring Committee works in line with the work program compiled. Risk Monitoring Committee's 2016 Work Program is:

1. To improve the Bank's capability in monitoring and analyzing risk and bank information, regulator and mass media regulations, so that the analysis in the form of recommendation for Board of Commissioners shall be sharper and more comprehensive.
2. To evaluate the policies and tools to facilitate the bank in risk measurement, and to empower the acceleration in finishing the analysis, thus giving the Board of Commissioners time to do early advisory.
3. To improve the loan governance process, so the information related to customer's finance, information processing, loan approval, and monitoring of the loan is monitored. This risk management function shall bolster the Company's compliance and lessen the risk of loss to a minimum. To support the framework development and integrated risk management process (Enterprise Risk Management).
4. In order to sharpen the function of Risk Monitoring Committee and prevent any overlaps with other committee, the Risk Monitoring Committee shall improve synergy with Audit committee for a more effective and efficient committee's function.
5. To improve the capacity and capability of Risk Monitoring Committee's Human Resources, in accordance with the corporate culture and values, as well as to conduct the function based on international best practices, thus improving the Risk Management Function.

Risk Monitoring Committee's Training and Development Program

In 2016, Risk Monitoring Committee has attended development program to support the duties and responsibilities, that includes:

Name	Position	Time	Material
Arie Coerniadi	Chairman	February 2016	Mobile World Congress, For Mobile Payment and Mobile Banking Solution, including Mobile Ekyc.
		September 2016	Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration
		October 2016	The 8th Batch CGLP & Asean CG Score Card
		December 2016	Erma Bali International Conference On Enterprise Risk Management
Lucky Fathul Aziz Hadibrata	Member	July 2016	The IIA International Conference 2016
		August 2016	The 7th Batch CGLP & Asean CG Score Card
		December 2016	Erma Bali International Conference On Enterprise Risk Management
I Wayan Agus Mertayasa	Member	September 2016	London Business School and SRW & Co
			Erma Bali International Conference On Enterprise Risk Management

Risk Monitoring Committee's Policy and Meeting Frequency Meeting Policy

Meeting Policy

In line with Board Manual and Risk Monitoring Committee Charter, Risk Monitoring Committee's Meetings are conducted at least 4 (four) times a year, and shall be led by Chairman of Risk Monitoring Committee as stipulated in the Risk Monitoring Committee Charter. Risk Monitoring Committee Meeting Decision is done by deliberation.

Risk Monitoring Committee's Meeting Frequency and Attendance

In 2016, Risk Monitoring Committee has conducted 27 (twenty-seven) meetings, and 12 (twelve) of them were attended by at least 51% (fifty-one percent) of the member, including Independent Commissioner and Independent Party. Frequency and attendance are presented based on the tenure period of member of Remuneration and Nomination Committee, as follows:

Name	Position	Total Meeting	Attendance	Percentage
Arie Coerniadi	Chairman	12	7	58.33%
Lucky Fathul Aziz Hadibrata	Member	12	11	91.67%
I Wayan Agus Mertayasa	Member	9	7	77.78%
Yuki Noviani Kohar	Member	3	3	100.00%
Heru Ratna Azimada	Member	2	0	0%

* Meeting attended by at least 51% (fifty-one percent) of member

Decision in the Risk Monitoring Committee's Meeting is noted and documented in Minutes of Meetings of Risk Monitoring Committee. The Minutes of Meeting is signed by the head of the meeting and distributed to every member of Risk Monitoring Committee. Dissenting opinion that happened on the meeting has been noted in the meeting summary as well as the reasons as to why.

Risk Monitoring Committee Activities Report

In 2016, the Risk Monitoring Committee has held various activities, such as:

1. Meeting with RMD on Main Risk Explanation (Operational Risk and Liquidity Risk) on each area.
2. Conducting a meeting with related Unit regarding Demand Deposit Management FLPP in the Company
3. Reviewing Annual Report Draft and BTN Sustainability Report 2015
4. Reviewing draft Supervisory Report Semester II – 2015
5. Conducting discussion with RMD on February 2nd 2016 on Operational Risk Management in the Company. The follow up are:
 - To refine 10 highest LED report with regards to Operational Risk Management in line with regulator's rules and Basel, as well as the effects of LED, whether it is financial or non-financial.
 - To find reference from other bank related to RCSA, to obtain feedback before guided by the consultant.
 - To set scope of RCSA and KRI, as consultation for TOR
 - To review/study other bank.
6. The member of Risk Monitoring Committee discusses 4 eyes principles and position with AMD, CCRD, and CRD Unit.
7. To discuss GCG assessment report Semester 1-16, the Bank's policy regarding Risk Profile, and NPL refinement in the Company.
8. To discuss the follow up necessary related to OJK Audit on December 31st 2015, and to review the supervisory report draft of Board of Commissioners per Semester I – 2016.
9. To discuss the Company's performance review on July 2016, and to make proposal to the Directors regarding the Results of Performance Review on July 2016.
10. To discuss progress of Follow Up on OJK Findings related to Loan Collectability that is not in accordance with POJK along with CLMD and AMD, and
11. To discuss the progress of Operational Risk Tools project (RCSA and LED) with RMD.

RISK MONITORING COMMITTEE MEETING PLAN 2017

Risk Monitoring Committee has planned the meeting in 2017 amounted to 5 (five) times with agenda as follows:

- a. Joint Meeting between the Risk Monitoring Committee (KOPAR) and Risk Management Committee (KOMAR) as follows :

No.	Day	Date	Agenda
1.	Wednesday	January 25th 2017	Report discussion to OJK Risk Profile Q IV 2016
2.	Wednesday	April 26th 2017	Report discussion to OJK Risk Profile Q I 2017
3.	Wednesday	July 26th 2017	Report discussion to OJK Risk Profile Q II 2017
4.	Wednesday	August 23rd 2017	Discussion of Risk Management Policy Guidelines Review
5.	Wednesday	October 25th 2017	Report discussion to OJK Risk Profile Q III 2017

- b. Routine Meeting

The KOPAR meeting will be held based on needs, as it is related to: credit consultation requested by the Board of Directors to the Board of Commissioners, the Board of Commissioners meeting agenda has to be discussed with KOPAR beforehand and other meetings related to risk monitoring in line with the duties and responsibilities of KOPAR and meetings related to the implementation of Good Corporate Governance.

COMMITTEE REPORTING TO THE BOARD OF DIRECTORS

COMMITTEES AT THE LEVEL OF THE BOARD OF DIRECTORS WERE ESTABLISHED TO SUPPORT THE BOARD OF DIRECTORS IN CARRYING OUT THEIR DUTIES TO ACHIEVE EFFECTIVENESS AND EFFICIENCY OF THE COMPANY BUSINESS OPERATIONS. THE COMMITTEES WERE ESTABLISHED CONSIDERING THE BUSINESS NEEDS OF THE COMPANY IN ACCORDANCE WITH THE APPLICABLE REGULATIONS AND HAS BEEN STIPULATED BASED ON THE BOARD OF DIRECTORS DECISION LETTER

In carrying out its tasks, the Board of Directors is supported by committees reporting to the Board of Directors in accordance with the business needs of The Company and regulatory provisions, which are expected to create operational effectiveness and efficiency, including:

1. Risk Management Committee
2. Credit Policy Committee
3. Asset and Liability Management Committee (ALCO)
4. Information Technology Steering Committee (IT)
5. Personnel Committee
6. Products Committee

RISK MANAGEMENT COMMITTEE

The Risk Management Committee serves as a forum for decision-making and evaluating the implementation of risk management in The Company. In addition, the Risk Management Committee plays a role in supporting the formulation of policies, strategies and objectives in The Company's risk management.

Structure and Membership

The Risk Management Committee consists of permanent members and non-permanent members stipulated in the Board of Directors Regulation No. 8/PD/RMD/2015 dated June 26th 2015 on The Company's Risk Management Committee. The Risk Management Committee consists of at least a majority of the Board of Directors and Executive Officers under the following structure and membership:

Risk Management Committee	
Chairman	Managing Director Strategic, Compliance and Risk
Secretary	Risk Management Division Head
Permanent Members	<p>Board of Directors</p> <ul style="list-style-type: none"> • Managing Director Mortgage and Consumer Lending • Managing Director Treasury and Information Technology • Managing Director Finance, Operation and Credit Risk, dan • Managing Director Commercial Lending <p>Head of Division</p> <ul style="list-style-type: none"> • Internal Audit Division • Compliance Division
Non-Permanent Members	<p>Board of Directors</p> <ul style="list-style-type: none"> • Managing Director Collection, Asset Management and Legal • Managing Director Funding and Distribution <p>Head of Division</p> <ul style="list-style-type: none"> • All Head of Division and Head of Desk except the Head of Risk Management Division, Head of Compliance Division and Head of Internal Audit Division.

DESCRIPTION OF DUTIES AND RESPONSIBILITIES

The Risk Management Committee's duties and responsibilities include making recommendations to the President Director on matters relating to, among others, and at least the following:

1. Formulation of Risk Management Policies and its amendments, including the Risk Management strategy and contingency plan in the event of abnormal external conditions. The formulation is done together with the Operations Unit head and Risk Management Unit head.
2. Periodic and incidental improvement or refinement of risk management as a result of changes in the Bank's external and internal conditions affecting the Bank's capital adequacy, risk profile and the evaluation results of the effective implementation.
3. Determining matters (justification) related to business decisions that are not in accordance with normal procedures (irregularities), such as significant business expansion decisions compared to the predetermined Bank's business plan or a position /risk exposure that exceeds limits set. The justification is presented in the form of recommendations to the President Director based on business considerations and analysis results related to specific Bank transactions or business activities hence requiring exceptions to procedures established by the Company

DUTIES IMPLEMENTED

In 2016, the Risk Management Committee has conducted a number of activities including 4 (four) meetings with the following agenda:

Table: Risk Management Committee Meeting Agenda

Date	Agenda
January 20 th 2016	<ul style="list-style-type: none"> Risk Profile Report Q IV/2015 Self-Assessment Results Recommendation to improve Risk Profile
April 19 th 2016	<ul style="list-style-type: none"> Risk Profile Report Q I/2016 Self-Assessment Results Recommendation to improve Risk Profile
July 20 th 2016	<ul style="list-style-type: none"> Risk Profile Report Q II/2016 Self-Assessment Results
December 14 th 2016	<ul style="list-style-type: none"> 2016 Risk Management Policy Manual (PKMR) Review

CREDIT POLICY COMMITTEE

The Credit Policy Committee assists the Board of Directors in formulating policies, overseeing the implementation of policies, monitoring progress and credit portfolio and provides recommendations for improvements in the field of credit.

Structure and Membership

The Credit Policy Committee consists of permanent members and non-permanent members stipulated in the Board of Directors Regulation No. 12/PD/CMLD/2015 dated October 16th 2015 juncto PD No.27/DIR/CMO/2011 dated October 7th 2011 on the Credit Policy Committee, with the following structure and membership:

Credit Policy Committee	
Bank Coordinator	Director supervising the Division managing and developing the Bank's credit policies.
Secretary	Division managing and developing the Bank's credit policies.
Permanent Members	<ol style="list-style-type: none"> Head of Division managing and developing the Bank's credit policies. Head of Risk Management Division Head of Internal Audit Division Head of Compliance Division
Non-Permanent Members	Other Directors and Other divisions as required

DESCRIPTION OF DUTIES AND RESPONSIBILITIES

The Credit Policy Committee's duties and responsibilities include making recommendations to the President Director on matters relating to, among others, and at least the following:

1. Advise the Board of Directors on the preparation of the credit policy with reference to the principles of prudence and Good Corporate Governance.
2. Supervise and control the implementation of the rules and regulations regarding the main points of the Company's Credit Policy well and consistently and formulate solutions if there are barriers/obstacles in its application.
3. Provide consultations on credits with high levels of risk and credit that should be avoided. Consultation must take place before commitments are made.
4. Monitor and evaluate the following aspects: The development and overall quality of the credit portfolio; Community development fund; development of customer service delivery; Compliance enforcement authority decides credits, restructuring and resolution of credit; valid process administration, the development and the quality of loans granted to parties related to the Bank and major debtors; Compliance with the implementation of the Lending Limit; Observance of the provisions of the legislation and other regulations in the execution of lending, restructuring and resolution of credit; The settlement of non-performing loans; and the Company's efforts in meeting the adequacy of the reserve for loan losses.

DUTIES IMPLEMENTED

In 2016, the Credit Policy Committee has conducted a number of activities including 24 (twenty-four) meetings with the following agenda

Table: Credit Policy Committee Meeting Agenda

Date	Agenda
January 5 th 2016	• Strategy for Improving Credit Quality
January 20 th 2016	• Strategy for Improving Credit Quality
February 23 rd 2016	• Credit Management Policies
March 7 th 2016	• NPL Crash Program • Proposed Authority to Decide Loans
March 24 th 2016	• Credit Quality Report and Evaluation
May 19 th 2016	• Informal Sector KPR • Evaluating the Credit Business Process

Date	Agenda
May 24 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation • Strategy for Credit Growth
June 21 st 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation • Write Off (WO)
July 19 th 2016	<ul style="list-style-type: none"> • BTN Property Portal • Credit Quality Report and Evaluation
September 5 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
September 26 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
October 3 rd 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
October 4 th 2016	<ul style="list-style-type: none"> • Credit Product and Credit Policy Committee Organization Structure
October 17 th 2016	<ul style="list-style-type: none"> • Credit Product Committee Organization Chart and Credit Policy
October 24 th 2016	<ul style="list-style-type: none"> • Consumer Credit • Credit Quality Report and Evaluation
November 1 st 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
November 3 rd 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
November 15 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
November 16 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
November 21 st 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
November 22 nd 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
November 29 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
December 7 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation
December 13 th 2016	<ul style="list-style-type: none"> • Credit Quality Report and Evaluation

ASSET AND LIABILITY COMMITTEE (ALCO)

The Asset and Liability Committee (ALCO) serves as a medium for analyzing/evaluating asset and liability management and decision-making by formulating policies, strategies and objectives in the framework of Asset Liability Management (ALMA).

Structure and Membership

The Asset and Liability Committee (ALCO) consists of permanent members and non-permanent members stipulated in the Board of Directors Regulation No. 2/PD/TRSD/2015 on Asset Liability Committee (ALCO) dated February 5th 2015, with the following composition:

Asset and Liability Management Committee (ALCO)	
Chairman	President Director
Secretary	Director supervising Treasury
Permanent Members	<ol style="list-style-type: none"> 1. Director supervising Business Sector 2. All Head of Business Division 3. Head of Finance and Accounting Division 4. Head of Strategy and Performance Management Division 5. Head of Consumer Collection and Remedial Division 6. Head of Risk Management Division 7. Head of Compliance Division. 8. Change Management Office Coordinator
Non-Permanent	Other Directors except the Director of Compliance and Divisions as required

Description of Duties and Responsibilities

The Asset and Liability Management Committee (ALCO) is in charge of preparing asset and liability management strategies to maximize the Bank's profitability and maintain the Company's balance sheet structure through the management of earning assets, cost reduction and management of rate risk and liquidity risk.

Duties Implemented

In 2016, the Asset and Liability Committee (ALCO) has conducted a number of activities including 12 (twelve) meetings with the following agenda

Table: Asset and Liability Committee (ALCO) Meeting Agenda

Date	Agenda
January 19 th 2016	• Asset and Liability Committee (ALCO)
February 18 th 2016	• Asset and Liability Committee (ALCO)
March 11 th 2016	• Asset and Liability Committee (ALCO)
April 22 nd 2016	• Asset and Liability Committee (ALCO)
May 19 th 2016	• Asset and Liability Committee (ALCO)
June 22 nd 2016	• Asset and Liability Committee (ALCO)
July 26 th 2016	• Asset and Liability Committee (ALCO)
August 19 th 2016	• Asset and Liability Committee (ALCO)
September 16 th 2016	• Asset and Liability Committee (ALCO)
October 13 th 2016	• Asset and Liability Committee (ALCO)
November 16 th 2016	• Asset and Liability Committee (ALCO)
December 14 th 2016	• Asset and Liability Committee (ALCO)

INFORMATION TECHNOLOGY STEERING COMMITTEE

The Information Technology Steering Committee serves as a medium for analyzing and evaluating management in Information Technology.

Structure and Membership

The Information Technology Steering Committee consists of permanent members and non-permanent members based on the Company's needs. In accordance with the Board of Directors Regulation No. 05/PD/ICTD/2014 dated July 2nd 2014 on the Amendment to the Board of Directors Regulation No. 18/PD/CMO/2011 dated July 20th 2011 on the IT Steering Committee of PT Bank Tabungan Negara (Persero) Tbk, the Information Technology Steering Committee organization chart is as follows:

Information Technology Steering Committee	
Chairman	Information and Technology Director (ex-officio) If the President Director attends the Information Technology Steering Committee, the President Directors acts as the Information Technology Steering Committee
Secretary	Head of Information and Communication Technology Division (ex-officio)

Information Technology Steering Committee	
Permanent Members	<ol style="list-style-type: none"> 1. Managing Director Risk, Compliance and Strategy (ex-officio) 2. Managing Director Retail Funding and Distribution (ex-officio) 3. Managing Direktor Mortgage and Consumer Lending (ex-officio) 4. Head of Risk Management Division (ex-officio) 5. Head of Operation and Business Support Division (ex-officio) 6. Head of Sharia Division (ex-officio) 7. Head of Regional Office (ex-officio)
Non-Permanent Members	Other Directors and Other divisions as required

Description of Duties and Responsibilities

The Information Technology Steering Committee's duties and responsibilities include making recommendations to the President Director on matters relating to, among others:

1. Information Technology Strategic Plan in accordance with the strategic plans of the Company's business activities. In providing recommendations, the Committee should consider factors of efficiency, effectiveness and matters as follows.
 - A. The road map to reach the requirement of IT needs that support the Company's business strategy. The road map consists of the current state, the future state as well as measures to be undertaken to achieve the future state;
 - B. Data sources required;
 - C. Advantages/benefits that will be obtained when the plans are implemented.
2. Formulation of major IT policies and procedures such as IT security policy and risk management related to the use of IT in the Company.
3. Compliance of IT projects approved by the IT Strategic Plan. The Committee also assigns priority status to IT projects that are critical (significant impact on the Company's operational activities), for example change of core banking applications, production servers and network topology.
4. Compliance of implementation of IT projects with the project charter that was agreed in a service level agreement. The committee should complete the recommendations based on the results of the analysis of key IT projects to enable the Directors to make decisions efficiently.
5. Suitability of IT with the needs of the management information system that supports the management of the Company's business activities.
6. The effectiveness of measures to minimize risk on the Company's investment in the IT sector and the investments that will contribute to achieving our business objectives.
7. Monitoring of and efforts to increase IT performance, by detecting IT obsolescence and measuring the effectiveness and efficiency of the implementation of IT security policies.
8. Efforts to settle various IT related issues, which cannot be solved by the user unit and organizing unit. The Committee may facilitate the relationship between the units.

9. The adequacy and allocation of resources owned by the Company. If the resources are inadequate, and the Bank uses the services of other parties in the implementation of IT, the IT Steering Committee should ensure that the Company has established policies and procedures.
10. The Committee is responsible for recommendations and referring the next proposals to be decided upon through the Board of Directors' Meeting.

Duties Implemented

In 2016, the Information Technology Steering Committee has conducted a number of activities including 1 (one) meeting with the following agenda:

Table: Information Technology Steering Committee Meeting Agenda

Date	Agenda
August 10 th 2016	<ul style="list-style-type: none"> • Formulation of the RSTIK 2016-2018 • Project Charter

PERSONNEL COMMITTEE

The Personnel Committee assists the Board of Directors in formulating policies, overseeing the implementation of policies, monitoring progress and personnel and provides recommendations for improvements in accordance with the regulations on Bank personnel and Labor Laws applicable in Indonesia.

STRUCTURE AND MEMBERSHIP

The Personnel Committee consists of permanent members and non-permanent members stipulated in the Board of Directors Regulation No. 04/PD/HCD/2014 on the Personnel Committee, with the following structure and membership:

Personnel Committee	
Coordinator	President Director
Secretary	HCD Head
Permanent Members	Director supervising HCD and other HR related Directors in units whose supervision is being discussed
Non-Permanent Members	Other Head of Division as required
Supporting Group	Department Head HCD with Unit Human Capital Management HCD

If the Division Heads in the Personnel Committee cannot be represented or is unable to execute their duties and responsibilities as a member of the Personnel Committee, their role cannot be delegated to any other position holders in their unit.

Description of Duties and Responsibilities

The Personnel Committee's duties and responsibilities include assisting the President Director on matters relating to, among others, and at least the following:

1. Recommend strategies, policies and Human Capital management systems in line with the Bank's Business Plan.
2. Monitor and supervise the implementation of HR programs to fit the strategies, policies and human resources management system.
3. Recommend the settlement of issues related to the proposal submitted by the Personnel Committee to the Divisions/Regions/Branches/Teams pertaining to Number 1
4. As an independent medium for Employees making clarifications regarding the decisions of the Personnel Committee to the Divisions/Regions/Branches/Teams concerning the placement/assignment of employees.
5. Responsible for the recommendations concerning policy proposals that will then be decided upon through the Board of Directors' Meeting.
6. The Committee has the authority to decide on Human Capital issues apart from Number 1 – Number 5 mentioned above if the Board of Directors' Meeting mandates it.
7. If necessary, coordinate with the Remuneration and Nomination Committee in reviewing the Human Capital Management system/policy.

Duties Implemented

In 2016, the Personnel Committee has conducted a number of activities including 14 (fourteen) meetings with the following agenda:

Table: Personnel Committee Meeting Agenda

Date	Agenda
January 26th 2016	• 2016 Performance Assessment
February 2nd 2016	• 2016 Performance Assessment • Employee Loan
February 3rd 2016	• 2016 Performance Assessment
February 3rd 2016	• Discussion on the Human Capital Division (HCD)

Date	Agenda
February 18th 2016	• BTN Pension Fund Performance Report
March 1st 2016	• Discussion on the Human Capital Division (HCD)
March 16th 2016	• Discussion on the Human Capital Division (HCD)
May 12th 2016	• The Company Pension Fund Report
June 7th 2016	• Discussion on the Human Capital Division (HCD)
June 7th 2016	• Discussion on the Human Capital Division (HCD)
June 29th 2016	• Discussion on the Human Capital Division (HCD)
August 23rd 2016	• Discussion on the Human Capital Division (HCD)
October 12th 2016	• Discussion on the Human Capital Division (HCD)
October 17th 2016	• Remuneration based on POJK No.45/POJK.03/2015

PRODUCT COMMITTEE

The Product Committee assists the Board of Directors in formulating policies, overseeing the implementation of policies, monitoring progress and provides recommendations for improvements related to The Company products.

STRUCTURE AND MEMBERSHIP

The Product Committee consists of permanent members and non-permanent members stipulated in the Board of Directors Regulation No. 20/PD/CMO/2011 on The Company Product Committee, with the following structure and membership:

Product Committee	
Coordinator	Director supervising the Division managing and developing the Bank's products/services
Secretary	Division managing and developing the Bank's products and services
Permanent Members	<ol style="list-style-type: none"> 1. Head of Information and Communication Technology Division 2. Head of Legal Division 3. Head of Compliance Division 4. Head of Risk Management Division
Non-Permanent Members	Other Directors and Other divisions as required

DESCRIPTION OF DUTIES AND RESPONSIBILITIES

The Product Committee's duties and responsibilities include assisting the President Director on matters relating to, among others, and at least the following:

1. Ensuring compatibility between the product development with the needs and objectives of the Company;
2. Making decisions related to product development and long term implementation;
3. Determining the Company's policies relating to product development;
4. Monitor and discuss :
 - a. Progress in the implementation of products in accordance with the CBP associated with product development.
 - b. Plans for the development and implementation of products
 - c. Strategic issues encountered in the development and implementation of products
 - d. Technology and standards that need to be considered, and the possibilities of its implementation in the Company.

DUTIES IMPLEMENTED

In 2016, the Product Committee has conducted a number of activities including 5 (five) meetings with the following

Table: Product Committee Meeting Agenda

Date	Agenda
August 2nd 2016	<ul style="list-style-type: none">• Tax Amnesty• Digital Loan Document
August 30th 2016	<ul style="list-style-type: none">• Launch of Savings Day• Digital Banking Progress
September 6th 2016	<ul style="list-style-type: none">• Non-Fixed Income KPR Business Process
November 14th 2016	<ul style="list-style-type: none">• Micro KPR
December 19th 2016	<ul style="list-style-type: none">• 2017 Subsidized KPR• BTN Product Profile

DIVERSITY POLICY AND SUCCESSION OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

DIVERSITY POLICY FOR THE COMPOSITION OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

In line with the Guidelines on Corporate Governance recommended by the Indonesia Financial Services Authority in the Appendix of the Indonesia Financial Services Authority Circular Letter No. 32/SEOJK.04/2015 stating that the composition of the Board of Commissioners and Board of Directors shall take into account the diversity of the composition. The diversity policies set forth in The Company's Board Manual serves as a reference for consideration during the nomination and succession of the The Company Board of Commissioners and Board of Directors by taking into account the knowledge, expertise and experience in accordance with the needs of the company, hence achieving an optimum composition of the Board of Commissioners and Board of Directors. In addition, the scope and the balance of knowledge, skills and experience are also taken into consideration in achieving the optimum composition of the Board of Commissioners and Board Directors who are expected to optimize decision-making and improve the The Company's performance.

The diversity of the composition of the Board of Commissioners is a combination of characteristics of the Board of Commissioners and the members of the Board of Commissioners individually, according to the needs of the Public Company. The current composition of the Board of Commissioners have met the elements of diversity i.e. a combination of independence, expertise/education, work experience, age and gender taking into account the needs and complexity of The Company. All members of the Board of Commissioners of The Company has integrity, competence and good financial reputation. This is evidenced by obtaining the Indonesia Financial Services Authority's approval on the Fit and Proper Test for the members of the Board of Commissioners of The Company.

Similarly, the current composition of the Board of Directors have met the elements of diversity i.e. a combination of independence, expertise/education, work experience, age and gender taking into account the needs and complexity of The Company. All members of the Board of Directors of The Company has integrity, competence and good financial reputation. This is evidenced by obtaining the Indonesia Financial Services Authority's approval on the Fit and Proper Test for the members of the Board of Commissioners of The Company.

Table: Diversity of the Board of Commissioners of The Company as of 31 December 2016

Name	Position	Age	Gender	Education	Work Experience	Expertise
I Wayan Agus Mertayasa	President Commissioner/ Independent	69 years old	Male	Bachelor of Economic from Universitas Brawijaya Malang in 1973	<ul style="list-style-type: none"> - General Manager of Bank Bumi Daya Los Angeles Agency (USA) - Chief Executive of Bumi Daya Finance Hongkong - General Manager of Bank Bumi Daya New York - Director of Bank Pembangunan Indonesia - EVP /& Director PT Bank Mandiri (Persero) Tbk - Deputy Director PT Bank Mandiri (Persero) Tbk - Chairman Non-Executive Director, Bank Mandiri (Europe) Limited, London UK 	Finance Banking

Name	Position	Age	Gender	Education	Work Experience	Expertise
Kamaruddin Sjam	Independent Commissioner	69 years old	Male	Master of Management (MM) from Sekolah Tinggi Ilmu Ekonomi IPWI, Jakarta (1997)	<ul style="list-style-type: none"> - Member of Commission XI of the House of People's Representatives (DPR) - Director of Agency Supervision at the Financial and Development Supervisory Agency (2002-2007). - President Commissioner of PT Lanang Bersatu. 	Financial audit
Arie Coerniadi	Independent Commissioner*	60 years old	Male	Bachelor of Electrical Engineering from Universitas Indonesia (1991)	<ul style="list-style-type: none"> - Vice President of NISP Sekuritas Group - Head Vice President of Indonesian Bank Restructuring Agency - Vice President of Indonesian Central Securities Depository - Chief Finance Officer of Sarana Global Indonesia 	Finance
Lucky Fathul Aziz H	Commissioner	60 years old	Male	<ul style="list-style-type: none"> - Master of Art (MA) in Development Economics from Boston University, Massachusetts, USA (1985) and - Master of Science (MS) Universitas Hasanuddin, Makassar (1991) 	<ul style="list-style-type: none"> - President Director of Pension Fund at OJK - Deputy Commissioner of Strategic Management 1B at OJK Chief Representative of Bank Indonesia Region VI in Bandung - Chief Representative Bank Indonesia New York 	Finance Macro Economics Management Strategy
Sumiyati	Commissioner	55 years old	Female	<ul style="list-style-type: none"> - Master of Financial Management (M.F.M), Queensland University, Australia 	<ul style="list-style-type: none"> - Head of Financial Education and Training Agency (BPPK), Ministry of Finance - Commissioner of PT Jiwasraya (Persero), - Head of Financial Planning Bureau, Secretariat General of the Ministry of Finance 	Financial Audit Public Human Resources Development
Maurin Sitorus	Commissioner	60 years old	Male	Ph.D. in Monetary and International Economics, University of Kentucky, Lexington, USA	<ul style="list-style-type: none"> - Director General for Housing Financing, Ministry of Public Works - Secretary of the Directorate General of Debt Management, - Directorate General of Debt Management, Ministry of Finance 	Law
Iman Sugema	Commissioner**	52 years old	Male	Ph.D in Economics, Department of Economics, Research School of Pacific and Asian Studies, The Australian National University.	<ul style="list-style-type: none"> - President Commissioner/ Independent of PT Perusahaan Gas Negara Tbk, Senior Economist of Megawati Institute, - Lecturer – Faculty of Economics & Management, IPB. 	Agribusiness Economy

Table: Diversity of the Board of Directors of The Company as of 31 December 2016

Name	Position	Age	Gender	Education	Work Experience	Expertise
Maryono	President Director	61 years old	Male	- Magister (S2) dari Sekolah Tinggi Ilmu Ekonomi IPWI (1998)	- President Commissioner of PT Mandiri Manajemen Investasi (2008) - Group Head Jakarta Network Group of PT Bank Mandiri (Persero) Tbk. - President Director of Bank Mutiara (2008-2012) - Regional President of WSBI (World Saving Bank Institute) Asia Pacific.	- Banking - Leadership - Strategic Management
Mansyur S. Nasution	Managing Director Mortgage and Consumer Lending	58 years old	Male	- Master of Science bidang Resources Economics, Colorado State University (1991)	- EVP Coordinator– Consumer Finance, Bank Mandiri (2008-2012) - Group Head of Bank Mandiri (2005-2008)	- Strategic Management - Corporate Governance - Risk and Compliance
Iman Nugroho Soeko	Managing Director Finance and Treasury (CFO)	61 years old	Male	- Master of Social Science Univ. of Birmingham, Inggris (1989)	- Senior Recovery Manager Asset Management and Disposal Department (2006), Bank Mandiri - Group Head IBCMS Group Bank Mandiri (2009–2010) - Chief Executive Bank Mandiri (Europe) Ltd. (2010–2013).	- Treasury - Accounting and Corporate Finance - Corporate Banking
Adi Setianto	Managing Director Information Technology, Operation and Credit Risk (CIO)	55 years old	Male	- Master of Business Administration (MBA), Drexel University, Pennsylvania, USA (1992)	- Director of Networking and Service (2014-2015), PT Bank Negara Indonesia (Persero) Tbk - Director of Treasury and Financial Institution of PT Bank Negara Indonesia (Persero) Tbk. (2010-2014).	- Operation - Information and Communication Technology
Sulis Usdoko	Managing Director Collection, Asset Management and Legal	56 years old	Male	- Master of Management, Universitas Brawijaya (2003)	- Retail Funding and Services Division Head The Company (2013–2015)	- Collection and Asset Management - Mortgage Banking - Consumer Banking

Name	Position	Age	Gender	Education	Work Experience	Expertise
Oni Febriarto R	Managing Director Commercial Lending	46 years old	Male	- Master of Management from Sekolah Tinggi Manajemen PPM (1996)	- Small and Medium Lending Division Head The	- Sharia Banking - Commercial Lending - Mortgage Banking
Handayani	Director	51 years old	Female	- Master of Management, Universitas Padjajaran Bandung (2001)	- Director of Commercial PT Garuda Indonesia (Persero) Tbk - Director Marketing & Alternate Distribution AXA Mandiri - Senior VP Group Head, Consumer Cards Group Bank Mandiri	- Marketing - Consumer Banking - Quality Service
Catur Budi Harto	Director	52 years old	Male	- Master of Management , Sekolah Tinggi Manajemen Prasetya Mulya, (2002)	- Senior Executive Vice President Network and Services Bank BRI - Head of Mass Banking Division, Bank BRI - Regional Head, Banjarmasin Regional Office, Bank BRI	- Operation - Network and Electronic Channel

SUCCESSION POLICY OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The succession planning of Directors and the Board of Commissioners falls under the responsibility of the Remuneration and Nomination Committee to prepare the regeneration and maintain the continuity of leadership in the future. To have a transparent, accountable and responsible process and mechanism to appoint and replace members of the Board of Directors and the Board of Commissioners, the appointment and discharge is based on the principles of professionalism and good corporate governance (GCG). As a State-Owned Bank (BUMN), the Board of Directors succession policy refers to the Regulation of the Minister for State Owned Enterprises No. PER-03/MBU/02/2015 on the Requirements, Procedures for Appointing and Discharging Members of the Board of Directors of State Owned Enterprises. The succession of the Board of Commissioners refers to the Regulation of the Minister for State Owned Enterprises No. PER-02/MBU/02/2015 on the Requirements, Procedures for Appointing and Discharging Members of the Board of Commissioners of State Owned Enterprises. In addition, as a public company, The Company also refers to the Indonesia Financial Services Authority Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Listed Companies or Public Companies.

The appointment of Board of Director candidates is conducted through a series of procedures, i.e. determining the Candidates, networking and competency testing. The Board of Director candidates must meet the formal requirements, material requirements and other requirements that have been set. The Company Board of Directors candidates can be BUMN Board of Directors, BUMN Board of Commissioners/Board of Trustees, BUMN outstanding talent, Ministry of BUMN talent Ministry, other BUMN officials and others. The Company Board of Director candidates are proposed through the Board of Commissioners, after being subject to the Company's assessment scoring system including performing background checks and verifying references.

The Company Board of Director Candidates will be appointed as Board of Director Candidates after passing the Fit and Proper Test (UKK) conducted by Professional Institutions. Reappointment of Board of Director members to a similar position within a BUMN can be done without a UKK if they are considered to be able to carry out their duties well during their term of office. To get the best candidate, The Company always emphasizes professionalism and governance aspects, for internal candidates from The Company (talent management system) as well as from external parties. The candidate selected through this mechanism is then proposed through the General Meeting of Shareholders for approval and then submitted to the OJK to undergo a fit and proper test.

The same applies for the nomination and succession of the Board of Commissioners.

THE COMPANY'S REMUNERATION GOVERNANCE APPLICATION

PROCEDURES AND MECHANISM FOR ESTABLISHMENT OF THE REMUNERATION POLICY

In order to push the implementation of prudential risk taking and the sustainability of the business, the Company has complied with the OJK Regulation No. 45/POJK.03/2015 on Remuneration Governance Application for Commercial Bank. Furthermore, the Company continues to follow the development of international standard on information transparency regarding remuneration both qualitatively and quantitatively.

Procedure of the Proposal until the Determination of Remuneration of Board of Commissioners and Board of Directors

The Company has regulated Board of Directors' Decree No. 57/DIR/HCD/2016 on Governance Implementation on Remuneration in accordance with OJK Regulation No. 45/POJK.03/2015. This regulation has considered many aspects, namely financial stability of the Company, the risk management, short term and long term liquidity requirement, and future potential profit.

The scope of the Company's Governance Implementation on Remuneration Policy is to implement governance in the event of giving remuneration, which is a variable, material risk taker.

The Company sets remuneration for Board of Commissioners and Board of Directors based on the regulation of State Minister of State-Owned Enterprise, i.e. the salary of Board of Commissioners and Board of Directors is set on the General Meeting of Shareholders (GMS).

The procedure of the proposal until the to set remuneration of Board of Commissioners and Board of Directors, is as follows:



Remuneration structure which indicates the type and/or short-term or long-term benefits, and/or post-employment is as follows.

1. Short-term remuneration consists of: Salary, Allowances (holiday, transportation), Amenities (health, legal aid) and Performance Bonus.
2. Long-term remuneration and/or post-employment consist of Full Insurance based on Position and Tantiem/Work Incentives, which are bonuses awarded in the form of additional long-term rewards (long term incentive/LTI).

Scope of Remuneration policy and its implementation per business unit, per are, and on subsidiary or branch office located abroad

The Company's Remuneration Policy has been consider the geographical area of the Branch Office concerned.

Remuneration Adjustment related to Performance and Risk

The Company may postpone the variable remuneration payment that is suspended (Malus) or retract the variable remuneration payment that is already paid (Clawback) to officer that categorized as Material Risk Taker (MRT), with provision as follows:

- 1) The Company applied Malus implementation in the variable remuneration, whilst considering factors such as:
 - Loss or damage of the Company's reputation
 - Employee's involvement directly or indirectly related to the act or transaction conducted
- 2) Malus implementation will be forced on officer categorized as MRT, with criteria as follows:
 - Causing significant damage to the Company's reputation or negative impact to the Company's finance or business opportunity.
 - Causing significant financial loss.
 - Conducted fraud, unethical actions, and/or falsification of records

- Causing material risk or providing false financial statement.
- Conducted violation of policies, rules, and procedures deliberately.
- Causing significant loss to the work unit related because the risk management is not conducted properly.
- Causing negative significant impact to the bank capital which was not caused by climate change, economics, or industrial.
- Disclose confidential information to external party deliberately.
- Conduct actions that could cause employee's termination.

Performance assessment and Remuneration

1) Review on Remuneration policy linked to the performance assessment

The Company has policy on Performance Management System that stipulated the increase of remuneration on pay for performance is regulated in separate rules on Basic Salary Policy.

2) Method to Calculate the Remuneration linked to Company's performance, work unit performance, individual performance

Policy in the Company's Performance Management System set the Performance Target Assessment, which includes Company's Work Target (SKP), Unit Work Target (SKU), and Individual Work Target (SKI). The work target assessment is conducted by comparing the actual work achievement with the respective work target

3) Descriptions of the methods used by the Company to state that the specific performance is not achieved; thus the need to adjust the remuneration and remuneration value if the condition happens

The method for basic salary increase per year is determined by the value of last year's Performance Management System and Comparatio. Comparatio

is a percentage calculated from the basic salary of a Permanent Employee to the midpoint of basic salary range, category Permanent Employee.

Meanwhile, periodic basic salary increase of a Permanent Employee every year is based on the percentage in the basic salary increase matrix reviewed every year. The percentage to calculate basic salary increase of a Permanent Employee in the basic salary increase matrix changes every year, the change is based on the result of Performance Management System (SMK) and comparatio position for every Permanent Employee, market survey (external market), and the Company's capability.

External Consultant Related to Remuneration Policy

Consultant's Name : PT Mercer Indonesia

Scope of Work :

- To do review on the Company's remuneration policy currently prevailed;
- To conduct GAP analysis on the Company's internal remuneration policy with the remuneration regulated in POJK No. 45/POJK.03/2015;
- To review and set the figure out the position in the Company that is categorized as Material Risk Taker (MRT);
- To set remuneration scheme based on POJK No. 45/POJK.03/2015 to parties in the position categorized as MRT, based on study and best practice conducted in the banking industry;
- To set suspension scheme for remuneration allocation (deferral) to the parties categorized as MRT;
- To set policy for Malus and Clawback;
- To calculate the cost impact from the

implementation of remuneration with POJK No. 45/POJK.03/2015 as basis;

- To communicate with Board of Commissioners and Board of Directors (Remuneration Committee) related to the Company's internal remuneration policy compiled based on POJK No. 45/POJK.03/2015

BOARD OF COMMISSIONERS' AND BOARD OF DIRECTORS' INDICATORS FOR DETERMINING REMUNERATION

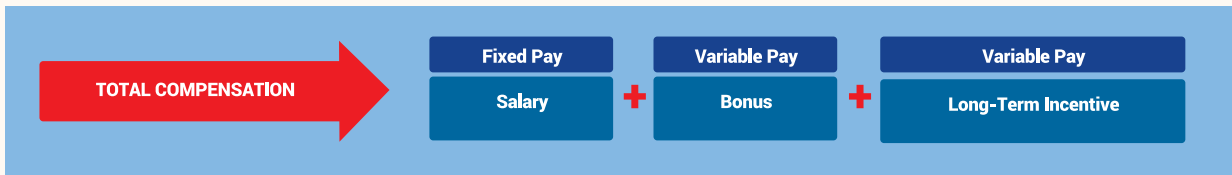
In setting the indicator, Board of Commissioners and Board of Directors refer to the State Ministry for State-Owned Enterprises Regulation No. PER-04/MBU/2014 on guidelines for determining earnings of Directors, Board of Commissioners, and the Board of Trustees of State-Owned Enterprises as follows:

1. Business scale factor
2. Business complexity factor
3. Inflation rate
4. Company's financial conditions and capability
5. Other relevant factors, which must not conflict with laws and regulations
6. The Remuneration of the Board of Commissioners is 50% of the President Director for the President Commissioner and 45% of the President Director for the Board of Commissioners' members.

DISCLOSURE OF INFORMATION OF REMUNERATION POLICY FOR BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Remuneration Packages and Amenities for Board of Directors and Board of Commissioners Including Remuneration Structure and Nominal Amount

Components of Remuneration for the Board of Commissioners and Board of Directors are:



In accordance with Board of Directors' Decree No. 57/DIR/HCD/2016 on Governance Implementation on Remuneration, there are permanent and variable components of remunerations for Board of Commissioners and Board of Directors.

- a) Permanent remuneration
Given in the form of cash which may be accompanied by provision in cash.
- b) Unfixed remuneration
Given in the form of cash or share or share-based instruments issued by the Company.

Series A Dwiwarna Shareholder to determine the amount of tantiem for the Fiscal Year 2015, and to determine the salary / honorarium, allowances and facilities for the Board of Directors and Board of Commissioners for the Year 2016)

Board of Commissioners' Remuneration

Type of Remuneration and Other Amenities	Amount received in 2016	
	Board of Commissioners	
	Number	Amount (in millions of Rupiah)
Remuneration		
Honorarium	15***	6.777
regular allowance *	15***	4.429
Tantiem	15***	9.579
Other facilities in the form of natura **		
Facilities can be owned	15***	-
Facilities can not be owned	15***	1.264
Total		22.049

Description:

In accordance with Bank Indonesia regulations

*) Salary, Performance Bonus, Leave Allowance, Income Tax Benefit, Clothing Money, Holiday Allowance and Full Premiums Compensation based on Position;

***) Commissioner may have amenities in the form of transportation, communication.

***) The Board of Commissioners consists of several active periods as follows:

- Board of Commissioners who is still serving effectively: 6 people,
- Board of Commissioners who has not yet serving effectively: 1 person;
- Board of Commissioners who finished his or her term since the Annual GMS closing dated March 24th 2015: 4 people;
- Board of Commissioners who finished his or her term since the Extraordinary GMS closing dated September 2nd 2015: 2 people;
- Board of Commissioners who finished his or her term since the Extraordinary GMS closing dated January 7th 2016: 1 person;
- Board of Commissioners who finished his or her term since the Annual GMS closing dated April 12th 2016: 1 person.

Board of Directors' Remuneration

Type of Remuneration and Other Amenities	Amount received in 1 year	
	Board of Directors	
	Number	Amount (in millions of Rupiah)
Remuneration		
Salary	12***	15.381
regular allowance *	12***	11.751
Tantiem	12***	25.636
Other facilities in the form of natura**		
Facilities can be owned	12***	2.630
Facilities can not be owned	12***	3.896
TOTAL		59.294

Description:

In accordance with Bank Indonesia regulations

*) Salary, Performance Bonus, Leave Allowance, Income Tax Benefit, Clothing Money, Holiday Allowance and Full Premiums Compensation based on Position;

**) Director may have amenities in the form of transportation, communication.

***) The Board of Directors consists of several active periods as follows:

- Board of Directors who finished his or her term since the Annual GMS closing dated March 24th 2015: 2 people;
- Board of Directors who finished his or her term since the Annual GMS closing dated April 12th 2015: 2 people;
- 2 of 8 Directors who effectively serve, has just been appointed through Annual GMS dated April 12th 2016 and effective on September 16th 2016

Board of Directors, Board of Commissioners, and Employee who receives remuneration in terms of Variable for 1 (one) year and the nominal rate are stated on table below:

Variable Remuneration	Amount received in 1 year					
	Board of Directors		Board of Commissioners		Employee	
	People	Amount (in millions Rupiah)	People	Amount (in millions Rupiah)	People	Amount (in millions Rupiah)
Total	12	25.365	15	9.579	9.380	297.008

Note:

*) consists of employee who receives Production Service and Individual Incentive

Total Remuneration of Board of Directors and Board of Commissioners per Person in 1 Year

Remuneration per Person in 1 year *)	Number of Director	Number of Commissioner
> IDR 2 Billion	10	4
> IDR 1-2 Billion	10	10
> IDR 500 Million – 1 Billion	2	1
< IDR 500 Million	0	4

description: *) accepted in cash

Connection between Remuneration with Public Performance or Public Company

In Board of Directors' Decree No. 03/PD/HDC/2015 on Board of Directors' and Board of Commissioners' Income, it is stated that remuneration type that are accepted by the Directors and Board of Commissioners are tantiem/work incentive,

Share Option Owned by Directors, Board of Commissioners, and Executive Officers

Policy to grant shares option

The Extraordinary General Meeting of Shareholders (EGMS) held on October 6th 2009 approved the issuance of new shares in the portfolio of PT Bank Tabungan Negara (Persero) Tbk as much as 30% (thirty percent) or as much as a total of 2,723,142,857 shares of total shares that had been issued and fully paid after the issuance of new shares so that the ownership of the Republic of Indonesia became 70% (seventy percent) or 6,354,000,000 shares of the total shares issued and fully paid after the issuance of new shares. The issuance of the new shares in the portfolio referred to as offered to the public through IPO (Initial Public Offering), which included all shares including Management and Employee Stock Allocation/MESA and Management and Employee Stock Options Plan/MESOP.

Amount of shares option granted

Participants of MESA and MESOP programs are employees registered as of September 30, 2009 and members of the Board of Directors, members of the Board of Commissioners, members of the Sharia Supervisory Board, Secretary of the Board of Commissioners and members of the Audit Committee.

Table of Share Ownership by Share Option

MESOP Phase I

No	Description / Name		Number of Shares Owned (Shares)	Number of Options		Option Price (Rp.)	Period
				Given (Shares)	That Has Been Executed (Shares)		
1	Board of Commissioners	Arie Coerniadi	-	-	-	-	-
2		Kamaruddin Sjam	-	-	-	-	-
3		Lucky Fathul Aziz Hadibrata	-	-	-	-	-
4		Catherinawati Hadiman	-	-	-	-	-
5		Fajar Harry Sampurno	-	-	-	-	-
6		Sumiyati	-	-	-	-	-
1	Board of Directors	Maryono	3.991.000	1.354.000	1.354.000	855,00	Feb 2011 - Agst 2014
2		Irman Alvian Zahiruddin	-	-	-	-	-

MESOP Phase I

No	Description / Name		Number of Shares Owned (Shares)	Number of Options		Option Price (Rp.)	Period
				Given (Shares)	That Has Been Executed (Shares)		
3		Mansyur Syamsuri Nasution	-	-	-	-	-
4		Iman Nugroho Soeko	-	-	-	-	-
5		Sis Apik Wijayanto	-	-	-	-	-
6		Adi Setianto	-				
7		Sulis Usdoko	-	138.500	138.500	855,00	Feb 2011 - Agst 2014
8		Oni Febriarto R.	-	65.000	65.000	855,00	Feb 2011 - Agst 2014
1	Executive Officer		7.430.600	6.925.500	6.925.500	855,00	Feb 2011 - Agst 2014
2	Employee		-	136.751.500	136.751.500	855,00	Feb 2011 - Agst 2014

MESOP Phase II

No	Description / Name		Number of Shares Owned (Shares)	Number of Options		Option Price (Rp.)	Period
				Given (Shares)	That Has Been Executed (Shares)		
1	Board of Commissioners	Arie Coerniadi	-	-	-	-	-
2		Kamaruddin Sjam	-	-	-	-	-
3		Lucky Fathul Aziz Hadibrata	-	-	-	-	-
4		Catherinawati Hadiman	-	-	-	-	-
5		Fajar Harry Sampurno	-	-	-	-	-
6		Sumiyati	-	-	-	-	-
1	Board of Directors	Maryono					

MESOP Phase II

No	Description / Name		Number of Shares Owned (Shares)	Number of Options		Option Price (Rp.)	Period
				Given (Shares)	That Has Been Executed (Shares)		
2		Irman Alvian Zahiruddin	3.991.000	855,500	855,500	1.297,44	Feb 2012 - Agst 2015
3		Mansyur Syamsuri Nasution	-	-	-	-	-
4		Iman Nugroho Soeko	-	-	-	-	-
5		Sis Apik Wijayanto	-	-	-	-	-
6		Adi Setianto	-				
7		Sulis Usdoko	-	109.000	109.000	1.297,44	Feb 2012 - Agst 2015
8		Oni Febriarto R.	-	51.000	51.000	1.297,44	Feb 2012 - Agst 2015
1	Executive Officer		7.430.600	5.467.500	5.467.500	1.297,44	Feb 2012 - Ags 2015
2	Employee		-	102.442.500	102.442.500	1.297,44	Feb 2012 - Agst 2015

MESOP Phase III

No	Description / Name		Number of Shares Owned (Shares)	Number of Options		Option Price (Rp.)	Period
				Given (Shares)	That Has Been Executed (Shares)		
1	Board of Commissioners	I Wayan Agus Mertayasa	-	-	-	-	-
2		Arie Coerniadi	-	-	-	-	-
3		Kamaruddin Sjam	-	-	-	-	-
4		Lucky Fathul Aziz Hadibrata	-	-	-	-	-
5		Catherinawati Hadiman	-	-	-	-	-
6		Fajar Harry Sampurno	-	-	-	-	-
7		Sumiyati	-	-	-	-	-
8		Imam Sugena	-	-	-	-	-
1	Board of Directors	Maryono					

MESOP Phase III

No	Description / Name	Number of Shares Owned (Shares)	Number of Options		Option Price (Rp.)	Period
			Given (Shares)	That Has Been Executed (Shares)		
2	Irman Alvian Zahiruddin	3.991.000	828,500	828,500	1.098,36	Feb 2013 - Agst 2016
3	Mansyur Syamsuri Nasution	-	-	-	-	-
4	Iman Nugroho Soeko	-	-	-	-	-
5	Sis Apik Wijayanto	-	-	-	-	-
6	Adi Setianto	-	-	-	-	-
7	Sulis Usdoko	-	108.500	108.500	1.098,36	Feb 2013 - Agst 2016
8	Oni Febriarto R.	-	54.500	54.500	1.098,36	Feb 2013 - Agst 2016
9	Handayani	-	-	-	-	-
10	Catur Budi Harto	-	-	-	-	-
1	Executive Officer	7.430.600	5.566.500	5.566.500	1.098,36	Feb 2013 - Agst 2016
2	Employee	-	102.367.500	102.367.500	1.098,36	Feb 2013 - Agst 2016

Highest and Lowest Salary Ratio

Related to remuneration, the Company attempts to avoid too much gap. The ratio for highest and lowest salary during 2016 is as follows:

Highest and Lowest Salary Ratio 2016

DESCRIPTION	2014 Ratio	2015 Ratio	2016 Ratio
Highest and lowest Employee salary	19.82 : 1	17.15 ; 1	18.85 ; 1
Highest and lowest Director salary	1.11 : 1	1.1 : 1	1.11 ; 1
Highest and lowest Commissioner salary	1.11 : 1	1.1 : 1	1.11 ; 1
Highest Director salary and Highest Employee salary	2.86 : 1	2 : 1	2.70 ; 1

Number of Employee affected by layoffs and total severance paid; PPST 2016

No.	Severance per Person in 1 (one) year	Number of Employees
1.	Above IDR 1 billion	0
2.	Between IDR 500 million – 1 billion	9
3.	Below IDR 500 million	7

Total Suspended Remuneration

Suspended Remuneration	
Cash	Share/share-based instrument
NIL	NIL

Total Suspended Remuneration Paid in 1 year

Variable remuneration policy for remuneration that are suspended and paid during 1 year has not been implemented yet in respect of the Company's new policy on Remuneration Governance Policy that is in accordance with POJK No. 45 year 2015 in late December 2016.

Quantitative Information of Other Remuneration

There is no quantitative information on other remuneration considering the remuneration policy for MRT is not implemented yet and remuneration regulations in accordance with POJK 45 were published in late December 2016.

Number of recipients and total amount of variable remuneration guaranteed unconditionally, provided by the Company for Directors, Board of Commissioners' candidate, and/or prospective Employee for 1 (one) year

The Company does not have unconditional variable remuneration policy because the variable remuneration is granted based on performance assessment which is based on the Company's policy about Performance Management System.

SHARIA BUSINESS UNIT (UUS) MANAGEMENT

THE IMPLEMENTATION OF COMPANY'S UUS GOOD CORPORATE GOVERNANCE IS NOT ONLY INTENDED TO GAIN COMPANY MANAGEMENT THAT IS SUITABLE WITH FIVE BASIC PRINCIPLES AND SHARIA PRINCIPLES, BUT ALSO INTENDED FOR BROADER INTERESTS. THESE INTERESTS COMPRISED OF PROTECTING STAKEHOLDERS' INTEREST AND INCREASING COMPLIANCE TOWARDS PREVAILING RULES AND LEGISLATIONS AS WELL AS THE COMPANY'S GENERAL ETHICAL VALUES IN EFFECT.

INTRODUCTION

The implementation of company's good corporate governance is based on five basic principles, that is:

1. **Transparency**
Openness in expressing relevant and material information and also openness in decision making process.
2. **Accountability**
Explication of bank organization's functions and implementation of responsibilities to ensure effective management process.
3. **Responsibility**
Compatibility between bank administrator and regulated constitution that applies and wholesome bank management principles.
4. **Professional**
Possessing competency, ability to act objectively and exempted from influence/pressure of

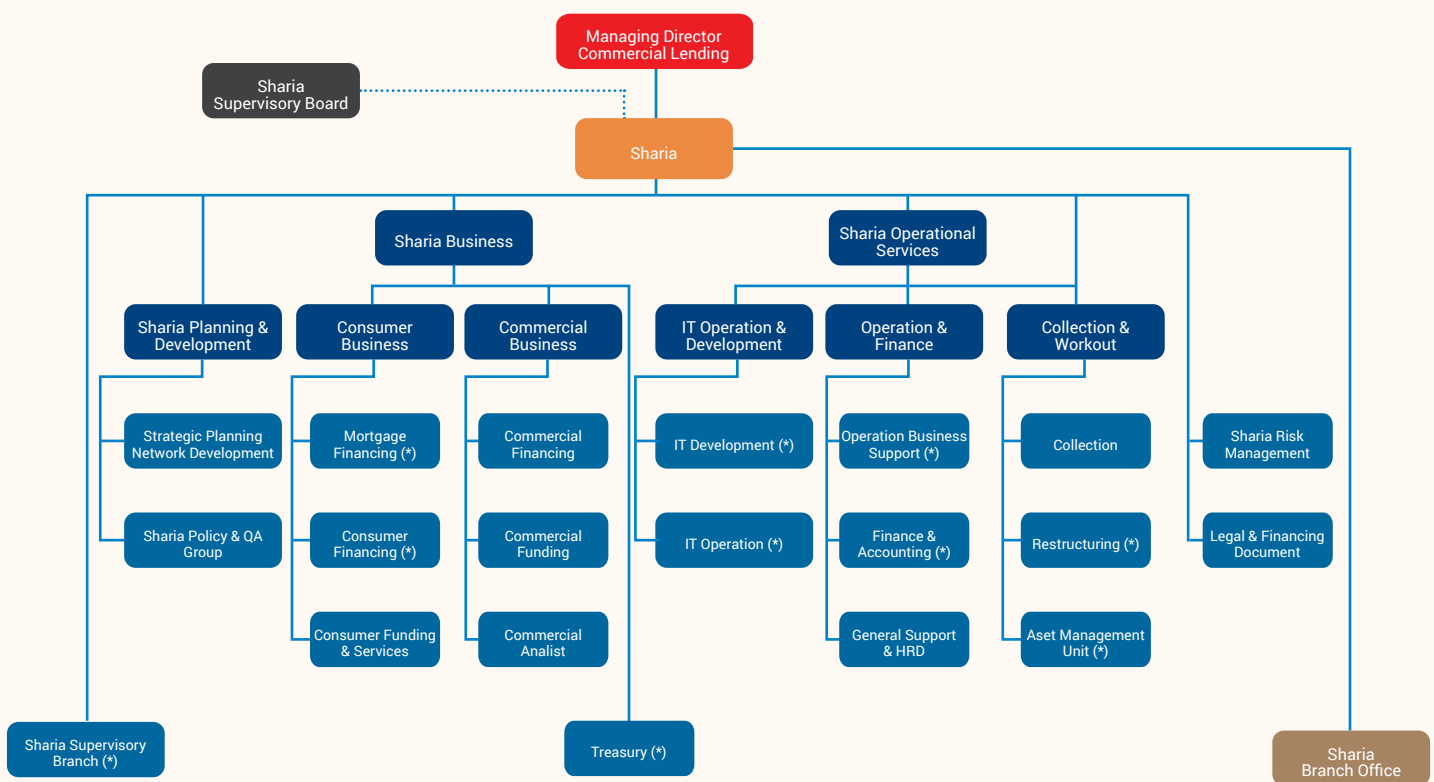
any independent party and possessing high commitment in developing sharia banking.

5. **Fairness**
Fairness and equality in meeting stakeholders' rights based on the agreement of the regulated constitution in effect.

The implementation of company's UUS Good Corporate Governance is not only intended to gain company management that is suitable with five basic principles and sharia principles, but also intended for broader interests. These interests comprised of protecting stakeholders' interest and increasing compliance towards prevailing rules and legislations along company's general ethical values in effect more specifically in sharia banking industry.

SHARIA BUSINESS UNIT STRUCTURE

The management of company's UUS is implemented in company's organizational structure specifically Sharia Division with the following organizational structure:



DIRECTOR OF SHARIA BUSINESS UNIT (UUS)

Roles of Director of Sharia Business Unit

Director of Sharia Business Unit (UUS) is responsible in affirming the implementation of GCG principles that have been executed in every business activity carried out by company UUS within all level of organization. The implementation of GCG principles is carried out by the means of sharia risk management planning, follow up on recommendations as a result of inspection by Sharia Inspector Board, Bank Indonesia's inspection results, internal and external audit findings.

The Company's Director of Sharia Business Unit (UUS) has fulfilled competency and decency requirements in accordance to Bank Indonesia Regulation Number 14/6/PBI/2012 on Fit and Proper Test of Sharia Bank and Sharia Business Unit. Article 44 states that Director of Sharia Business Unit (UUS) is obligated to possess a competency in sharia banking field and commitment toward UUS development. Meanwhile article 46 Paragraph (3) regulates that UUS Potential Director is obligated to perform fit and proper test that is applicable to Conventional Commercial Bank.

The responsibility of Director of Sharia Business Unit (UUS) focuses on UUS management implementation in accordance to precautionary principles and Sharia Principles that is based on Company Basic Budgeting by applying precautionary principles, Sharia principles, and GCG.

Head of Sharia Division

In executing Company's UUS operational activities, Director of Sharia Business Unit (UUS) is supported by Sharia Head of Division. Based on The Company's Job Description Guidelines (Buku Pedoman Perusahaan Uraian Jabatan Bank), the tasks and authorities of Head of Sharia Division consist of:

1. Establishing work plan suggestion and work field budgeting in accordance with prevailing rules and legislations.

2. Ensuring strategy planning process for BTN Sharia Business Unit.
3. Ensuring the composition of policies related to BTN Sharia Business Unit.
4. Ensuring secretary function of Sharia Supervision Council.
5. Ensuring the implementation of operational activities and performance of Sharia Business Unit.
6. Managing and controlling risk within its authority.
7. Implementing GCG on every work unit.

SHARIA SUPERVISION COUNCIL

Sharia Supervision Council, hereinafter referred to as DPS, is a council which provides advices and suggestions to Board of Directors and supervises the activities of Sharia Business Unit (Unit Usaha Syariah/ UUS) to have them aligned with sharia principles. DPS is elected and dismissed by Sharia Financial Institution through general meeting of stockholders following the recommendation from National Sharia Board of Indonesian Council of Ulema (DSN-MUI).

In running the activities of UUS, The Company is supervised by Sharia Supervision Council, a council providing advices and suggestions to Board of Directors and supervising the activities of UUS to have them aligned with sharia principles as set forth in Regulation of Bank Indonesia Number 15/14/Pbi/2013 on Revision of Regulation of Bank Indonesia Number 11/10/Pbi/2009 on Sharia Business Unit. All products of fund, financing, and services of The Company's Sharia Business Unit shall be approved by DPS in order to guarantee their conformity and compliance to the provisions of sharia principles.

The provisions on The Company's DPS are, among others, regulated in:

- Law Number 21 of 2008 on Sharia Banking dated July 16th 2008.

- Regulation of Bank Indonesia Number 11/10/Pbi/2009 on Sharia Business Unit as amended in Regulation of Bank Indonesia Number 15/14/Pbi/2013;
- Regulation of Bank Indonesia Number 11/33/PBI/2009 on the implementation of Good Corporate Governance for Sharia Commercial Bank and Sharia Business Unit.
- Decree of the Board of Directors Number 02/KD/DIR/SPMD/2015 Organizational Structure of the Headquarter of PT. Bank Tabungan Negara (Persero) Tbk.
- The Company's Articles of Association

DPS CONDITIONS

DPS conditions are in accordance to Regulation of Bank of Indonesia Number 11/10/PBI/2009 on Sharia Business Unit as stated on Regulation of Bank of Indonesia Number 15/14/PBI/2013, amongst them are:

- a. Integrity that consists of outstanding character and moral and has commitment to comply to healthy and sustainable sharia banking conditions; and is not included on Appropriateness and Feasibility List as regulated on the conditions of fit and proper test that is established by Bank of Indonesia;
- b. Competency that consists of at least the knowledge and experience in sharia mu'amalah field and banking field and/or financial in general;
- c. Financial reputation that states the company to be free from blacklist for suspended credit, has never stated for bankruptcy or become a stock holder, Commissioner Board member, or Management member of a company and/or member of a business institution that has deemed guilty in causing a company that has been announced bankruptcy, in the span of 5 years before positioning.

DPS APPOINTMENT AND DISCHARGE

The DPS appointment and discharge process is in accordance with Bank Indonesia Regulation Number 11/10/PBI/2009 on Sharia Business Unit that has been altered accordingly to Bank Indonesia Regulation Number 15/14/PBI/2013, amongst them are:

- a. The potential members of DPS must have earned a recommendation of National Sharia Board-MUI
- b. The potential members of DPS is obligated to earn approval from OJK
- c. The potential members of DPS that have gained approval from OJK are appointed by company through RUPS;
- d. Discharge and resignation of a DPS member is reported by UUS to OJK.

DPS NUMBER AND COMPOSITION

The Company's DPS has three personnel, consisting of 1 (one) head and 2 (two) members, hence the composition of Sharia Supervision Council of The Company's Sharia Business is as follows:

Name	Position
Drs. H. A. Nazri Adlani	Head
Dr.H.Mohamad Hidayat, MBA, MH	Member
Ir. H. Muhammad Syakir Sula, AAIJ, FIIS	Member

DPS PROFILES

Brief profiles of DPS/Sharia Supervisor Board have been stated on the chapter of DPS Profiles within this year's report.

Guidelines of DPS's Works, Tasks, and Responsibilities

In accomplishing its tasks and responsibilities, DPS refers to Regulation of Bank Indonesia Number 1/33/PBI/2009 on the implementation of Good Corporate Governance for Sharia Commercial Bank and Sharia Business Unit.

DPS has the tasks and responsibilities to provide advises and suggestions to the Director of UUS as well as to supervise the activities of UUS so that they adhere to the sharia principles. Tasks and responsibilities of DPS consist of:

1. Evaluate and ensure the fulfillment of Sharia Principles in the Operational Guidelines and products issued by the Bank;

2. Supervise the development process of the Bank's new products to have it aligned with fatwa (religious decision) of National Sharia Council – Indonesian Council of Ulema;
3. Provide sharia opinions on new products and/or restructured financing
4. Request fatwa from National Sharia Council – Indonesian Council of Ulema for the Bank's new products for which any fatwa is not yet available;
5. Periodically review the fulfillment of Sharia Principles in the mechanisms of fund Collection and fund disbursement as well as services provided by the Bank;
6. Request sharia aspects-related data and information from the Bank's work unit in order to accomplish its tasks.

In 2016, Sharia Supervision Council of The Company's Sharia Business has issued ten (10) opinions pertinent to the implementation of sharia compliance listed below, based on the Minutes of Meeting of DPS with The Company's Sharia Business Unit in 2016:

No	Date	Subject	Bank Operational Activity
1	January 7th 2016	Review of the imposition of fine (ta'zir and ta'widh) in a Cooperation Agreement with PT Anugrah Laskar Pratama	Fund Disbursement
2	February 17th 2016	Discussion on Sharia General Policies related to the Company's Governance of Risk Management Division to have it aligned with the sharia principles	Supporting
3	March 3rd 2016	Discussion on clearing account product of BTN iB with Operational Development Program and Virtual Account of BTN's Sharia Business Unit, both the utilized agreement and its implementation mechanisms	Fund Collection
4	March 23rd 2016	Discussion on Soft Financing for BTN's employees and draft of BTN iB Construction Financing Agreement	Fund Disbursement
5	April 20th 2016	Features and services of BTN iB Golden Saving and BTN Housing iB Saving	Fund Collection
6	April 27th 2016	Discussion on the financing of Al-Azhar Memorial Garden Cemetery for which it was concluded that there had been no issue against the sharia principles	Fund Disbursement
7	June 29th 2016	Finalization of DPS' opinions on the product of BTN Gold iB Saving	Fund Collection

No	Date	Subject	Bank Operational Activity
8	July 27th 2016	Discussion on Musyarakah Mutanaqisah Financing (MMQ)	Fund Disbursement
9	October 6th 2016	<ol style="list-style-type: none"> 1. Billing Service Management Patterns and Clarification on the Issues of Billing Service Customers 2. Implementation of Income Smoothing for Customers of the Third Party's Fund 3. Related to the fee received from the cooperation with business partners of The Company's Sharia Business Unit 	Fund Disbursement, Fund Collection, billing operational of under-performing financing
10	November 9th 2016	<ol style="list-style-type: none"> 1. Use of Mudharabah Muqayyadah agreement in Collection Bound Investment Fund; 2. Addition of agreement types and additional feature line facility in BTN iB Investment financing; 3. Income Smoothing Implementation Plan on Profit Sharing of The Third Party's Fund Customers. 	Fund Disbursement, Fund Collection

Frequency and Methods in Providing Advices and Suggestions as well as Supervision to the Fulfillment of Sharia Principles

Company's DPS has executed its tasks by providing advices and suggestions for Director of Sharia Business Unit (UUS) and also monitoring UUS activities in accordance to Sharia Principles as stated on Minutes of Meeting and DPS Report of Supervision Result. Supervision over UUS operations implemented towards existing products, as follows:

No	DPS Supervision Activities	Supervision Mechanisms	Frequency
1	Evaluate and ensure the fulfilment of Sharia Principles in the Operational Guidelines and products issued by the Bank.	Provide opinions on draft of policies and SOP of new products in DPS meetings.	Optional depending on product proposals from 2016 Realization Sharia Business Unit: 2 products (Gold iB BTN Saving and iB BTN Property Financing)
2	Supervise the development process of the Bank's new products to have it aligned with fatwa of National Sharia Council – Indonesian Council of Ulema.	Provide opinions on draft of policies and SOP of new products in DPS meetings.	Optional depending on product proposals from 2016 Realization Sharia Business Unit: 2 products (Gold iB BTN Saving and iB BTN Property Financing)
3	Periodically review the fulfilment of sharia principles in the mechanisms of fund Collection and fund disbursement as well as services provided by the Bank.	Conduct a sampling of sharia principles implementation in Sharia branch offices and submit the sampling report to the Director of Sharia and the Director of Compliance.	Minimum 6 Sharia branch offices, realization up to Desember 2016: 8 Sharia branch offices

No	Dps Supervision Activities	Supervision Mechanisms	Frequency
4	Request sharia aspects-related data and information from the Bank's work unit in order to accomplish its tasks.	Conduct DPS regular meetings.	Annual meeting schedule of 24 meetings, realization up to DEsemer 2016, 19 times
5	Submit the Report of DPS Supervision Results each semester to the regulator (Financial Service Authority/OJK)	Compile the Report of DPS Supervision each semester for OJK copied to the Director of Sharia and the Director of Compliance.	Twice a year, realization in 2016 once (Semester 2 report in 2015 and Semester 1 Report in 2016)

DPS MEETINGS

DPS Meeting's Policies

The policies regarding with DPS Meeting's execution is in accordance to Bank Indonesia Regulation Number 11/33/PBI/2009 dated December 7th 2009 on The Implementation of Good Corporate Governance for Sharia Common Bank and Sharia Business Unit, in practice DPS meeting is scheduled periodically twice per month. All decisions taken during DPS meeting is deliberate and absolute. Minutes of Meeting is signed by all DPS members in attendance and also documented properly. The result of DPS meeting is utilized as information for Company's UUS business decisions.

Meeting Frequency and Attendance

In 2015, DPS has held 19 (nineteen) meetings with the attendance rate as follows:

No.	Name	Number of meetings	Attendance
1	Drs. H. A. Nazri Adlani	19	18
2	Drs. H. Mohamad Hidayat, MBA. MBL	19	19
3	Ir. Muhammad Syakir Sula, AAIJ. FIIS. QIP	19	18

These DPS meetings were held as one of the ways to implement the functions and responsibilities of DPS in providing sharia opinions for new products, evaluating and ensuring the fulfilment of sharia principles in the operational guidelines and products as well as requesting data and sharia aspects-related information from the work unit.

DPS COMPETENCE DEVELOPMENT

The Company keeps developing the competence of its staff. In order to support the implementation of DPS' tasks, in 2016, members of The Company's DPS have participated in various training programs, workshops, conferences, seminars including:

Name	Position	Development Program
Drs. H. Ahmad Nazri Adlani	Head	Ijtima Samawi (Sharia Forum held by National Sharia Council/DSN) in Jakarta, on 8 - 9 December 2016
Drs. H. Mohamad Hidayat, MBA. MBL	Member	Ijtima Samawi (Sharia Forum held by National Sharia Council/DSN) in Jakarta, on 8 - 9 December 2016
Ir. H Muhammad Syakir Sula, AAIJ, FIIS	Member	Ijtima Samawi (Sharia Forum held by National Sharia Council/DSN) in Jakarta, on 8 - 9 December 2016

MULTIPLE POSITIONS OF SHARIA SUPERVISION COUNCIL

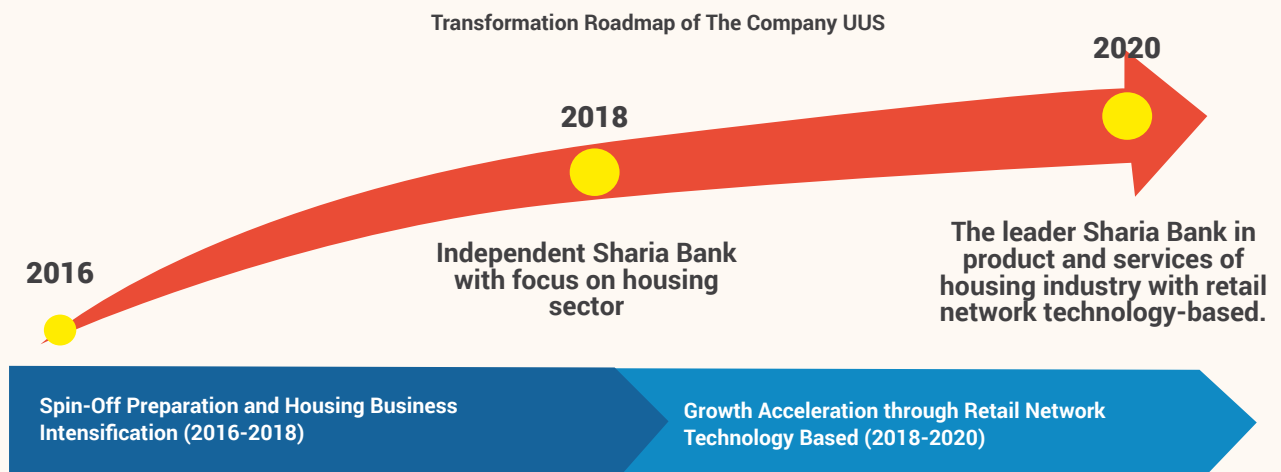
Details of multiple positions of the members of DPS are as follows:

No.	Name	Multiple positions
1	Head, Drs. H. Ahmad Nazri Adlani	<ol style="list-style-type: none"> DPS UUS The Company DPS Mega Finance DPS UUS Asuransi Sinar Mas
2	Member, Drs. H. Mohamad Hidayat, MBA. MBL	<ol style="list-style-type: none"> DPS UUS The Company DPS Bank Syariah Mandiri DPS PT. Allianz Life Indonesia DPS UUS Bringin Life
3	Member, Ir. H Muhammad Syakir Sula, AAIJ, FIIS	<ol style="list-style-type: none"> DPS UUS The Company DPS Panin Life Syariah DPS Asuransi Central Asia Raya Syariah DPS Asuransi Nasional Re Syariah

UUS STRATEGIES AND POLICIES IN 2016

In order to protect the stability of UUS financial performance, the Company applies several developmental strategies in Sharia business, which is:

1. Considering historical factors, competency, existing business potential, regulation, and the role that has been played by The Company in national growth, then The Company UUS as Sharia Bank Business Unit that focuses on achieving its goal in 2020 to become front runner in Sharia banking in providing housing industry products and services through retail network based on technology with following transformation program:



2. Strategic steps that would be carried out by Bank
 - 2.1 Phase 1 Transformation Spin off Preparation and Housing Business Intensification (2016-2018) is as follows:
 - a. Composing a fully dedicated team to prepare for all the steps of spin off with the guidance of a consultant.
 - b. Complete offering for end-to-end housing value chain.
 - c. Strengthening of CASA strategy, cross-selling and institutional cooperation activation.
 - d. Network intensification through KLS by allocating SDI Sharia specialized.
 - e. Spin off becoming BUS through capital preparation, risk management, and legal compliance.
 - f. Organization restructuring and SDI, work culture transformation towards BUS.
 - g. Strengthening through review over business process, SOP, and IT.
 - h. Mirroring product feature completion and service, operational and host bank infrastructure.
 - i. Big data management as competitive advantage.

2.2 Phase 2 Transformation of Growth Acceleration through Retail Network Technology Based (2018-2020) is as follows:

- a. Product and service based on technology for consumerism and commercial segments.
- b. Enhancement of national coverage and branch productivity.
- c. Enhancement of capital through investor strategy or the release of Sharia capital market instrument.
- d. Capacity and capability building SDI.
- e. Enhancement of technology application (IT, MIS, digitalization) for customized product and service.
- f. Strengthening alternative network, branchless banking and e-channel.

In addition, Company's UUS has also some policies that regulate Company's UUS business, they are:

1. Granting special Ratio for BTN iB Giro Customer within certain nominal.
2. Allotment of License of Execution Principles for Administration Techniques (Document Management) and Commercial Funding.
3. Allotment of License of Execution Principles for Business Monitoring Techniques, Collateral and Commercial Funding Legality.
4. Alternation of Check Design and Transfer Form to increase the security of transfer withdraw though check and transfer form.
5. Rewarding third parties for Funding Target Achievement in 2016.
6. Allotment of authority to cut funding margin.
7. Approval for authority of cutting down Giro ODP (Operational Development Program) BTN iB.
8. The execution of KPR BTN Sejahtera iB in 2016.
9. Top up policy for Existing Customers of KPR BTN iB.
10. Policy regulated for Second Hand Vehicle Purchase Funding of BTN iB.
11. Promotional Margin policy of KPR BTN iB specifically for public company's employees.
12. Fee Marketing policy of KPR BTN iB.
13. Third Party Funding Enhancement Program per semester.
14. Allotment of Incentive Program for Third Party Funding Enhancement per semester.

LIST OF UUS CONSULTANT AND ADVISOR

Throughout the year 2016, The Company UUS did not collaborate with any consultant.

NON-HALAL INCOME AND THE UTILIZATION

Company's non halal income in 2016 comes from bank accounts' interests in Conventional Banks. The analysis is shown in the following table:

No	Description	Fund
1	Starting Balance (Periode January 2016)	5
2	Source of Fund	
	- Non Halal Income	245
	- Others	
	Amount	245
3	Realization	
	- Loan Disbursement for Qardhul Hasan	
	- Other Disbursement for Public Needs	239
	Amount	239
Ending Balance (Period December 2016)		11

UUS LEGAL ISSUES

In 2016, all civil and criminal legal issues faced by Company's UUS and have been processed legally, are as following:

Legal Issues	Civil	Criminal
Completed (permanent legal power)	5	-
In progress	8	-
Total	13	-

UUS INTERNAL IRREGULARITIES REPORT

In resolving the legal issues experienced by Company's UUS, discussion must be prioritized in dealing with customer's complaints. But, if the issue cannot be solved through discussion, Company's UUS and customer would come to an agreement to use arbitrary option or through the judiciary based on legal regulations applied and in accordance to sharia principles.

UUS INTERNAL FRAUD REPORT

In order to decrease internal fraud that is carried out by management, permanent employee, and honorary and outsourcing employees related to the work process and company's operational activities that may affect work condition significantly, company has to execute all prevention measurement towards the possibility of internal fraud that is carried out by the company's employees.

In 2016, deviation/fraud related to work process and UUS operational activities can be explained by this following table:

<i>Internal Fraud</i>	The number of cases committed by					
	Management		Permanent Employee		Contract Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Number of internal fraud	-	-	1	2	-	-
Resolved	-	-	1	-	-	-
In process of internal resolution	-	-	-	-	-	-
Resolution not finalized	-	-	-	-	-	-
Has been forwarded for legal process	-	-	2	-	-	-

REMUNERATION POLICY AND SHARIA INSPECTOR BOARD FACILITIES

Other remuneration policy and facilities for DPS are as following:

1. Other remuneration policy and facilities for DPS members that are set by Bank RUPS are: salary and bonus.
2. The type of remuneration and other facilities for all DPS members, the total amount of remuneration policy and other facilities are:

Table: Remuneration and Other Facilities for Sharia Supervisory Board

No	Total Remuneration and Other Facilities	Total received in 1 year	
		Persons	Million Rupiah
1	Remuneration	3	850
2	Other Facilities	-	-
	Received	-	-
	Not Received	-	-

The number of DPS members who receive remuneration in one year, classified based on the range of income, is as follows:

Tabel: Group Total Remuneration

Total Remuneration Per Person in 1 year	Number of Supervisory Board
Above IDR 2 billion	-
Above IDR 1 billion – IDR 2 billion	-
Above IDR 500 million – IDR 1 billion	3 Persons
Below IDR 500 million	-

THE IMPLEMENTATION OF COMPLIANCE TOWARDS SHARIA PRINCIPLES

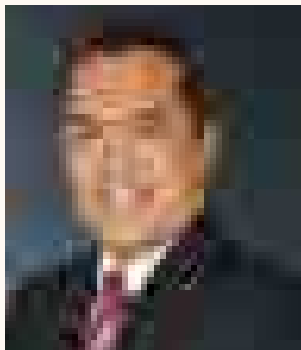
As stated on Bank Indonesia Regulation Number 13/2/PBI/2011 dated January 12th 2011 on the implementation of bank's compliance function, the Company through Compliance Director has carried out coordination meeting with Sharia Inspector Board two times in June and December 2016, in order to ensure the implementation of compliance towards Sharia principles.

CORPORATE SECRETARY

CORPORATE SECRETARY IS IN CHARGE TO ENSURE THE DELIVERY OF THE INFORMATION IN THE COMPANY IN A TIMELY AND ACCURATE MANNER TO ALL THE STAKEHOLDERS. CORPORATE SECRETARY HAS AN IMPORTANT ROLE IN CREATING GOOD COMMUNICATIONS BETWEEN THE COMPANY AND THE SHAREHOLDERS AND OTHER STAKEHOLDERS

CORPORATE SECRETARY PROFILE

The Company's Corporate Secretary is currently held by Eko Waluyo since April 1st 2015, based on Decree No. 233/DIR/2015 dated April 22nd 2015 on the Official Appointment as Corporate Secretary of PT Bank Tabungan Negara (Persero) Tbk. Below is the profile summary of the Corporate Secretary:



Eko Waluyo

Born in Temanggung, currently aged 45. Live in Bekasi. He finished his Bachelor degree in the field of Accounting, in Universitas Gadjah Mada (UGM) in 1995, and earned a Master of Management (MM) in finance from Universitas Gadjah Mada (UGM) and University of Kentucky USA in 2004. Prior to serving as Corporate Secretary, he held various positions in the Company, among others are Department Head Investor Relation (2013-2015), Manager Investor Relation (2011-2013), Manager Investor Communication (2010-2011), and Head of Mortgage Security Team (2006-2010). He was a Deputy Manager of Risk Management in PT Sarana Multigriya Finansial (2006) and Young Auditor in The Audit Board (BPK) (2006-2007).

Competence development attended are: Financial Risk Management Competence Certification Level 1, 2, 3, and 4 by Institute of Banking Professional Certification (LSPP) (2011, 2012, and 2014), Workshop ASEAN Corporate Governance Scorecard, Indonesian Institute for Corporate Directorship (IICD), Jakarta (2015), Roles and Function of Board of Commissioners/Supervisory Board Workshop, BUMN, State Ministry for State-Owned Enterprises, Bandung, Indonesia (2015), The First Asean Marketing Summit, Markplus Institute, Jakarta (2015), Investor Relations Masterclass, Executive Workshop the Investor Relations Society, United Kingdom (UK) (2013), The 1st Corporate Secretary Leadership Forum, United Company Press (SPS), Bangkok, Thailand (2015), as well as The Workshop Making Small-Scale Savings Work for Everyone in a Digitised World, The World Savings Bank Institute (WSBI), Washington DC, USA (2015).

CORPORATE SECRETARY COMPETENCY DEVELOPMENT PROGRAM 2016

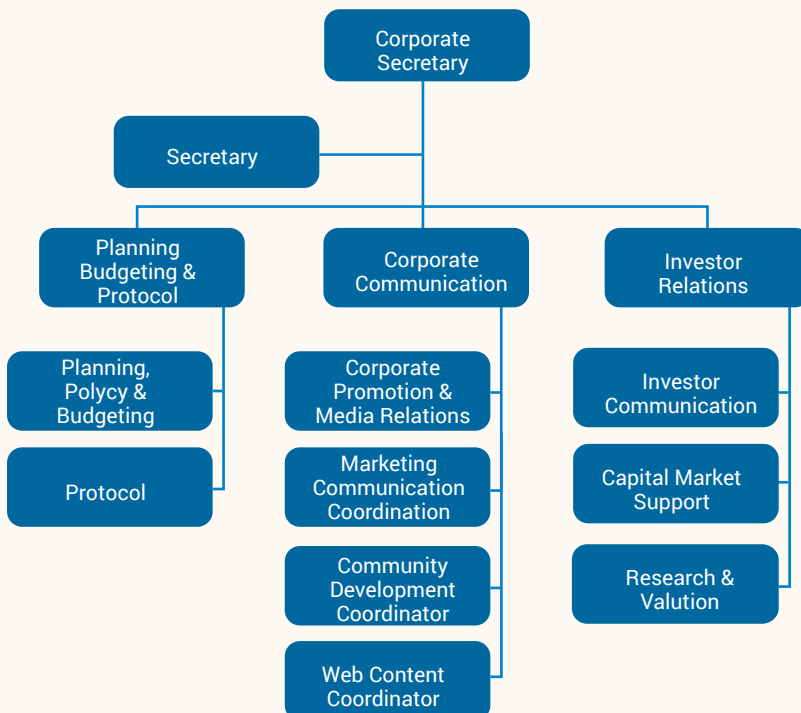
Corporate Secretary has attended various training/seminar/workshop to carry out his/her duty, namely:

Corporate Secretary Competency Development Program 2016

Name	Organizer	Place and Date
SESPIBANK Angkatan 64 Tahun 2016	LPPI	Jakarta and Germany, March 18th – May 13th 2016
<i>Socialization of AFI KPKU BTN Senior Leader</i>	The Company	Jakarta, June 3rd 2016
<i>Training to be Top 50 Team Asean CG Scorecard 2016</i>	IICD	Batam, 18 – 20 Agustus 2016
<i>The International Certificate in Investor Relations (ICIR)</i>	<i>Investor Relations Professionals Association Singapore (IRPAS)</i>	Jakarta and Singapore, September 20th 2016

CORPORATE SECRETARY STRUCTURE

Corporate Secretary is assisted by Manager/Senior Manager who oversees work unit Investor Relations, Corporate Communication, and Planning, Budgeting, and Protocol. Corporate Secretary is responsible to the President Director on the execution of their duties. The structure of The Company's Corporate Secretary is as follows:



CORPORATE SECRETARY'S DUTIES AND RESPONSIBILITIES

In carrying out his/her duties, Corporate Secretary referred to the OJK Regulation No. 35/POJK.04/2014 dated December 8th 2014 on Secretary of Public Listed Company, which is as follows:

1. To follow the development of rules and legislations in the field of capital market;
2. To provide suggestion to the Company's Board of Directors and Board Of Commissioners to adhere to the rules and regulations in the field of capital market;
3. To assist Board of Directors and Board of Commissioners in the implementation of corporate governance, which includes the following aspects:
 - a. Information disclosure to the public, as well as the availability of information on the public website or public company;
 - b. Submission report to the Financial Services Authority in a timely manner;
 - c. Management and documentation of General Meeting of Shareholder's;
 - d. Management and documentation of Board of Directors and/or Board of Commissioners Meeting;
 - e. Orientation program implementation for Board of Directors and/or Board of Commissioners;
 - f. As a liaison between the Company and the public shareholders or public company, Financial Services Authority, and other stakeholders.

CORPORATE SECRETARY DUTY IN 2016

The realization of duties and responsibilities undertaken by the Corporate Secretary during 2016 were as follows:

1. Socializing the capital market development to Board of Directors and Board of Commissioners which includes:
 - a. New rules or regulations to be socialized or policies updated by Corporate Secretary, such as:

Regulation	Socialization to the Board of Directors
POJK Socialization No. 30, 31, 55, and 60 year 2015	Memo No. 113/M/CSD/IR/I/2016 dated January 22nd 2016
Socialization of POJK No. 45/POJK.03/2015	Memo No. 493/M/CSD/IR/IV/2016 dated April 4th 2016
Change in the Equity Price Fraction	Memo No. 668/M/CSD/IR/V/2016 dated May 13th 2016
Circular Letter of OJK No. 14/SEOJK.03/2016 on Commercial Banks Opening Office Based on Main Capital	Memo No. 692/M/CSD/IR/V/2016 dated May 19th 2016
Assessment of Republic of Indonesia Ministry of State-owned Enterprises Regulations No. PER-02/MBU/06/2016 on Amendment on Ministry of State-owned Enterprises Regulations no. 04/MBU/2014 on Guideline of Income Stipulation on Board of Directors, Board of Commissioners, and Board of Supervisors.	Memo No. 1179/M/CSD/IR/VIII/2016 dated August 30th 2016

Regulation	Socialization to the Board of Directors
Review of the Most Recent OJK Regulation No. 29/POJK.04/2016 on Public Annual Report and OJK Circular Letter No. 30/SEOJK.04/2016 on Format and Content of Public Annual Report	Memo No. 1267/M/CSD/IR/IX/2016 dated September 20th 2016
Socialization of POJK No. 27/POJK.03/2016 and OJK Circular Letter No. 39/SEOJK.03/2016 on Fit and Proper Test for Prospective Controlling Shareholders, Candidates of Board of Directors and Board of Commissioners	Memo No. 1814/M/CSD/IR/XII/2016 dated December 23rd 2016

- b. Progress of the Company's share, including unusual market activities. In 2016, the Company's Shares Progress Reports were:

Report	Submission to the Board of Directors
BBTN Shares Performance 2015	Memo No. 170/M/CSD/IR/I/2016 dated January 28th 2016
BBTN Volatility Share Movement on the third and fourth week of February 2016	Memo No. 325/M/CSD/IR/II/2016 dated February 26th 2016
BBTN Shares Persists in 5 Index Trading Stock	Memo No. 361/M/CSD/IR/III/2016 dated March 8th 2016
Research Report submission with Target Price Improvement for BBTN Share	Memo No. 515/M/CSD/IR/IV/2016 dated April 6th 2016
BBTN Shares Performance 1st Quarter of 2016	Memo No. 610/M/CSD/IR/IV/2016 dated April 29th 2016
<i>Brexit Impact Analysis Referendum</i>	Memo No. 934/M/CSD/IR/VI/2016 dated June 28th 2016
BBTN Shares Performance 2nd Quarter of 2016	Memo No. 1053/M/CSD/IR/VII/2016 dated July 28th 2016
BBTN Shares Persists in Indonesia Stock Exchange Index	Memo No. 1361/M/CSD/IR/X/2016 dated October 4th 2016
BBTN Shares Performance 3rd Quarter of 2016	Memo No. 1516A/M/CSD/IR/X/2016 dated October 30th 2016
Share Price Development 11-14 November 2016	Memo No. 1612A/M/CSD/IR/XI/2016 dated November 15th 2016

- c. Input, feedback and expectations of investors, analysts and other capital market community on the development of business and performance improvement of The Company, through forum Investor Conference and Non-Deal Roadshow, such as:

Activity Report	Submission to the Board of Commissioners and/or Board of Directors
Report of the Official Travel of the Board of Directors in the event of Communication to Investor	Letter No. 203/DIR/CSD/IV/2016 dated April 4th 2016
Report of the Official Travel of the Board of Directors in the event of Communication to Investor	Letter No. 247/DIR/CSD/IV/2016 dated April 28th 2016
Report of Official Travel in the event of Macquarie ASEAN Conference 2016	Letter No. 698/DIR/CSD/VIII/2016 dated August 31st 2016
<i>Summary and Analysis Feedback for the Company's Performance in the 3rd Quarter of 2016</i>	Memo No. 1563/M/CSD/IR/XI/2016 dated November 9th 2016
Report of the Official Travel of the Board of Directors in the event of Communication to Investor	Letter No. 1050/DIR/CSD/XII/2016 dated December 6th 2016

2. Implementation of a Capital Markets Community Communication Program through public exposure, that is:
- Direct, including: General Meetings of Shareholders, Public Expose, Non Deal Road Show, Investor Conference, Press Conference, 1-on-1 Meetings, Group Meetings, Conference Call, Branch Visits, and Branch Visits.
 - Indirect, including: Annual Report, Financial Report Publication, Press Release, Website, Broadcast Media (TV, Newspaper, Online Media), Social Media, and Emails.

Here are the capital market community communications program conducted by the Company in 2016:

Date	Activity	Place
January 7th 2016	Extraordinary General Meeting of the Shareholders	Jakarta
February 4th 2016	Analyst Meeting for Annual Report 2015 and Press Conference	Jakarta
10 & 12 February 2016	Non Deal Roadshow	Jakarta
15-16 February 2016	Non Deal Roadshow	Singapore
17-18 February 2016	Non Deal Roadshow	Hong Kong
7-8 March 2016	UBS Indonesia Conference	Jakarta
March 10th 2016	CLSA ASEAN Forum	Bangkok
14-18 March 2016	Non Deal Roadshow	USA

Date	Activity	Place
7-8 April 2016	Non Deal Roadshow	Tokyo
April 12th 2016	Annual General Meeting of the Shareholders	Jakarta
13-14 April 2016	Indonesia Investment Day 2016	London & Edinburgh
April 25th 2016	Analyst Meeting for 1st Quarter Financial Report 2016 and Press Conference	Jakarta
May 10th 2016	Citi Indonesia Investor Conference	Jakarta
May 19th 2016	RHB Indonesia Corporate Day	Jakarta
July 25th 2016	Analyst Meeting for 2nd Quarter Financial Report 2016 and Press Conference	Jakarta
August 4th 2016	Public Expose (Investor Summit 2016)	Jakarta
August 12th 2016	CIMB 10th Annual Indonesia Conference	Denpasar
23-24 August 2016	Macquarie ASEAN Conference	Singapore
October 24th 2016	Analyst Meeting for 3rd Quarter Financial Report 2016 and Press Conference	Jakarta
27-28 October 2016	Non Deal Roadshow	Jakarta
1-2 November 2016	dbAccess Indonesia Conference	Jakarta
7-11 November 2016	Non Deal Roadshow	Europe
17-18 November 2016	Morgan Stanley Asia Pacific Summit	Singapore
29 November - 1 December 2016	Citi ASEAN Stars of the Next Decade 2016	Hong Kong

In addition to organizing and participating in the events, in 2016, the Company also serves the demand of meeting, conference call, and site visit from the capital market community, either with the Board of Directors or the Investor Relations unit. The activities are detailed as follows:

	Analysis	Investor		Rating Agency	Site Visit	Total
		Local	Foreign			
Total	58	11	60	5	4	138

3. Disclosure of Information to the Public

In 2016, Corporate Secretary has submitted the disclosure of information to OJK and Exchange amounted to 277 (two hundreds seventy-seven) report (details in Appendix 1). All reports were submitted within the deadline according to applicable regulations, i.e. no later than the end of the 2nd (second) working day after the decision of availability of information or material facts that may affect the value of securities of companies or investors' decisions.

In addition to the above information disclosure reports, the Corporate Secretary also coordinates the routing of explanations if there are any questions or requests on the Exchange reports related to the Company or BBTN stock transactions. In accordance with the Exchange Rules No. I-E, the Listed Company shall provide a written response to things that are questionable to the Exchange, no later than 3 (three) Trading Days after receipt of the request for explanation the Exchange conveyed by the Exchange via facsimile or other delivery media. But, during 2016, the Company did not get any request from the Exchange.

4. Public Information Access Improvement

Communication with the Company's stakeholders uses a one-door policy, which is coordinated through the Corporate Secretary. The Company always makes it easy for stakeholders to access information. In addition to publications in the mass media, the public also get the information from press releases, the Company's website (www.btn.co.id), as well as social media such as Facebook (BankBTNcoid), twitter (@BankBTNcoid), YouTube (officialBankBTN) and Instagram (officialBankBTN).

The Company consistently improve the quality of information to the public, i.e. by providing Public Information Openness on the Company's website, in order to meet the following requirements:

- a. Government Regulation No. 61 year 2010 dated August 23rd 2010 on the Implementation of Law No. 14 year 2008 on Public Information Openness.
- b. Information Commission Regulation No. 1 year 2010 dated June 7th 2010 on Standardized Public Information Service.
- c. Law of the Republic of Indonesia No. 14 year 2008 dated April 30th 2008 on Public Information Openness.

The result is, the Company succeeded in achieving the 6th position in the category of Public Information Openness 2016 from Centre Information Commission of Republic of Indonesia. This is an increase from last year's position, which is 9th position.

5. Relation with Mass Media

Corporate Secretary always strives to establish good relationship with the mass media, both electronic (TV, radio), printed media (newspapers, magazine), and online media. In 2016, the Corporate Secretary issued 75 (seventy-five) press releases on the development of the performance, the business and operations of The Company, such as:

Press Release in 2016

NO.	PLACE	DATE	PRESS RELEASE
1	Jakarta	7th January 2016	BTN Will Hold 7TH Biggest Bank in Indonesia
2	Jakarta	February 1st 2016	BTN will Manage the Funds for the Nadhlatul Ulama Executive Board (PBNI)
3	Jakarta	February 4th 2016	BTN Transformation to Strive Net Income Growth to 62%
4	Semarang	February 7th 2016	The Company Napak Tilas KPR in Semarang City
5	Jakarta	February 9th 2016	66th Anniversary of BTN, Launching the Digital Lounge Service
6	Jakarta	February 13th 2016	BTN Surpassed the New Credit Disbursement in IPEX 2016
7	Jakarta	February 13th 2016	BTN will Get New Disbursement Credit IDR 1.5 Trillion from IPEX 2016
8	Jakarta	February 15th 2016	Homerun in Harmony BTN will be Held
9	Pontianak	February 16th 2016	Pontianak Became the Target of Savings Program BTN eBATARAPOS
10	Jakarta	February 21th 2016	More than 10,000 People Teeming the Homerun in Harmony BTN
11	Jakarta	March 14th 2016	Strengthen the State-Owned Enterprises Bank Synergies, BRI, Mandiri, BNI, and BTN Inaugurated the Cooperation of National e-Payment Toll
12	Jakarta	March 21th 2016	Pefindo Bolster The Company Rating
13	Jakarta	March 23th 2016	BTN will Manage Ministry of Transportation's Fund
14	Jakarta	April 12th 2016	2016 Optimist Business with Better Growth
15	Jakarta	April 25th 2016	First Quarter Performance 2016, BTN Credit Grew 18,9%
16	Jakarta	April 25th 2016	BTN Pursue Assets Above IDR 500 Trillion by 2019
17	Jakarta	April 28th 2016	Support Indonesia Tourism, The Company Provide 100,000 Homestay
18	Jakarta	May 2nd 2016	BTN-Taspen Synergy Ease PNS & Pensioners Earned KPR
19	Jakarta	May 13th 2016	BTN Starts Drawing Regular Prize for Tabungan Serba Untung
20	Jakarta	May 19th 2016	BTN-BPJS TK Cooperation Potentially Add DPK The Company
21	Jakarta	May 21th 2016	BTN Draws Grandprize for Tabungan Serba Untung
22	Jakarta	May 23th 2016	BTN Gives Appreciation to Stakeholder and Developer
23	Jakarta	May 24th 2016	State-Owned Enterprises Synergic Delivered BTN-Garuda Debit Card
24	Surabaya	May 31th 2016	BTN Launches Gerakan Sejuta Wakaf Nahdliyin
25	Jakarta	June 6th 2016	BTN Lined Up as the Best State-Owned Bank in Human Resources Management
26	Aceh	June 20th 2016	BTN Opened the 23rd Sharia Bank Office in Banda Aceh
27	Jakarta	June 28th 2016	BTN Depart 500 Construction Worker for Homecoming
28	Jakarta	June 30th 2016	Foreseen the Needs for Money during Idul Fitri Holiday, BTN Prepared IDR 29.5 Trillion
29	Jakarta	July 13th 2016	BTN-ITB will Result in 500 Young Entrepreneur in the Property Sector
30	Jakarta	July 15th 2016	National Banking Challenge
31	Jakarta	July 15th 2016	Housing Finance Disbursement

NO.	PLACE	DATE	PRESS RELEASE
32	Jakarta	July 15th 2016	Technology Helps the Bank's Business Performance
33	Sidoarjo	July 17th 2016	BTN Became the Pilot Project for Disbursement of Program Keluarga Harmoni
34	Jakarta	July 20th 2016	Welcoming IPEX 2016, The Company Invites More Than 200 Developers
35	Jakarta	July 20th 2016	BTN Still Got Roles in Tax Amnesty Program
36	Jakarta	July 25th 2016	Semester I 2016, BTN Profit Grew 25.40% into IDR 1,042 Trillion
37	Jakarta	July 26th 2016	BTN will Offer Continuous Obligations Worth IDR 3 Trillion
38	Jakarta	August 2nd 2016	Achieving SMN Program, BTN Invite Students to Study about Ternate
39	Bandung	August 8th 2016	BTN Officially Became the Gateway in Tax Amnesty Program
40	Jakarta	August 9th 2016	BTN Hunt for Repatriation Fund
41	Jakarta	August 13th 2016	Held IPEX 2016, The Company Targeted New Credit IDR 4 Trillion
42	Ternate	August 14th 2016	State-Owned Enterprise is Here for the Country, BTN is Here for Ternate
43	Jakarta	August 19th 2016	BTN is Ready to Support the Tourism Sector Development in Murotai
44	Jakarta	August 19th 2016	BTN Invites Developers and Customers to Support Tax Amnesty
45	Jakarta	August 21th 2016	Form of Loving the Country, PTN Alumni Organization Held Budaya
46	Makassar	August 28th 2016	Successful in Serbu 2015 Program, BTN Launched Serbu 2016 in Makassar
47	Belitung	September 2nd 2016	BTN Supports the Development of Homestay KEK Tourism Indonesia
48	Jakarta	September 9th 2016	BTN is Ready to Achieve National Payment Gateway (NPG)
49	Bandung	September 15th 2016	By Implementing 13th Economic Regulation Package, BTN is Optimistic it Quicken KPR Realization
50	Jakarta	September 19th 2016	Cooperation with Indonesian Workers Union
51	Jakarta	September 27th 2016	Indulging the Customers, BTN Cooperate with GO-JEK
52	Jakarta	September 28th 2016	BTN As the Winner of Annual Report Award 2015
53	Solo	October 1st 2016	Simplifying Transaction of Traders, BTN Issues eRetribusi
54	Jakarta	October 4th 2016	Supporting Tourism, BTN Sponsored Tour de Borobudur
55	Jakarta	October 14th 2016	BTN Earn Anugerah Perbankan Indonesia Award 2016
56	Jakarta	October 17th 2016	Maryono is Appointed as CEO of the year 2016
57	Jakarta	October 20th 2016	Serbu BTN Offers House and Luxurious Car as Prize
58	Samarinda	October 23th 2016	BTN Targets Samarinda for eBATARAPOS Development
59	Jakarta	October 24th 2016	The Company Achieved Net Income Growth of 32.6%
60	Jakarta	October 31th 2016	BTN with WSBI Support Gerakan Masyarakat Gemar Menabung
61	Jakarta	November 3th 2016	Partners with GO-JEK, The Company give 20% cashback
62	Jakarta	November 9th 2016	The Company Records EPA-SP IDR 1 Trillion in Stock Exchange
63	Surabaya	November 10th 2016	BTN Disburses Construction Credit to PP Properti Tbk IDR 325 Billion
64	Surakarta	November 18th 2016	BTN Makes Official Shelter for Street Vendors in Solo
65	Jakarta	November 18th 2016	BTN Supports Tour de Borobudur for Tourism Development Indonesia

NO.	PLACE	DATE	PRESS RELEASE
66	Central Java	November 21th 2016	BTN Increases Tourism Potential with Tour de Borobudur
67	Jakarta	November 30th 2016	SERBU Succeeds in Increasing Cheap Funds The Company
68	Jakarta	December-13th 2016	40 Years The Company Disburses KPR for 3.77 Million Houses
69	Jakarta	December 14th 2016	Bright Prospect in Property in 2017, BTN Prepares Amunition
70	Medan	December 17th 2016	Push Cheap Funding, The Company Goes to Medan
71	Jakarta	December 18th 2016	Noting the Good and Sustainable Financial Performance, The Company Continues to Get Awards
72	Jakarta	December 22th 2016	2016, The Company Achieved Public Information Openness Awards again from The Government of Indonesia
73	Surabaya	December 27th 2016	Continuing to Appreciate Customers, The Company Held Prize Withdrawal Serbu BTN 2016 in Surabaya
74	Bitung	December 27th 2016	10 Creative Houses Prepared by BTN to Push Public Economic Growth
75	Jakarta	December 29th 2016	Cooperating with 7 BUMN, BTN is Optimist for Better Business Growth

6. The General Meeting of the Shareholders (GMS)

The Corporate Secretary coordinates the Company's General Meeting of Shareholders (GMS) with reference to the Regulation of Financial Services Authority No. 32/POJK.04/2014 dated December 8th 2014 on the Planning and Implementation of Public Company GMS. In 2016, the Company has held 2 (two) GMS, consists of 1 (one) Annual GMS and Extraordinary GMS, i.e.:

- a. Annual RUPS on April 12th 2016
- b. Extraordinary GMS dated January 7th 2016

All stages of the GMS have been executed in accordance with the above mentioned POJK and the Company's Articles of Association, including notices, announcements and the summoning of GMS as well as the submission of the summary of the GMS.

Activity	Extraordinary GMS dated January 7th 2016	Annual GMS
Announcement to OJK, BEI, and KSEI	November 24th 2015	February 4th 2016
Announcement in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	December 1st 2015	February 16th 2016
Summoning of the GMS in Bisnis Indonesia Newspaper, OJK website, BEI website, and the Company's website	December 16th 2015	March 2nd 2016
Revised Summoning of the GMS in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	None	March 16th 2016
Revised Summoning of the GMS in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	None	March 18th 2016
GMS	January 7th 2016	April 12th 2016
Announcement in Bisnis Indonesia Newspaper, Investor Daily, OJK website, BEI website, and the Company's website	January 11th 2016	April 13th 2016
Submission of GMS Summary to OJK and BEI	February 1st 2016	May 4th 2016

7. Implementation and Documentation of the Board of Directors' Meeting and/or Joint Meeting with the Board of Commissioners;
In 2016, the Company has held 104 (one hundred and four) Board of Directors' Meeting and 15 (fifteen) Joint Meeting with Board of Commissioners. Details of the Board of Directors' Meeting can be seen in Board of Directors Chapter of this annual report. Joint Meeting with Board of Commissioners can be seen in Board of Commissioners Chapter of this annual report.
8. Orientation Program Implementation for Board of Directors and/or Board of Commissioners on May 16th 2016.

EVALUATION OF DUTIES CARRIED OUT BY THE CORPORATE SECRETARY

In line with the Indonesia Financial Services Authority Regulation (POJK) No 35/POJK.04/2014 dated 8 December 2014 on Public Company Corporate Secretary, the function of the corporate secretary is:

- a. To follow the development of the capital market, especially the applicable rules and legislations in the field of capital market;
- b. To provide suggestions to the Company's Board of Directors and Board of Commissioners of the public company to adhere to the rules and regulations in the field of capital market;
- c. To assist Board of Directors and Board of Commissioners in the implementation of corporate governance, which includes the following aspects:
 1. Information disclosure to the public, as well as the availability of information on the public website or public company;
 2. Submission of the report to the Financial Services Authority in a timely manner;

3. Management and documentation of the General Meeting of Shareholder's;
4. Management and documentation of Board of Directors and/or Board of Commissioners Meeting;
5. Orientation program for Board of Directors and/or Board of Commissioners;
- d. As a liaison between the public company and the public shareholders or public company, Indonesia Financial Services Authority, and other stakeholders.

To meet the POJK above, the Corporate Secretary has Key Performance Indicators (KPI) set based on the Balanced Scorecard principle. The KPI is divided into 4 (four) perspectives, i.e. Financial, Customer, Business Process and Learning and Growth.

Below are the KPI of the Corporate Secretary in 2016 and the achievements of each perspective:

No	KPI	Perspective	Achievement
1	Market Capitalization	Financial	130%
2	Public Perception to the Company	Customer	130%
3	Extending relations with the media	Business Process	126,67%
4	Communication with the Analyst and Investor	Business Process	129,17%
5	Disclosure of Information to the Public	Business Process	129,24%
6	Culture Assessment Index	Learning and Growth	112%

Following up article 11 POJK No 35/POJK.04/2014, the Corporate Secretary has submitted the Corporate Secretary Duties Report to the Board of Commissioners and Board of Directors through:

1. Memo No. 1841/M/CSD/IR/XII/2016 dated 29 December 2016 on the 2016 Report on the Implementation of Corporate Secretary Duties
2. Letter No: 581/CSD/IR/XII/2016 dated 29 December 2016 on the 2016 Report on the Implementation of Corporate Secretary Duties of PT Bank Tabungan Negara (Persero) Tbk.

INTERNAL CONTROL SYSTEM

THE COMPANY'S BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS ACTUALIZE COMMITMENT TOWARDS INTERNAL CONTROL SYSTEM BY MEANS OF SURAT KEPUTUSAN BERSAMA (SKB)/ JOINT DECREE NUMBER SKB-04 ON INTERNAL CONTROL SYSTEM DIRECTIVE REFERRING TO BANK INDONESIA CIRCULAR LETTER NUMBER 5/22/DPNP AND IN ACCORDANCE WITH INTERNAL CONTROL FRAMEWORK DEVELOPED BY COSO (COMMITTEE OF SPONSORING ORGANIZATIONS OF THE TREADWAY COMMISSION). THUS, THE COMPANY IS EXPECTED TO CREATE SUFFICIENT CONTROL FRAME DESIGN AS AN EARLY WARNING SYSTEM ON EACH AND EVERY RISK THAT THE COMPANY MAY HAVE TO EXPERIENCE.

Bank Indonesia Circular Letter states that Internal Control System (SPIN) is a control mechanism assigned by bank management in an ongoing basis to protect and secure bank's wealth, to guarantee the availability of accurate reports, to increase compliance towards regulations, to decrease monetary loss affects, deviation including fraud and precautionary violation, and also to escalate organization effectiveness and cost efficiency.

THE COMPANY INTERNAL CONTROL SYSTEM FRAMEWORK

Aspects of internal control developed by COSO in accordance to elements of Bank Internal Control System based on Bank Indonesia Circular Letter Number 5/22/DPNP on Internal Control System Directive for Common Banks as reference to The Company Internal Control System stated on SKB Number SKB-04. In accordance to the Company's SKB Board of Commissioners and Directors Number SKB-04 on Internal Control System Directive, the components of The Company internal control system in accordance to COSO are as following:

1. Control Environment

A fundamental component in internal control system that reflects the nuance and atmosphere

of concern all level of administrative staff and directors towards the importance of effective internal control. Control environment is strongly influenced by Strong Tone at the Top.

2. Risk Assessment

A chain of awareness spread within all employees towards risk cultures and the acknowledgment of risk evaluation, assessment and mitigation activities.

3. Control Activities

Comprise of policies adequacy, conditions, and procedure along with compliance towards the implementation of its operational activities.

4. Information and Communication

Illustrate the effective condition of internal and external communication in accordance to respective responsibilities.

5. Monitoring

Constitute assessment process on supervision activity of design effectiveness and internal control structural operation and on whether not management performance has been executed and improved accordingly with the situation.

Meanwhile the elements of Bank Internal Control System as mentioned in SKB Number SKB-04 in accordance to Bank Indonesia Circular Letter Number 5/22/DPNP comprises of:

1. Management Supervision and Control Cultures

Board of Commissioners is in charge in confirming that management has supervised the effectiveness of internal control system execution, so that Board of Commissioners has an active role to ensure the improvement towards the issues that might decrease internal control system effectiveness. The management director is in charge in establishing internal control policies, strategies and procedures. It is also responsible in supervising internal control system sufficiency and effectiveness. Board of Commissioners and Management are in charge in improving work ethic and high integrity and also creating organizational culture for all level of employees emphasizing the importance of internal control applied in banks.

2. Identification and Risk Assessment

Risk assessment is a chain of actions executed by Management in term of identification, analysis and risk assessment experienced by banks to achieve established business targets.

3. Control Activities and Operational Function Segregation

Control activities consists of policies, procedures and practices that provide reassurance to higher up officers and bank employees that Board of Commissioners and Company Management directions have been carried out effectively. Control activities support Management Board including Bank Commissioner in managing and controlling risks that may influence performance or inflict company's loss. The functional segregation is meant to ensure that every individual in their position doesn't have the chance to perform and

conceal errors and violations in executing their tasks throughout all levels in the organization and in every step of operational activities.

4. Accounting/Finance System, Information and Communication

Accounting/Finance System consists of methods and notes in order to identify, categorize, analyze, classify, entry and report company's transactions. Information system must produce reports on business activities, financial conditions, risk management implementation and condition fulfillment that support tasks execution of Board of Commissioners and Management. Communication system must provide information for all parties, both internal and external, such as Bank monitoring authority, external auditor, stock holders and company's customers.

5. Monitoring Activity and Corrective Action

Bank must continuously monitor the effectiveness of all internal control execution. Monitoring towards main risks must be prioritized and serve as a part of bank's daily activities including periodical evaluation, both by operational work unit and internal audit work unit.

OPERATIONAL AND FINANCIAL CONTROL ACTIVITIES

Control activities consists of establishing policies and control procedures and also verification process to ensure that said policies and procedures have been consistently complied to. This is a part that cannot be separated from every function with all employees and higher up officers, including Board of Commissioners and Management in every company's activity especially regarding to operational and financial. Control system is implemented on every functional level in accordance to organizational structure of which includes:

Management Top Level Reviews

Bank Director periodically holds coordination meeting in order to obtain information on company's performance from all high up officers and employees. Thus, it allows the company to review on comparison between realization and previously set targets, such as financial report or management report that is compared to budget plan that has been previously set. Based on the review, Management would soon detect the issues such as control flaws, false financial report or other deviations.

Functional Performance Review

Review is executed by Internal Audit Division with higher frequency, whether it's daily, weekly or monthly review, amongst all:

1. Reviewing risks assessment that is produced by risk management work unit.
2. Analyzing operational data, both data related to risk management and financial, that is verifying details and transaction activities in comparison to output report that is produced by risk management work unit and,
3. Reviewing work plan realization and budgeting, in order to:
 - a. Identify the cause of significant deviations.
 - b. Establish conditions for corrective action.

Technology and Information System Control

Control over technology and information system is executed by implementing verification towards accuracy and completeness of transactions and executing authorization procedures, accordingly to internal conditions. Information system control activities can be categorized into two criterions as follows:

1. General control consists of control over the operation of data center, supply system and software maintenance, access security, and development and maintenance of current

application system. This general control is implemented towards mainframe, server, and user workstation, and also internal-external networks.

2. Application control is implemented towards applied programs in transaction processing and in order to ensure that all transactions are correct, accurate and have been authorized properly. Other than that, application control has to be able to ensure the availability of effective auditing process and to verify said auditing process.

Physical Asset Control

Physical asset control is executed to guarantee physical security over company's assets. The activity includes asset security, limited entry and access over computer program and data file, and also comparison between active and passive bank values with stated values on control entry, especially periodical verification of active values.

Documentation

The Company is obligated to sufficiently formalize and document accountancy policies, procedures, systems, and standards and also auditing process. The document has to be renewed periodically in order to illustrate actual bank operational activities and informed to higher up officers and employees. As requested, the document has to be available at all times to support the performance of internal auditor, public accountant and bank control authorities. The accuracy and availability of the document must be assessed by internal auditor during routine and non-routine auditing.

Segregation of Duties

The segregation of duties is meant to ensure that every individual in their position doesn't have the chance to perform and conceal errors and violations in executing their tasks throughout all levels in the organization and in every step of operational activities, as follows:

1. Complying with the segregation of duties also known as Dual Control.
2. Establishing procedures (authority), includes composing a list of officers that are able to access a transaction or high risk business activities.
3. Avoiding allocation of authority and responsibility that may inflict several conflicts of interest. All aspects that may inflict said conflict of interest need to be identified, minimized, and supervised carefully by independent party.
4. Company executing steps in the implementation of segregation of duties, among them:
 - a. Establishing certain function and task on the company that is separated or allocated to several people in order to lessen the risk of financial data manipulation or bank's assets misappropriation.
 - b. The segregation of duties is not limited to front and back office activities, but also includes control towards:
 - 1) Agreement on expenditure and expenses realization;
 - 2) Customer account and bank owner account;
 - 3) Transactions on bank entry;
 - 4) Allocating information to bank customers;
 - 5) Assessment on the sufficiency of credit documentation and accounts monitoring after credit disbursement;
 - 6) Other business activities that may inflict significant conflict of interest;
 - 7) The independence of risk management functions in bank.

Evaluation on the Effectiveness of Internal Control System

Company continuously monitors main risks that need to be prioritized and becomes a part of bank daily activities

includes periodical evaluation executed by operational work unit or internal audit division.

Assessment on the aspects of internal control executed through Internal Control Assessment (ICA) that is an internal control quality assessment from audited work unit on the five components of COSO internal control framework using the criteria and methodology of Internal Control Assessment (ICA) questionnaire rating and also professional judgment auditor through field test.

According to the outline, the steps that need to be taken by the company in order to ensure an effective monitoring activity are:

1. Confirming that monitoring function has been established clearly and structured well within the bank organization;
2. Establishing work unit/employee that is assigned to monitor the effectiveness of internal control;
3. Determining the correct frequency for monitoring activities that is based on common risks for bank and the nature/frequency of change that may happen during operational activities;
4. Integrating SPIN into operational activities and supplying routine reports such as entry journal, management review, and reports on agreement on exception/deviation from established policies and procedures (justification on irregularities) that would be reviewed further;
5. Review the documentation and Evaluation results of the work unit / employee Assigned to perform monitoring;
6. Determining information/feedback in the correct format and frequency.

Evaluation Result of the Internal Control System Implementation is also executed towards 65 branch offices and 22 Sharia branch offices with sufficient criteria and risk control classification fall on the fair

category for 57 branch offices and 21 Sharia branch offices and also correct criteria and risk control classification fall on the satisfactory category for 8 branch offices and 1 Sharia branch office. Other aspects pertaining to issues of internal control sufficiency has been reported to management. Follow up has been executed in order to minimize risks. The report has been delivered to Board of Commissioners through established Audit Committee.

THE STATEMENT OF MANAGEMENT AND BOARD OF COMMISSIONERS OR AUDIT COMMITTEE ON ADEQUACY OF COMPANY'S INTERNAL CONTROL

Internal Audit Division (IAD) tests and evaluates to improve/perfect the effectiveness of sufficient Bank Internal Control System and reported to Management and Board of Commissioners or Audit Committee in order to be studied more thoroughly. The study of the evaluation is executed towards five main components of control that is interlacing with one another, namely Control Environment including Management Oversight and Control Culture, Risk Recognition and Assessment, Control Activities and Segregation of Duties, Accountancy, Information and Communication, Monitoring Activities and Correction Deficiencies. As stated previously, based on the evaluation, study and discussion that has been executed by Management, Commissioner Board, Committees, Internal Audit Division and several related divisions, it is safe to say that the Company has built a sufficient internal control system.

INTERNAL AUDIT FUNCTION

INTERNAL AUDIT FUNCTION IS AN IMPORTANT COMPONENT IN THE COMPANY'S INTERNAL CONTROLLING SYSTEM. INTERNAL AUDIT FUNCTION'S ROLE IS TO PROVIDE ASSURANCE INDEPENDENTLY AND OBJECTIVELY AS WELL AS TO GIVE SUGGESTION TO THE BOARD OF COMMISSIONERS AND DIRECTORS. IN ADDITION, INTERNAL AUDIT FUNCTION IS A MANAGEMENT PARTNER IN REALIZING THE GCG IMPLEMENTATION IN THE COMPANY'S ENVIRONMENT TO PROVIDE ADDED VALUE FOR THE COMPANY.

The Company mandates the implementation of internal audit function to Internal Audit Division (IAD). Internal Audit Division (IAD) has a role as strategic business partner for all management level in order to push the intended achievements and Bank's target. IAD shall do its role by doing evaluation based on risk based audit objectively and providing consultation service, especially concerning the improvement and refinement of risk management, control, and governance processes. This shall be achieved through proactive, enthusiastic, and dynamic approach, effective communication, business oriented and stakeholders oriented, good understanding on root of the problem and high risk area, quality as the emphasize, as well as recommendation of practical and workable solution.

INTERNAL AUDIT POSITION IN ORGANIZATION CHART

In the company, the position of Audit Internal Function, hereinafter referred to as the Internal Audit Division (IAD), is regulated in Board of Directors Decree No. 04/KD/DIR/SPMD/2014 and refined by the Board of

Directors Decree No. 02/KD/DIR/SPMD/2015 dated May 5th 2015 on Organizational Structure of PT Bank Tabungan Negara (Persero) Tbk. The Directors Decree stipulated that the Internal Audit Division (IAD) position is under the supervision of President Director. Because the Internal Audit is under the supervision of President Director and not under other operational Director, it shows that Internal Audit Unit (SKAI) on the Company is reporting directly to the President Director and it has high independence in carrying out its duty as the Bank's Internal Audit.

In addition, the position of audit internal function is described on the Audit Internal Charter No. 03-SKB/DEKOM-DIR/BTN/IAD/VI/2011 dated June 30th 2011, in Chapter II Structure and Position article 3, as follows:

1. Article 3 Paragraph (1) states that Internal Audit Division (IAD) is Internal Audit Unit (SKAI) in the Bank's organization who reports directly to President Director.
2. Article 3 Paragraph (2) states that IAD as referred to in paragraph (1) shall be led by a Head of Division directly reports to the President Director.
3. Article 3 Paragraph (3) states that Head of IAD

as referred to in paragraph (2) shall be appointed and discharged by the President Director with the approval of the Board of Commissioners and reported to Bank Indonesia and Capital Market and Financial Institution Supervisory Board.

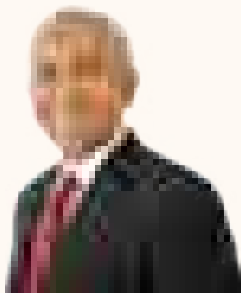
4. Article 3 Paragraph (6) states that Auditor in the IAD is responsible directly to the Head of IAD.

PARTIES APPOINTING AND DISCHARGING HEAD OF INTERNAL AUDIT DIVISION

The parties involved in the process of appointment/discharge of Head of Internal Audit is Directors, Board of Commissioners, and Financial Services Authority as regulator. In general, the appointment/discharge process which describes the involvement of the said parties, is as follows:

1. The Board of Directors conducts a fit and proper test on the candidate of the Head of Internal Audit Unit
2. The Board of Directors submits an application for approval of appointment/discharge of Head of Internal Unit to the Board of Commissioners.
3. The Board of Commissioners approves or does not approve the proposed appointment/discharge of Head of the Internal Audit Unit.
4. The Board of Commissioners and the Board of Directors submit a report of the appointment/discharge of Head of Internal Audit Unit to Financial Services Authority as regulator

HEAD OF INTERNAL AUDIT PROFILE



Adi Suharto Atmadja

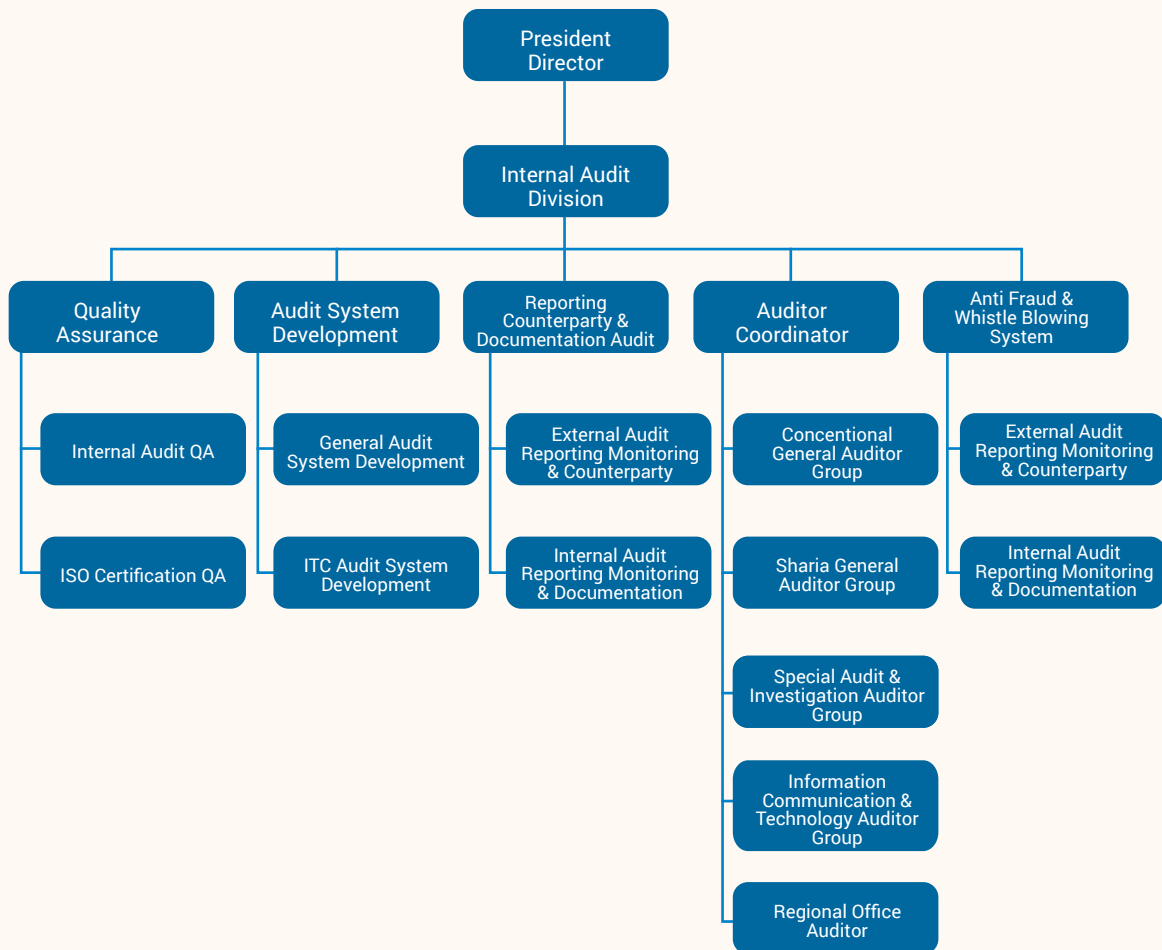
Indonesian Citizen, currently aged 52. Held a Bachelor of Agricultural Technology from Institut Pertanian Bogor in 1987.

He has been serving as Head of Internal Audit Division since April 1st 2016 based on The Company Board of Directors Decree No. 253/DIR/2016 dated June 7th 2016 on Promotion/Mutation of Employees.

Prior to being the Head of Internal Audit Division, he served as Branch Head (2007-2009), Branch Head Class II (2009-2010), Head of Housing Department (2010-2011), Branch Manager (2011-2013), Head of Asset Management Division (2013-2015), Regional Office Head (2015-2016), Head of Internal Audit Division (2016-now)

He had attended numerous workshop and training, namely Banking Management Fund & Basic of Loan Analysis (1994); Marketing Management & Persuasive Selling Technique (1994); Troubled Loan Restructuration Accounting (1999); KYC & Anti Money Laundering (2005); Risk Management Certification (2006, 2008, 2010 & 2014); Strategic Business Analysis (2008); Professional Business Appearance (2009); Competency Based Assessment Center (2010); Legal Action Workshop, in Rescuing Bank Credit Effectively (2013); Credit Completion Workshop (2015); The Institute of Internal Auditors Indonesia Activity, Internal Conference 2016 in New York & Washington DC, USA.

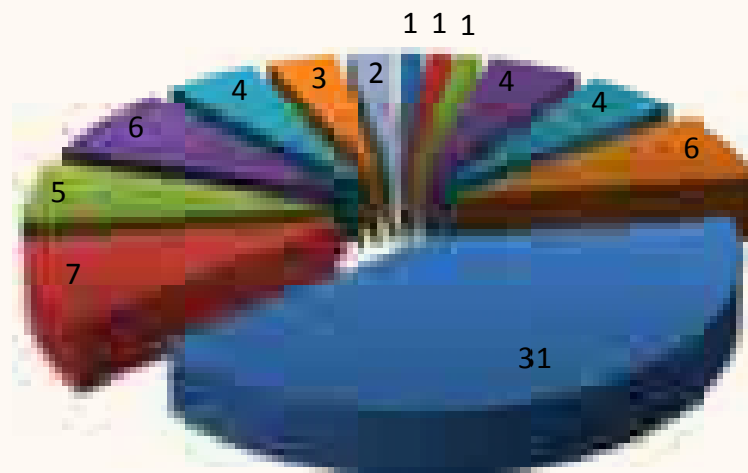
INTERNAL AUDIT ORGANIZATION CHART



INTERNAL AUDIT PERSONNEL'S PROFILES

Internal Audit Function carries out by the IAD is designed to help Directors to manage the internal control in The Company. Hence the Company is very attentive in determining the adequacy of Internal Audit Division's Personnel in terms of number and competence. Internal Audit Division has 75 personnel, leads by 1 (one) Head of Division, and assists by 1 (one) Secretary, 1 (one) Audit Coordination Head, 4 (four) Audit System Development Department, 6 (six) Reporting Counterparty Documentation Audit Department, 31 Conventional General Auditor, 7 (seven) Sharia General Auditor, 5 (five) Special & Investigation Auditor, 6 (six) Information Communication Technology Auditor, 4 (four) Regional Office Auditor, 3 (three) Anti-Fraud Strategy & Whistleblowing System, and 2 (two) Special Assignments

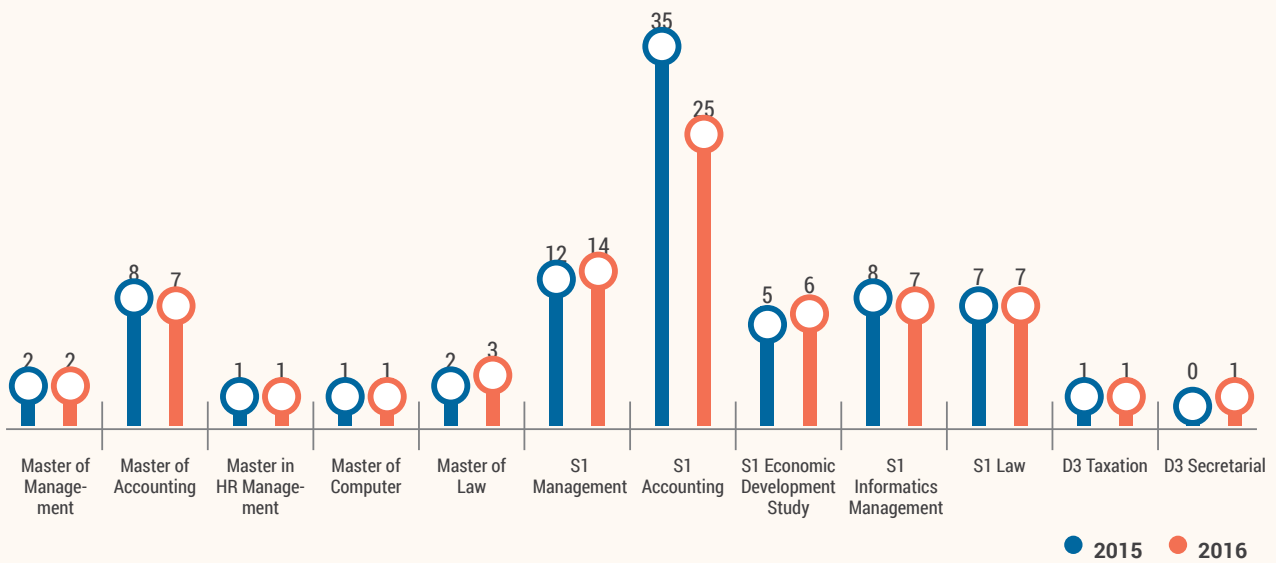
Internal Audit Division Personnel Composition



- Head of Division
- Secretary
- Audit Coordination Head
- Quality Assurance
- Audit System Development Departement
- Reporting Counterparty Documentation Audit Departement
- Conventional General Auditor
- Sharia General Auditor
- Special & Investigation Auditor
- Information Communication Technology Auditor
- Regional Office Auditor
- Anti Fraud Strategy & Whistleblowing System
- Special Assignment (Audit Committee)

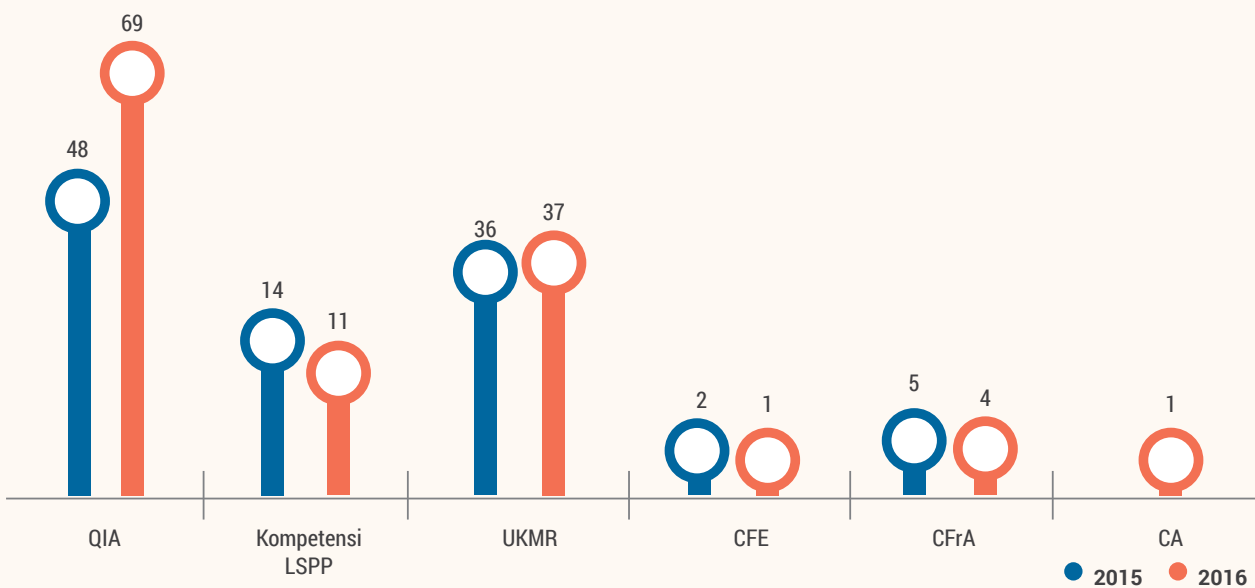
The Internal Audit Division Personnel Composition based on their education background can be seen on graphic as follows:

Internal Audit Division Berdasarkan Personnel Composition Based on Education



In addition, the overall number of certificates of the Internal Audit Division personnel can be seen on diagram as follows:

Internal Audit Personnel Certification



Description: QIA (Qualified Internal Audit), LSPP/Banking Professional Certification Agency (certifies auditor competence in level auditor until assessor), UKMR (Risk Management Competence Test), CFE (Certified Fraud Examiner), CFrA (Certified Forensic Auditor), CA (Certified Accountant), CA (Certified Accountant).

Audit team composition assigned for each business unit is as follows:

Table: Audit Team

Business Unit	Team Leader			Member		
	AS	SAA	AA	SA	AG-14	AG-13
General Audit						
Head Office – Division		1		2	2	
Regional Offices		1		2	2	
Branch Offices						
a. Main Class	1			2	2	
b. Class I		1		2	1	1
c. Class II			1	2	1	
d. Class III			1	1	1	1
Sharia Unit			1	1	1	1
ICT Audit						
Application : Office Division/Desk and DTI		1		2	2	
Application : Branch Office Sampling			1	1	1	
Special Audit						
<i>Fraud Investigation</i>	1	1		1	1	
Special Review			1	1	2	

Note: SAA = Senior Associate Auditor (Set. Department Head - Grade 17), AA = Associate Auditor (Set. Manager - Grade 16), SA = Senior auditor (Set. Manager G.15), A = Auditor (Set. Assistant Manager G.14 or Assistant Manager G.13)

In addition, in preparing and determining number of personnel in each audit team, there are a few considerations to take into account. Those are the results of risk assessment on 14 business processes and ICT activity management, Auditor qualification (position and competence focus), as well as class of Branch/Division/Desk. Establishment and adequacy of personnel will have impact on the audit and the IAD Determining the adequacy of the number of personnel also has an impact on the audit and IAD audit budget preparation.

IAD COMPETENCE DEVELOPMENT IN 2016

In 2016, to improve IAD employees, internal and external training are conducted, in order to improve audit team's work quality. Internal training is conducted by discussion in between the Head of IAD, Directors, and auditors on Bank's Internal Policy and Procedures. Training and workshop from January until December 2016 are as follows:

Table: IAD Personnel Competence Development

No	Education	Institution	Amount
Certification			
1	QIA Certification Training Basic Level 1 and 2	YPIA	6
2	QIA Certification Training Intermediate Level 1 and 2	YPIA	8
3	QIA Certification Training Managerial Level	YPIA	18
4	CFE Certification Preparation Examination	ACFE	2
5	CIA Certification Preparation Examination	IIA	2
Education & Training			
1	Fraud Education 1 and 2	LPFA	23
2	Software quality assurance & software foundation	Braninmatic	7
3	Anti-Fraud, Investigation Audit, Calculating Financial Loss and Asset Tracing	LPFA	24
4	Cloud Computing	Branmatics	7
5	Leadership Education	Prasetya Mulya	1
6	MDP Education	Prasetya Mulya	7
7	Evaluation and Office Efficiency Assessment	The Company	2
8	Safety and Health Management System (SMK3) Awareness Training	The Company	1
9	Training Delivery Batch 2 & 3	The Company	2
10	Compiling RCSA Policy and Procedures Training	RMD and PT Daya Makara UI	1
11	Work Culture Training for MVP Batch 1 and 2	The Company	1
12	Training the 7th batch CGLP & ASEAN CG Scorecard	IICD	2
Seminar / Workshop			
1	Internal Audit Excellence Workshop	Bangkok	2
2	SOPAC 2016 Conference	IIA International	3
3	Archival Workshop by ANRI	ANRI	1

No	Education	Institution	Total
4	Awareness in Banking Workshop	Edaward Kristianto, MBA	1
5	BARA Risk Forum	BARA	1
6	BARA Operational Risk	BARA	1
7	Workshop Fraud Prevention	ACFE	2
8	SNIA	YPIA	2
9	International Conference 2016 New York & Washington DC On Site Learning	IIA	1
10	Compiling policy and Implementation of Safety and Health Management System Workshop	The Company	1
11	Socialization of Taxes and SPM Administration	The Company	1
12	Workshop BTN Smart KM - Session 1	The Company	1
13	Workshop Investigative Interview Skill	ACFE	2
14	Workshop Sustainability Performance	The Company	1

GUIDELINES FOR INTERNAL AUDIT (INTERNAL AUDIT CHARTER)

In carrying out their duties, Internal Audit Division (IAD) has been equipped with Guidelines called Internal Audit Charter set forth based on Board of Commissioners and Directors' Joint Decree No. SKB-03/DEKOM-DIR/BTN/IAD/VI/2011.

In addition to guidelines, Internal Audit Charter also plays a role in strengthening the roles and responsibilities, as well as being the basis of supervisory duties of the IAD. Therefore, Internal Audit Charter is disseminated so all employees and related parties know about the charter. This shall lead to mutual understanding and good cooperation in realizing the Vision, Mission and Objectives of the Company. The content of Internal Audit Charter is as follows:

1. Vision and Mission
2. Structure and Position
3. Scope
4. Powers, Function, Duties, and Responsibilities
5. Statement of Independence Support
6. Audit Responsibilities
7. Code of Conduct and Internal Auditor Requirements

8. Accountability and Reporting
9. Follow Up
10. Others

INTERNAL AUDIT'S DUTIES AND RESPONSIBILITIES

Functions and duties of Internal Audit Division are to assist President Director and Board of Commissioners, as well as every management level in ensuring the adequacy of Bank internal control system. They also provide strategic and constructive suggestions on the bank's governance within the framework of good and healthy governance with duties as follows.

1. Formulate operational planning as described in the audit, as well as monitoring the follow-up of audit results
2. Make analysts and ratings in finance, accounting, operations, and other activities through on-site and off-site monitoring audits, including conducting management audits for all units of the Company.
3. Provide refinement suggestions and objective information on the activities audited to every level of management.
4. Conduct examination, assessment and

identification of every feasible way to improve efficiency and effectivity in finance, accounting, operations, the use of resources, marketing, information technology, and other activities related to the bank's operations and businesses based on prevailing rules and legislations.

5. Perform tests and evaluation in order to improve/enhance the effectiveness of risk management, internal control, and governance processes.

SCOPE OF INTERNAL AUDIT

Internal Audit Charter PT Bank Tabungan Negara (Persero) Tbk. dated March 17th 2010 that is amended to the Board of Commissioners and Directors Joint Decree No. SKB-03/DEKOM-DIR/BTN/IAD/VI/2011 dated June 30th 2011 on Internal Audit Charter PT Bank Tabungan Negara (Persero) Tbk., stated the Scope of Internal Audit in Chapter III:

1. Article 4 paragraph (2) : "IAD scope of work addresses all aspects and organizational activities of the Bank. Audit is conducted through risk-based audit approach, taking into account minimum of 8 risk referred to in Bank Indonesia Regulation, namely: Loan Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk"
2. Article 4 paragraph (3) : "Under the direction of President Director and/or Board of Commissioners, IAD audit scope of work addresses affiliated entities and subsidiaries that is directly or indirectly may influence the implementation of Bank"
3. Article 4 paragraph (4) : "IAD scope of work includes audit and assessment on risk management effectivity, adequacy and effectivity of internal control, performance quality in carrying out responsibilities stated, as well as effectivity of the governance processes, by conducting: Compliance audit, financial audit, operational/management audit, rating audit, ICT audit, special

and investigation audit, off-site monitoring or desk audit, assessment on the security system of Bank's treasure including resources and fund, and ensuring the existence of Bank's assets.

SUMMARY OF INTERNAL AUDIT IMPLEMENTATION IN 2016

Internal Audit Division (IAD) activities, among other, are compiling audit work program and executing audit activities in line with the plan. The work program covers nature and scope of audit, risk assessment of business process, composition and number of personnel of audit team, effective working day of audit, the length of standard audit, required number of personnel, and position qualification of IAD personnel, condition qualification of IAD personnel, risk assessment, development of IAD personnel.

IAD WORK PROGRAM

Work Program of Internal Audit Division is stated in Annual Audit Plan book with 1 year working period. In 2016, the general audit planning (conventional and sharia), ICT audit, special and investigation audit, as well as the execution of ISO 9001:2008 audit, is scheduled as follows:

Audit Object	Amount		Change		Description
	2015	2016	+/-	%	
A. General Audit (AU)	113	121	8	7%	
A1. Conventional AU	89	94	5	6%	
A2. Sharia AU	24	27	3	13%	
B. ICT Audit	24	22	-2	-8%	In contrast with ICT audit object in 2014, i.e. application audit, the ICT audit object for 2015 is focused on <ol style="list-style-type: none"> 1. Information Security 2. Electronic Banking, consists of audit on ATM, SMS, Mobile, Internet Banking, Virtual Account, iCash 3. Business Efficiency, consists of audit on Voip, Vicon, iFlow, Email 4. Sharia IT Management
Objects of General Audit and ICT Audit	137	143	6	4%	
C. Special & Investigation Audit	1	1	-	0%	
C.1. Thematic Audit	1	1	-	0%	Theme : Business Operational
C.2. Special Assignments of Regional Offices Audit	2	2	-	0%	<ol style="list-style-type: none"> 1. Regional Office I 2. Regional Office IV
C.3. Special/Investigation Audit	0	0	-	0%	There are no scheduled plans for special/ investigation audit in 2016. It will follow the assignments from stakeholders and whistleblowing system
D. Audit of ISO 9001:2008 Certification	21	17	-4	-19%	
Total Audit ISO	21	17	-4	-19%	Audit Object
Total Audit Object	161	163	2	1%	Audit Object

Audit object scheduled for general audit, ICT audit, special & investigation audit, and certification audit of ISO 9001:2008 for 2016 is amounted to 163 audit objects, which is 2 (two) more than the plan of audit target in 2015, which was 161 audit objects.

AUDIT EXECUTION IN 2016

In 2016, Internal Audit carried out audit activities with audit objects covering General Audit (Conventional and Sharia), ICT Audit, Thematic Audit, ISO Audit, and Special Audit with details on the audit objects as follows:

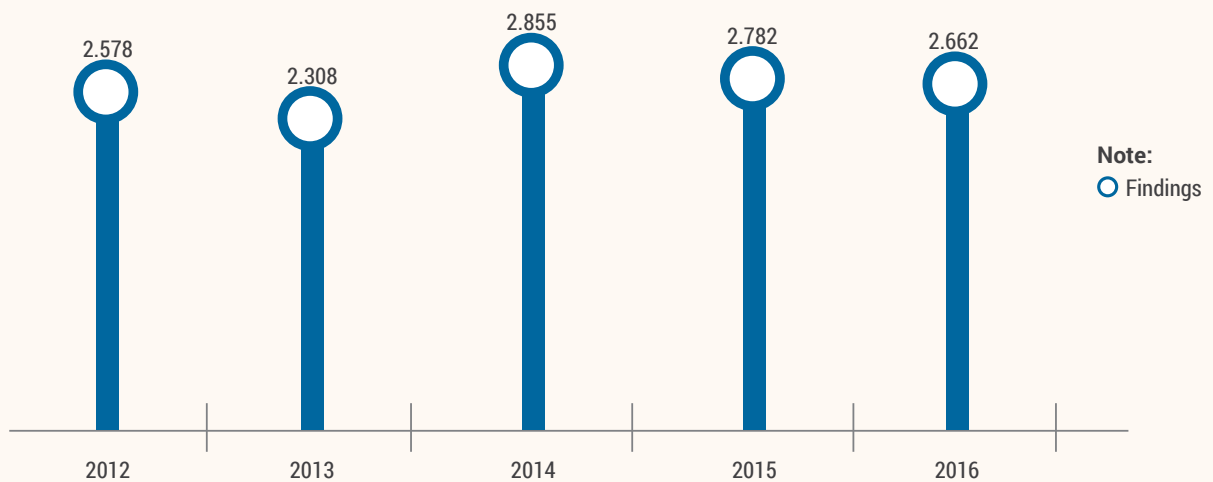
No	Description	Target	Realized	% Realized
I	General Audit	96	96	
I.1	Conventional	22	21	95,45%
	Head Office – Division	1	1	100,00%
	Head Office – Division (SKN – BI)	1	1	100,00%
	Head Office – Division (BI – RTGS)	6	7	116,67%
	Head Office – Division (APU, PPT, KUR, PKBL, & FLPP)	2	2	100,00%
	Regional Offices	64	64	100,00%
	Conventional Branch Offices			
I.2	Sharia	1	1	100,00%
	Head Office – Sharia Division	1	1	100,00%
	Head Office – Division (SKN – BI Sharia)	1	1	100,00%
	Head Office – Division (BI – RTGS Sharia)	3	3	100,00%
	Head Office – Division (KUR (SHAD) & FLPP (SHAD))	21	21	100,00%
	Sharia Branch Offices	123	123	100,00%
	Total General Audit			
II	ICT Audit (Information & Communication Technology Audit)			
	Head Office Division – Audit Object	6	6	100,00%
	Conventional Branch Offices	16	16	100,00%
	Total ICT Audit (Information & Communication Technology Audit)			
	Total Internal Quality Audit (AMI)	22	22	100,00%
III	Internal Quality Audit (AMI)			
	Group Surveillance Audit	10	11	110,00%
	KP IAD Surveillance	3	3	100,00%
	Loan Services Audit ISO 1 5 1	4	4	100,00%

No	Description	Target	Realized	% Realized
	Total Internal Quality Audit (AMI)	17	18	105,88%
Sub Total		162	163	100,62%
IV	Special Audit			
	Fraud Audit	0	24	NA
	Clarification Audit	0	0	NA
	Review Audit	0	0	NA
	Thematic Audit	1	1	NA
	Total Special Audit	1	24	100,00%
Total		163	187	114,72%

Note: There was reorganization on the Head Office's organizational structure, so there are merged Division Office.

From the audit results in 2016, there were 2662 findings. These findings show a decreasing number from the previous two years, which is presented on this graphic:

Graphic: Internal Audit Findings



AUDIT FOLLOW UP 2016

Follow up result will be reported by the auditee to Head of IAD, which then will be evaluated to determine whether the follow up is already appropriate. For completed follow up, it will be marked as 'finished' and then informed to the auditee and Directors. For the incomplete follow up with status of "pending item", it shall be finished by the auditee with necessary explanations, and will be reported by the Head of IAD to Directors. Based on the audit executed, follow up of internal audit findings in The Company over the last 5 (five) years can be seen on diagram as follows:

In accordance with the 2016 work program, audit will follow up along 2016 is presented on table as follows:

No.	Audit Type	Findings	Finished	Not Finished	Description
Internal Audit					
1.	General Audit – Branch Offices	1779	1420	359	-
2.	General Audit – Sharia Branch Offices	403	339	64	-
3.	General Audit – Head Office	186	148	38	-
4.	ICT Audit	294	242	52	-

INTERNAL AUDIT ASSURANCE REVIEW

The Company IAD has been reviewed periodically to assess their compliance with the ISO 9001:2008 standard on the Audit Internal Function every year, as follows:

No	External Audit	Year	Description
1	PT SGS	2014	Surveillance audit for certification of ISO 9001:2008 by External Audit PT SGS
2	PT SGS	2015	Surveillance audit for certification of ISO 9001:2008 by External Audit PT SGS
3	PT SGS	2016	Surveillance audit for certification of ISO 9001:2008 by External Audit PT SGS

Independent assessor will hold assessment to review the compliance with internal audit charter standard, code of conduct, efficiency and effectivity of the Internal Audit Function in fulfilling the needs of stakeholders once every 3 (years), which happened in 2014, as explained:

No	External Audit	Year	Description
1	PT PWC	2014	Review gap analysis on policies, procedures, methodology, as well as audit on best practices SPFAIB every 3 years by External Auditor

INTERNAL AUDIT EFFECTIVITY

The Company Internal Audit Policy has been implemented since 2004, that is ratified on Directors Decree No. 09/PD/DAI/2008 dated April 30th 2008 on Internal Audit Policy. It was last amended on Directors Decree No. 08/PD/IAD/2013 dated December 5th 2013, on Chapter 1. Introduction; Subchapter 1.3 Internal Control; Part 1.3.3 IAD and Internal Control System. Therein stated IAD is a part of internal control structure and every activity related to audit and audit reporting on the control structure coordinated in every management level. In the audit activity and assessment on internal control system, IAD provides added value and improves the quality of bank management in order to realize a healthy and developing bank, as well as the fulfillment of the bank's interest and its customer. The added value and the improvement on bank governance will show the bank's effectivity, and this is proven by the decrease in audit findings in the last two years, various achievement of the Company's performance, and awards received by The Company in 2016.

INTERNAL FRAUD

In 2016, there was 24 cases of internal fraud with details as follows:

Internal Fraud 2016

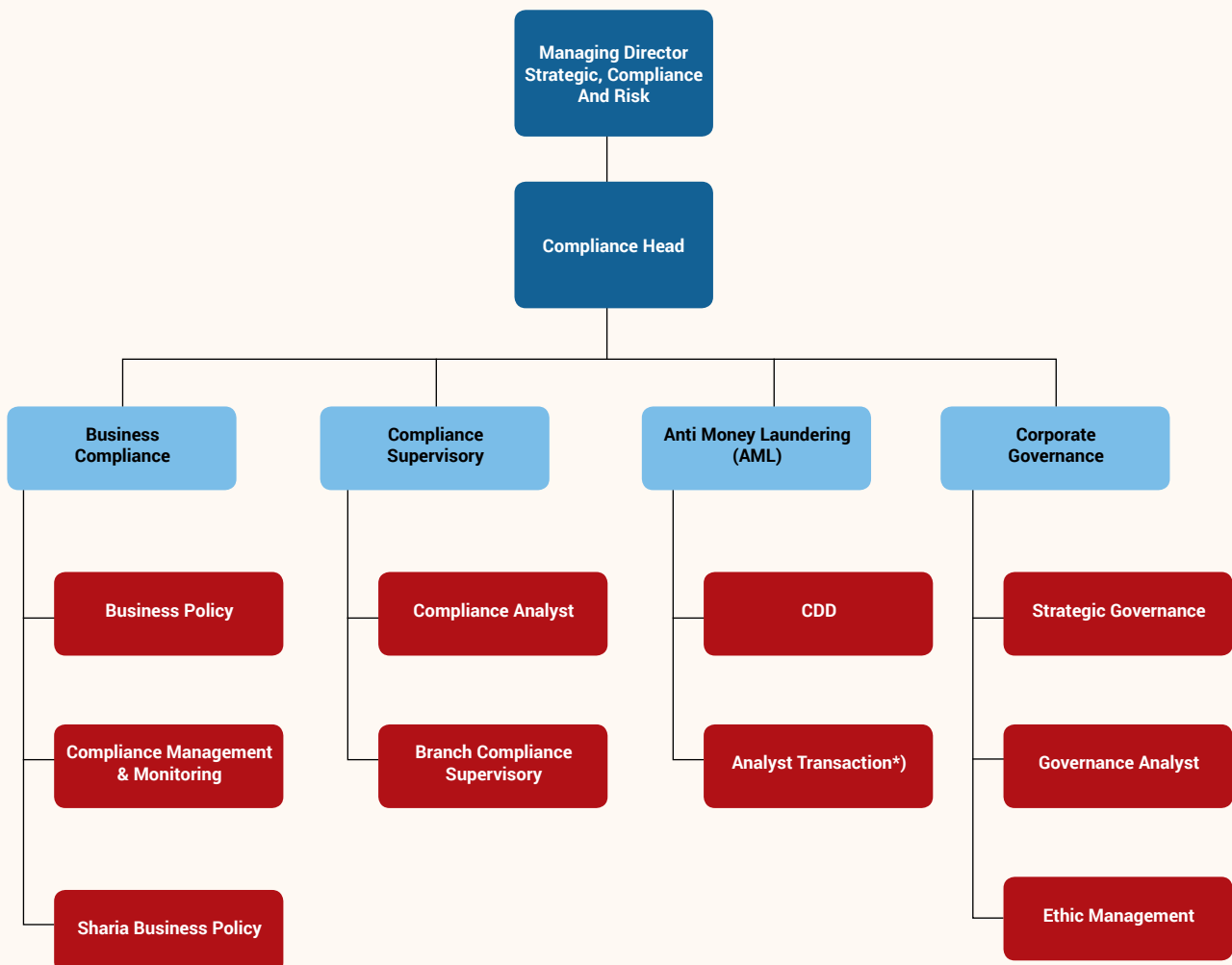
Internal Fraud	Number of cases committed by					
	Management		Permanent Employee		Contract Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Internal Fraud	-	-	31	24	-	-
Resolved	-	-	31	1	-	-
On process of internal resolution	-	-	-	23	-	-
Resolution not finalized	-	-	-	-	-	-
Had been followed up through legal process	-	-	2	2	-	-

COMPLIANCE FUNCTION

The complexity of The Company's business activity is increasing in line with the development of information technology, globalization, and the integration of financial markets. This has an enormous impact on the risk exposure faced by the Bank and necessitates the enforcement of precautionary principles and efforts to mitigate the risks of the Bank's business activities, both preventive (ex-ante) and curative (ex-post). Ex-ante efforts are can be pursued by complying with the prevailing banking norms to reduce or minimize the risk of the Bank's business activities.

The compliance function is a series of actions or steps that are ex-ante (preventive) to ensure that policies, regulations, systems, and procedures, as well as business activities conducted by the bank, are in accordance with the provisions of Bank Indonesia and the prevailing rules and legislations, including Islamic principles of Sharia. This function is to ensure the bank's compliance with commitments made to Bank Indonesia and/or other competent supervisory authorities. Implementation of the Compliance Function in The Company is under the coordination of the Director of Compliance cooperating with the Compliance Division.

COMPLIANCE FUNCTION ORGANIZATION CHART



The organizational structure of Bank Compliance Unit refers to PBI No. 13/2/PBI/2011 dated January 12th 2011 on the Implementation of Compliance Function on Commercial Banks and regulated in the internal bank policies, consisting of:

1. Compliance Director is a member of the Board of Directors, approved by the Financial Services Authority, to take charge on Bank's Compliance Function and Bank's Compliance Unit.
2. Compliance Division is the Compliance Unit in Head Office that is in charge to implement Bank Compliance Function.
3. Board of Commissioners shall conduct active monitoring of Bank's Compliance Function.

DIRECTOR OF COMPLIANCE FUNCTION

Director of Compliance Function in the Company is the Compliance Director. The approval, discharge, and/or resignation of the Company's Director of Compliance Function shall be conducted and regulated as follows:

1. Approval, discharge, and/or resignation of Director of Compliance Function refers to the approval, discharge, and/or resignation of member of Directors as stipulated in Bank Indonesia Regulation concerning Commercial Banks, and has passed Fit and Proper Test pursuant to the prevailing Bank Indonesia regulation.
2. In the event that Compliance Director is temporarily unable to perform his duties, then the implementation of the tasks related are transferred temporarily to another Director until the Director of Compliance is able to perform.
3. In the event of the resignation of Director of Compliance Function or finished their tenure, Bank shall appoint a replacement of Director of Compliance Function; and during the process of replacement, other Director will be assigned temporarily to perform the duty of Director of Compliance Function.

4. Director who carries out duties as Director of Compliance, shall not be the President Director, and/or Vice President Director, and/or Director who carries out other Function that may affect their independent.
5. Every change in the Director of Compliance Function shall be reported to Financial Services Authority.

DUTIES AND RESPONSIBILITIES OF THE DIRECTORS OF COMPLIANCE FUNCTION,

1. Formulating strategies to empower the Compliance Culture;
2. Suggesting compliance policies or other compliance principles that shall be set forth by the Directors;
3. Setting compliance system and procedures that shall be used to compile the Bank's internal guidelines and regulations;
4. Ensuring every policy, regulation, system, and procedures, as well as business activities conducted by the Bank, is in accordance with Bank Indonesia Regulation, Financial Services Authority, and prevailing rules and legislations, including Sharia Principles for Sharia Commercial Bank and Sharia Business Unit;
5. Managing and minimalizing Compliance Risk;
6. Conducting prevention actions so that policy and/or decisions made by the Company's directors is not deviating from Bank Indonesia Regulation and prevailing rules and legislations; as well as providing dissenting opinion if there is any policy and/or decision that may deviate from Bank Indonesia Regulation, Financial Services Authority, and prevailing rules and legislations; and

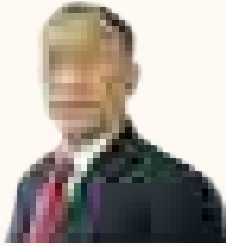
7. Conducting other tasks related to Compliance Function including monitoring and maintaining the Company's compliance with the commitment to Bank Indonesia, Financial Services Authority, and other supervisory authorities authorized to ensure that Compliance Unit established by the Bank has understand matters related to the Compliance Function.
8. Coordinating with Sharia Supervisory Board related to the compliance function implementation on Sharia Business Unit on Sharia Principles.
9. Acting as coordinator in Risk Management and Compliance Function implementation on every Bank's business activity to achieve Good Corporate Governance.

COMPLIANCE UNIT

Compliance Unit in the Bank is carried out by Compliance Division. Compliance Unit is an independent unit that supports the duties of the Director of Compliance Division and reports directly to Director of Compliance Unit. The Bank's Compliance Unit is led by Head of Division who has met the criteria as Head of Compliance Unit as stipulated in PBI No. 13/2/PBI/2011 dated January 12th 2011 on Compliance Function Implementation. Appointment and/or discharge of Head of Compliance Unit shall always be reported to Financial Services Authority with criteria stipulated in internal policy on compliance, which is as follows:

1. Meets the independence requirements as stipulated in Bank Indonesia Regulation;
2. Knows Bank Indonesia Regulation, Financial Services Authority, and prevailing rules and legislations;
3. Does not have any duties outside the Compliance Function; and
4. Has high commitments to conduct and develop Compliance Culture.

PROFILE OF THE HEAD OF COMPLIANCE FUNCTION



Sudaryo Bagyo Utomo

Indonesian Citizen, age 53, born in Blora, September 19th 1963.

Holds a Bachelor of Law from Universitas Diponegoro, Semarang, in 1987.

Have been a Head of Compliance Division (CMPD) since November 1st 2012. Prior to being the Head of CMPD, he had a few key positions in The Company, namely Head of Branch Office KC Gresik (2002-2008), Head of Restructuration and Loan Completion Division (2008-2010), Senior Manager Compliance Policy & Monitoring (2010-2011), Compliance Policy & Monitoring Dept Head (2011), and System Development Audit Department Head (2011-2012).

Had achieved Risk Management Certification Level 4 (2014), Compliance and AML Certification Level 1 (2015). In addition, he had attended training and workshop in the country, such as: Internal Control Implementation (Coso – Based) (2012); Integrating 11 (eleven) Self-Assessment GCG Factor as Element to Strengthen Healthiness Level of the Bank (2013); Training for Banking Professional Certification Agency, Risk Management Competency For Banking Profession Level 4 (2014); Banking Industry Strategy Seminar (2015); Bara Risk Forum (2016); and SESPIBANK 65th Graduate (2016); as well as training abroad, i.e. Integrated Governance, Risk Management and Compliance (2014).

DUTIES AND RESPONSIBILITIES COMPLIANCE FUNCTION UNIT

1. In supporting the Company's activity, Compliance Division has duties and responsibilities that include: To make steps in order to support the Compliance Culture in every Bank's business activity in every level of organization.
2. To coordinate with other Units in identifying, measuring, monitoring, and controlling against Compliance Risk, whilst referring to Bank Indonesia Regulation on Risk Management Implementation for Commercial Banks.
3. To assess and evaluate effectivity, adequacy, and suitability of policies, regulations, systems, and procedures owned by Bank or with the prevailing rules and legislations.
4. To review and/or recommend the update and refinement of policies, regulations, systems and procedures owned by the Company to comply with Bank Indonesia Regulations, Financial Services Authority Regulation, and prevailing rules and legislations, including Sharia Principles for Sharia Commercial Bank and Sharia Business Units.
5. To take measures to make sure that the policies, regulations, systems and procedures, as well as the Bank's business activities are in accordance with Bank Indonesia Regulation, Financial Services Authority Regulation, and prevailing rules and legislations.
6. To perform other tasks related to Compliance Function, i.e.:
 - a. To ensure the Company's compliance with the commitment made to Bank Indonesia and/or supervisory authority in charge;
 - b. To disseminate to all employees on matters related to Compliance Function, especially on prevailing regulator regulations;
 - c. To act as contact person in any Compliance problem for the Company, both internal and external.

COMPLIANCE FUNCTION IMPLEMENTATION ACTIVITIES IN 2016

Compliance Function strives to create effective and efficient work implementation in line with the strategic plan set by The Company. Therefore, Compliance Function has compiled work program and report the realization of the work program periodically.

Compliance Function Work Program

As stipulated in Article 16 PBI No. 13/2/PBI/2011 dated January 12th 2011 regarding the mandatory report for Compliance Work Plan (RKK), Compliance Function work program 2016 includes series of activities such as:

1. In order to promote compliance culture, as well as to ensure every policy, regulation, system and procedure, as well as the business activity of the Bank are in accordance with Bank Indonesia Regulations, Financial Services Authority Regulation, and prevailing rules and legislations, in 2016, Bank will execute series of activities, as follows:
 - a. To disseminate new regulations issued by regulator to the related unit, especially regulations related to banking activity and product, both for Commercial Bank and Sharia Business Unit.
 - b. To review, evaluate, and revise against the prevailing Bank's internal regulations as an effort to ensure that internal compliance regulations are in accordance with external regulations regulating it.
 - c. To coordinate with Human Resources Management Unit in educating Compliance Awareness to new employee during orientation period before performing their jobs in their positions
 - d. To ensure every internal regulation compilation is not conflicting and/or corresponding with the regulatory legislations. This is stipulated

in Bank Regulations KD No. 13/DIR/DSP/2009 dated August 20th 2009 as amended through KD No. 03/DIR/LLDD/2011 on Bank's Internal Regulations Rules of Order, that stated every internal regulation compilation shall be reported to Compliance Unit to be studied on the compliance. In addition to compiling new regulation, the Compliance Unit ensures the compliance aspects on new products and activities to be launched by the Bank.

- e. To conduct monitoring on commitment made by the Bank to the related regulator with follow up on audit findings, submission of report, as well as other obligations.
 - f. To improve the human resources quality on Compliance Division as the unit which govern the compliance function in The Company through compliance certification activities, education, and seminar, both domestic and international.
 - g. To improve the coordination in between unit related to the risk management, internal control, as well as compliance function, i.e. Internal Audit Division, Risk Management Division, and Compliance Division.
 - h. To conduct compliance check on the relocation of management or opening of new outlet through Compliance Check List.
2. In order to implement Anti Money Laundering Program and Prevention of Financing of Terrorism (APU and PTT) based on PBI No. 14/27/PBI/2012 dated December 28th 2012, The Company shall conduct series of steps as follows:
 - a. Synchronize internal regulations on APU and PPT in The Company, so it is always in accordance with the regulatory provisions, especially new legislations issued by the regulator throughout the year.
 - b. Refresh and disseminate the APU and PPT operational regulations continuously to the employee and employee's candidates directly or indirectly related to the APU and PPT operational.
 - c. Analyze financial transaction process timely and in accordance with commitment to Pusat Pelaporan dan Analisis Transaksi Keuangan.
 - d. Conduct cash transaction report and suspicious transaction report to the institution Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK).
 - e. Provide and deliver any data request from law enforcement and other related financial and tax transaction to support the investigation needs and enforcements by the authorities.
 3. In 2016, The Company commits to optimize Compliance Division roles to review and evaluate the compliance level in operational Branch Offices through Branch Compliance Supervisory Officer (BCSO). Activities conducted in 2016, i.e.:
 - a. To improve synergy with Internal Audit Division especial the Regional Office Audit (part of Internal Audit Division) in monitoring and evaluating the operation of Branch Offices in order to support the achievement of Zero Tolerance to Fraud.
 - b. To evaluate the historical data and other related data from other unit in order to achieve Compliance Map that will be used as feedback for the next monitoring.
 - c. To optimize the compliance monitoring system (Compliance Control Application) by the BCSO in order to conduct evaluation process in Branch Offices.
 4. GCG improvement work program in 2016 is in accordance with stages on Roadmap GCG 2014 – 2017. In 2016, it has entered phase III, Strengthening the System, i.e. focus in continuous improvement for the GCG implementation system that has been carried out, with steps as follows:
 - a. Evaluation and/or refinement periodically of the policy and procedures.

- b. Evaluation and/or refinement periodically of the organization chart and/or supporting bodies.
- c. Optimization and recommendation follow up from third party assessment event (periodically).
- d. Evaluation and/or refinement of Asean Scorecard implementation (periodically).
- e. Implementation of GCG Development Curriculum to improve the Human Resources Competence related to GCG implementation (periodically).
- f. Implementation of Gratification control by optimizing the report for accepted gratification as well as continuous dissemination.
- g. Implementation of ISO 9001:2008 on Risk Management Division and Compliance Division in order to improve business process on Compliance Unit and Risk Management Unit consistently and sustainably to support good corporate governance.
- h. Participation in GCG Award with the targets of being the best five in the event of Annual Report Award (ARA) and Asean Scorecard.

COMPLIANCE FUNCTION WORK PROGRAM

Compliance Function has conducted activities to realize work program compiled. The activities conducted throughout 2016 are as follows:

1. In order to promote compliance culture and ensure that every policy, regulation, system, and procedures, as well as Bank's business activity are in accordance with Bank Indonesia Regulations, Financial Services Authority Regulation, and prevailing rules and legislations, in the Period 2016, The Company has conducted series of activities as follows:
 - a. Supported The Company's sustainability business growth by referring to the prevailing

rules and legislations, hence steps are needed to harmonize in between commercial needs of the Bank with the compliance with external regulations, namely Bank Indonesia Regulations, Financial Services Authority Regulation, and prevailing rules and legislations, including Sharia Principles for Sharia Business Unit. In order to realize this, Bank has conducted steps as follows:

- 1) Dissemination of External Regulation to Related Work Unit. During July – December 2016, there were 64 (sixty-four) new external regulations issued and disseminated by Compliance Division to the operational work unit.
- 2) Ensured the conformity of internal regulation, product, and/or Bank's activities against Bank Indonesia Regulations, Financial Services Authority Regulations, legislations, as well as other regulations prevailing by conducting compliance study. During July – December 2016, 159 (a hundred fifty-nines) study on compliance aspects were report by the Compliance Division to the relate work unit. Study on compliance aspects reported to the related work unit during July – December 2016 consisted of 149 (a hundred forty-nine) compliance study, i.e. Policy and Procedures of Risk Culture Implementation; Guidelines for Risk Management Policy (PKMR); Guidelines for Loan to Value (LTV) Implementation; Internal Guidelines on Special Savings Tax Amnesty; Bancassurance Guidelines; Guidelines for Line Credit Facility for Non-Financial Institution; Governance Implementation On Remuneration The Company; Guidelines on Remuneration of Directors and Board Of Commissioners; User Requirement of Laku Pandai Application Development with MKM;

Guidelines to Bank Credit Policy (PKPB); Tax Amnesty Admissions in UUS The Company; Program Proposal for Agent and Customer Tabungan BTN Cermat Laku Pandai; Guidelines on Asset Management Business Process; Guidelines for BTN Subsidized KPR & Down Payment Subsidy; Product Development of Customer Fund Account (RDN); Internal Policy on High Quality Liquid Asset (HQLA); and 10 (ten) compliance study aspects on special loan application which will be decided upon the Director's Meeting as the highest authorities of the Bank.

- 3) The Company reviewed the internal policies in order to ensure the adequacy of policy, system, and procedures conformity with the prevailing regulations. During July – December 2016, Compliance Division has reviewed 26 (twenty-six) internal policies. Compared to the same period in 2015, the review conducted was 17 (seventeen) review. Some reviews conducted, i.e.: review on Sharia Information System Technology Management (MTSI); Outsourcing review; review on Bank Bancassurance policy; review on Pension guidelines, Pre-pension Period (MPP), and Limited Optional Pension Program (PPST); review on Priority Banking Guidelines Policy; review on LTV Guidelines for Mortgage Loan & Consumer Loan with Property as Collateral, and Indent Facility for KPR/Apartment; review on Bank's Report Transparency and Publication; review on Guidelines to Bank Credit Policy (PKPB) for Sharia Business Unit.
2. Implementation of Anti Money Laundering Program and Prevention of Financing of Terrorism (APU and PPT) by referring to prevailing rules and legislations. In order to implement APU and PPT

program, The Company has conducted several activities described separately in the sub chapter APU and PPT.

3. Compliance Effectivity Improvement in Branch Offices. The Company commits to optimize Compliance Division through Branch Compliance Supervisory Officer (BCSO) in reviewing and evaluating the compliance level in operational Branch Offices to comply with the prevailing rules and legislations. Evaluation report will be submitted to Compliance Division and forwarded to Branch Manager and Regional Resident Auditor in line with the Branch Office are, completed with recommendations of steps to improve in order to implement the policy effectively. BCSO has evaluated compliance level in the Branch Office operational with Compliance Control Application (CCA) system; monitored the effectivity of Bank's policy implementation in Branch Office made by the Head Office; and disseminated the policy as refreshment to Branch Office officers and employees; in order to improve the understanding of prevailing rules and legislations.
4. Related to Good Corporate Governance (GCG) implementation in The Company, in 2016, compliance function has implemented Gratification control; ASEAN CG Scorecard as Benchmark for Corporate Governance (CG); self-assessment. The Good Corporate Governance (GCG) reported to the OJK in RBBR report is Composite 2 Rating (Good) and followed GCG Third Party assessment

COMPLIANCE RISK MANAGEMENT

Compliance risk management is carried out simultaneously in order to promote compliance culture on every business activity, and in every level of Bank's organization, and to mitigate the Bank's compliance risk, as described:

1. Compliance risk faced is fine imposition up until December 2016, amounted to IDR 143,291,128 (IDR 114,627,000 fine on Conventional unit and IDR

28,664,128 fine on Sharia unit). The type of offense composition in frequency is mostly reporting sanctions of Debtor Information System (SID) and Commercial Bank Report (LBU). However, the amount is lower than the 2015 period, with total fine of IDR 596,006,074 (IDR 551,504,500 fine on Conventional unit and IDR 17,501,574 fine on Sharia unit).

2. Compliance Potential Risk significant in future period would be from the reporting activity of SID and LBU, because the fine on SID and LBU are still significant through periods of SID crash program data cleansing by Bank Indonesia.
3. Related to the fine potential as referred to above, Bank has set preventive and corrective action effective in order to mitigate compliance potential risk, i.e. significant fine imposition of SID and LBU from Bank Indonesia in the next period, namely:
 - a. To conduct system change on SID report to be more centralized, currently decentralized. After the centralization, Branch Office reporting the SID will report SID data to Head Office, and the Head Office will verify the data before reporting it to BI.
 - b. To conduct study and recommend change of organization chart in Branch Office/Head Office, or the change in Job Description relate to SID report process and monitoring the completeness of SID report application by related Division.
 - c. To optimize internal control in coaching the officers in the form of reprimand, coaching, and mentoring to the Branch Office both conventional and Sharia, who makes mistakes in the submission report of SID/LBU/LSMK.
 - d. To map the completion of mandatory loan requirement data in reports to SID/LBU by the business unit and coordinated with the supporting unit.
4. Prudential principles are embodied by complying with several regulations related to prudential principles, reflected in the following ratios:
 - a. Self-assessment result of KPMM Bank calculation in line with risk profile per December 31st 2016, amounted to 9.16%, whereas in the same period for 2015 was 9.17%. KPMM Ratio (capital rate) formed by the Bank after calculating loan risk, operational risk, and market risk per December 31st 2016 amounted to 20.30%, whereas in the same period for 2015, the Bank's KPMM Ratio was 16.58%, hence the Bank's KPMM Ratio is still adequate to absorb risk.
 - b. During reporting period, there were no violation or exceedance of BMPK, both from related or non-related parties of the Bank.
 - c. PDN Ratio against Capital per December 31st 2016 was 1.35%, so The Company is under the maximum limit determined by Bank Indonesia, which is 20%. Whereas Bank PDN Ratio in the same period in 2015 was 1.63%, or there was a decrease of 0.28% on this year's ratio.

OTHER COMPLIANCE ACTIVITIES

Risk Management Unit and Compliance Unit has conducted standardized business process referring to international standard in order to refine and alter the business process. International standardization conducted by Risk Management Unit and Compliance Unit is ISO 9001:2008 certification. On December 30th 2015, Risk Management Unit and Compliance Unit has attended ISO 9001:2008 certification and declared to have meet all requirements of ISO 9001:2008.

In addition, Bank has begun the implementation of Combine Assurance initiated by Control Unit (Risk Management Division, Compliance Division and Internal Audit Division) as well as other unit in order to improve

the internal control functions in every operational aspect of the bank through Zero Tolerance to Fraud and Zero Defect program.

Zero Tolerance to Fraud and Defect Program referred to Anti-Fraud Strategy Implementation for Commercial Bank as stipulated in Bank Indonesia Circular Letter No. 13/28/DPNP dated December 9th 2011. In 2016, the program focus was Prevention pillar through awareness or dissemination of Zero Tolerance to Fraud and Defect program in Branch Offices or Regional Offices. Awareness or dissemination of Zero Tolerance to Fraud and Defect program in 2016 has been conducted in numerous Branch Office with priority order based on the operational potential risk and fraud risk (based on historical data). This activity will be continued in 2017, and the target is the awareness Zero Tolerance to Fraud and Defect will be conducted for every Branch Office and Regional Office.

Bank's blueprint transformation; Demand Management Workshop; Sustainability Performance Workshop; SESPIBANK 65th Graduate 2015 Training; Training the 7th batch CGLP ASEAN CG Scorecard; TIM BTN Branch Award BBA Based on Malcolm Baldrige PKU Workshop; Spin-off Preparation of USS BTN; Special training for TKM and auditor analyst officers by FKDKP; Training to be top 50 team ASEAN CG Scorecard 2016; Policy and Procedures Compilation PSC Training.

HUMAN RESOURCES QUALITY IMPROVEMENT

Throughout 2016, education and training have been conducted in order to improve the Company's compliance function implementation, among others are: Workshop of Legal Property and Transaction; Suspicious Financial Transaction Analysis Workshop; Commercial Loan Analysis Workshop; Interpretation and Evaluator KPKU BUMN 2016 Education; Risk Management Competence Level 3 Test and Training; IT Security Master Plan Workshop; Leadership Training; ASEAN CG Scorecard Workshop 2016; Risk Awareness Banking Workshop; Operational Risk Management Workshop; Envisioning Compilation of RSTIK (Information Technology and Communication Strategic Plan) Workshop; Corporate Culture Program Workshop; Preview Requirement Malcolm Baldrige 2016 Workshop; training of FKDKP First Year 2016; Digital Banking Workshop; Sharia Commercial Funding Training 2016; Business English Conversation for Executive Training; Strategy Development and Alignment Workshop related to

ANTI MONEY LAUNDERING (APU) AND PREVENTION OF FINANCING OF TERRORISM (PPT) PROGRAMS

Bank always conducts APU and PPT program in customer detection activity whilst referring to the prevailing rules and legislations. In order to anticipate the money laundering and financing of terrorism, Bank implements APU and PPT Program as to detect the customer's activity whilst referring to the prevailing rules and legislations in 2016, activities related to APU-PPT Program conducted are as follows:

1. Cash Transaction Report (LTKT) and Suspicious Transaction Report (LTKM). During July – December 2016, there were 3,232 transactions (consist of 3,164 LTKT reports and 68 LTKM reports) reported to the Indonesian Financial Transaction Reports and Analysis Center (PPATK).

No.	Month of the Report	Report Type		Total
		Cash Transaction Report (LTKT)	Suspicious Transaction Report (LTKM)	
1.	January	519	11	530
2.	February	404	17	421
3.	March	420	13	433
4.	April	457	08	465
5.	May	435	11	446
6.	June	603	27	630
7.	July	389	9	398
8.	August	446	7	453
9.	September	470	13	483
10.	October	490	11	501
11.	November	508	13	521
12.	December	861	15	876
Total		6,002	155	6,157

2. International Fund Transfer Instruction Report (LTKL) During July – December 2016, there were 527 international transaction reported to PPATK.

No.	Month of the Report	International Fund Transfer Instruction Report (LTKL)
1.	January	102
2.	February	94
3.	March	95
4.	April	99
5.	May	88
6.	June	81
7.	July	70
8.	August	82
9.	September	94
10.	October	97
11.	November	80
12.	December	104
Total		1,086

3. Report to the Law Enforcement and Regulator in order to coordinate and Bank's report to the Law Enforcement or Regulator. Compliance Function has been monitoring customer's data as requested. During July – December 2016, the follow up after reports are:

No.	Month of the Report	Total Reports					Total
		Tax Office	KPK	PPATK	BNN	Other (Police, Judiciary, etc.)	
1.	January	60	1	7	0	0	68
2.	February	51	1	7	1	0	60
3.	March	86	5	18	0	1	99
4.	April	66	16	12	0	0	94
5.	May	105	8	11	0	0	124
6.	June	89	11	21	0	0	121
7.	July	109	86	8	0	0	203
8.	August	114	5	8	0	1	128
9.	September	176	25	23	0	1	225
10.	October	160	6	6	0	0	172
11.	November	200	32	9	0	0	241
12.	December	240	45	7	0	0	292
Total		1,456	241	137	1	3	1,827

4. The dissemination of APU and PPT regulation refreshment, as well as dissemination of APU and PPT application enhancement. In promoting the APU and PPT implementation that is obedient and consistent with prevailing rules and legislations, one of the Bank's refinement is on the APU and PPT application system, and will be carried out simultaneously with the system refinement in accordance with prevailing rules and legislations. Along with the improvements of application system and refreshment on the APU and PPT regulations, in 2016, the dissemination of APU and PPT application has been conducted gradually on every Branch Offices (Conventional and Sharia), as well as handbook distribution to improve the knowledge and capability of officer, as well as practical guidelines in handling related matters concerning APU and PPT.

RISK MANAGEMENT FUNCTION

Along with the issuance of POJK Number 18/POJK.03/2016 on the Implementation of Risk Management for Commercial Banks and SEOJK No. 34/POJK.03/2016 on the Implementation of Risk Management for Commercial Banks, the Risk Management Division (RMD) as the Risk Management Work Unit continues to increase The Company's risk management quality and conducts regular reviews to ensure effectiveness and adequacy of The Company's Risk Management System as compliance to the prevailing regulations and to establish a sound The Company.

The implementation of the Risk Management system at The Company refers to Bank Indonesia Regulation No. 5/8/PBI/2003 on the Implementation of Risk Management for Commercial Banks as amended by Bank Indonesia Regulation No. 11/25/PBI/2009 concerning Amendment to Bank Indonesia Regulation No. 5/8/PBI/2003 on the Implementation of Risk Management for Commercial Banks, Circular Letter No. 5/21/DPNP concerning the Implementation of Risk Management for Commercial Banks as amended by BI Circular Letter No. 13/23/DPNP dated October 25th 2011 on the Amendment to 5/21/DPNP on the Implementation of Risk Management for Commercial Banks, BI Regulation No. 13/1/PBI/2011 dated January 5th 2011 on the Assessment of Soundness Level of Commercial Banks, Bank Indonesia Circular Letter No. 13/24/DPNP dated October 25th 2011 on Assessment of Soundness Level of Commercial Banks, and other Bank Indonesia Regulations related to risk management.

In 2016, the Indonesia Financial Services Authority has issued POJK Number 18/POJK.03/2016 on the Implementation of Risk Management for Commercial Banks and SEOJK No. 34/POJK.03/2016 on the Implementation of Risk Management for Commercial Banks which also serves as a reference for The Company's risk management.

RISK MANAGEMENT POLICIES AND PROCEDURES

The Company has policies in the field of risk management, namely the Risk Management Policy Manual (PKMR) which covers the minimum provisions required by Bank Indonesia/ Indonesia Financial Services Authority Regulations. The PKMR has been reviewed regularly at least once a year by the Board of Directors and Board of Commissioners by refining the risk management policy guidelines. A re-review of internal policies is also carried out to be in line with the regulator's latest provisions by conducting a gap analysis and accommodating the common best practices used in the banking industry to increase risk management quality.

THE COMPANY'S RISK MANAGEMENT SYSTEM

The implementation of risk management in The Company aims to support the Bank in achieving sound and continuous growth, to optimize shareholder value. The approach used to support effective implementation of risk management in The Company is a comprehensive approach to manage The Company's risks in a complete manner, improve performance by managing uncertainties, minimizing threat and maximizing opportunities without neglecting risk management principles which at the very least shall include:

1. Active supervision by the Board of Commissioners and Board of Directors.

2. Adequacy of policies, procedures and limit set
3. Adequacy of the risk identification, measurement, monitoring and control process as well as the Risk Management information system
4. A comprehensive internal control system

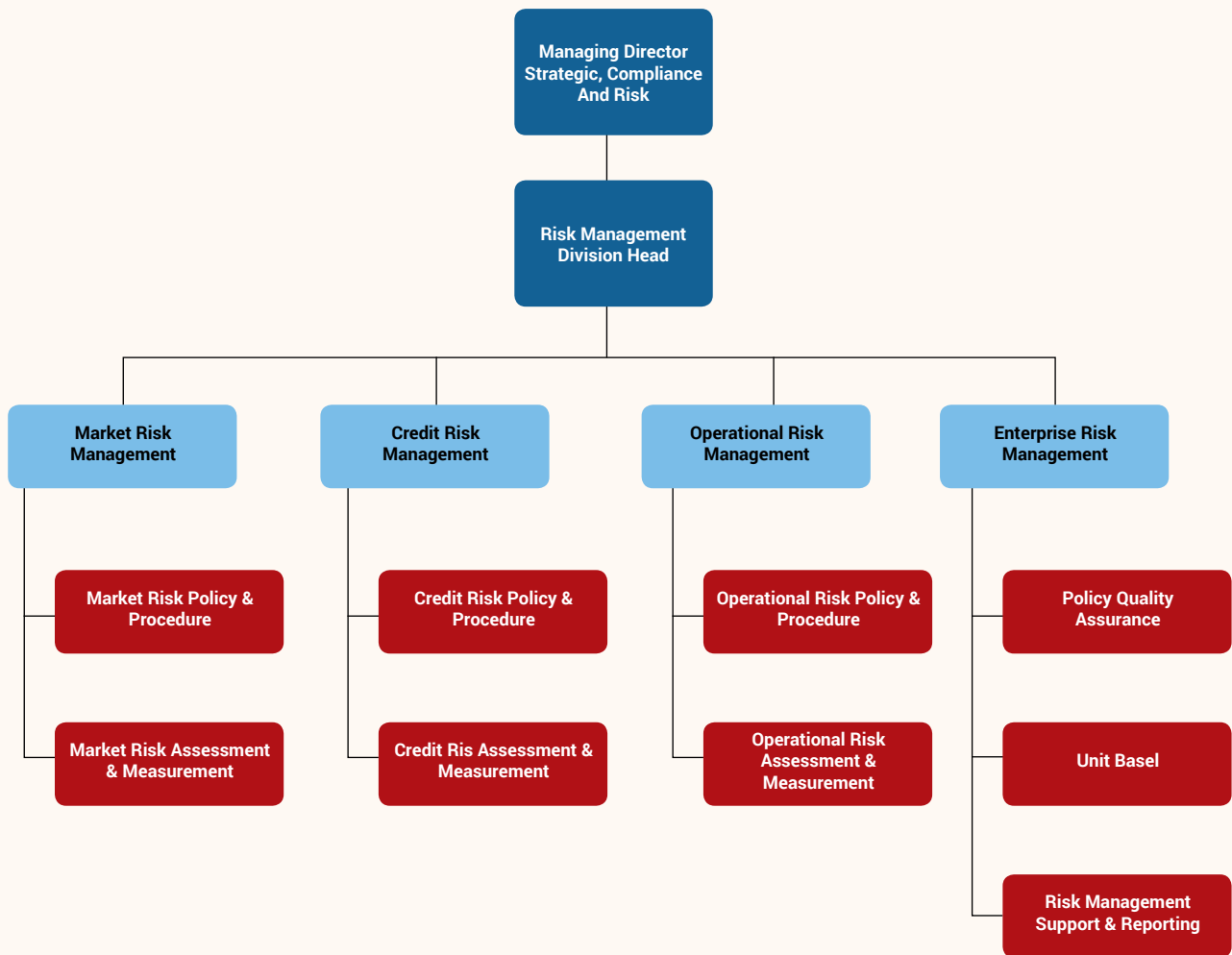
The implementation of The Company's risk management strategies is in line and adapted with the Bank's business strategies. The Risk Management Strategies are implemented to support The Company's business development in the future, among others through:

1. Implementation of risk management that not only focuses on the development and simulation of risk measurement and capital, also focused on developing a risk awareness culture among The Company employees as well as the Ex Ante function to minimize risk exposure. As a result, the risk management policies determined can be implemented in daily business and operational activities in all levels.
2. Formulation of Risk Management policies and procedures
3. Developing a risk management information system, i.e. ICR (Internal Credit Rating) for commercial loans and enhancement of the Loss Event Database (LED) for operational risk.
4. A stress testing for Credit Risks has been conducted twice a year, stress testing for Market Risks twice a year and stress testing for Liquidity Risks five times a year to measure The Company's resilience to stress/critical scenarios.

RISK MANAGEMENT ORGANIZATION CHART

The Company's risk management procedures are based on GCG principles and are achieved by the involvement of all The Company organs in risk management. This is reflected in The Company's risk management organization chart, i.e. Commissioner and Risk Oversight Committee as well as the Board of Directors and Risk Management Committee. The Board of Commissioners through the Risk Monitoring Committee and Board of Directors through the Risk Management Committee are responsible for ensuring that Risk Management has been sufficiently implemented in line with The Company's risk characteristics, complexity and profile. The Board of Commissioners and Board of Directors play an active role in the risk management process to mitigate Bank risks through the Risk Management Quality including risk management procedures, risk management framework, risk management process and management information system adequacy as well as the internal control system adequacy. Further information on the Risk Oversight Committee is provided in detail in the section on Committee reporting to the Board of Commissioners.

The Risk Management Division organization structure in line with the Board of Directors' Regulation No. 02/KD/DIR/SPMD/2015 is provided in the chart below:



The Credit Risk Management Department serves to ensure Credit Risk management effectiveness, the Market Risk Management Department serves to ensure Market Risk and Liquidity Risk management effectiveness, the Operational Risk Management Department serves to ensure Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputational risk management effectiveness. Each Department Head is assisted by the Policy and Procedure Work Unit and Assessment and Measurement Work Unit.

The Enterprise Risk Management Department serves to coordinate and ensure the risk management integration process through strategic planning, performance assessment and providing incentives to increase shareholder value, increase investor confidence, support decision making and improve capital usage efficiency.

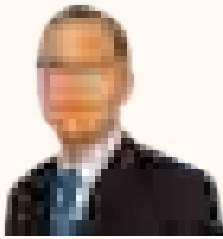
RISK MANAGEMENT DIVISION

The Risk Management Division (RMD) is a Risk Management Work Unit (SKMR) of The Company, lead by the Head of Division who directly reports to the Managing Director Strategy, Compliance and Risk. The Risk Management Division's Organization Chart consists of the Market Risk Management Department, Credit Risk Management Department, Operational Risk Management Department and Enterprise Risk Management Department.

The Risk Management Unit has obtained the ISO 9001: 2008 certification

In carrying out management activities, the Risk Management Division (RMD) has implemented and obtained the ISO 9001: 2008 certification and is committed to continue working in accordance with the quality standards applied with continuous improvement to foster a risk culture and encourage the implementation of effective risk management at all levels of the organization and business activities of the Bank in accordance with applicable provisions.

PROFILE OF THE HEAD OF RISK MANAGEMENT DIVISION



Hertanta

Indonesian citizen, age 51, born in Yogyakarta on January 19th 1965. He holds a Bachelor of Agriculture/Agribusiness from Institut Pertanian Bogor in 1988 and Masters in Financial Management from Universitas Padjadjaran in 2005.

He has been Head of the Risk Management Division and secretary of the Risk Management Committee since May 5th 2015 based on the Board of Directors Decision Letter Number: 257/DIR/2015 dated May 4th 2015 and updated with the Board of Directors Decision Letter Number: 439/DIR/2016 dated October 12th 2016.

Prior to becoming the Head of RMD, he held various key positions at The Company, i.e. Branch Manager of BTN KC Mataram (July 2006 to February 2009), Branch Manager of BTN KC Sidoarjo (March 2009 to April 2010), Branch Manager of BTN KC Yogyakarta (May 2010 to June 2011), Branch Manager of BTN KC Malang (July 2011 to June 2013), Head of the Performance Department - SPMD BTN Head Office (July 2013 to May 4th 2015) and Head of Risk Management Division (RMD) BTN Head Office (May 5th 2015 to present).

In 2016, he obtained education and training from the Sekolah Staff dan Pimpinan Bank (SESPIBANK) Batch 65 and obtained the 3rd highest score, this was held by the Indonesian Banking Development Institute (LPPI) on 2 September – 29 October 2016 and has completed General Banking level 3 on 11 October 2016 held by the Banking Professional Certification Agency (LSPP).

RISK MANAGEMENT DIVISION HR CERTIFICATION PROGRAM

The Company continuously strives to improve risk management quality including by increasing the Risk Management Division's HR competency through training programs or certification in risk management. The table below lists the training and certification for Risk Management Division HR in 2016:

Table: 2016 Risk Management Division HR Certification Program

Certification	Organizer	Place & Time	Total Participants
UKMR Level 1	LSPP	Jakarta, August 20 th 2016	3 people
		Jakarta, September 10 th 2016	3 people
General Banking Level 3	LSPP	Jakarta, October 11 th 2016	1 peson

RISKS FACED BY THE COMPANY

There are 8 types of risks faced by The Company and they must be well-managed. The eight type of risks are referred to as inherent risks and are listed

Type of Risks	Description
Credit Risk	This risk occurs as a result of the failure of other parties to meet obligations to The Company, including Credit Risk due to failure of debtors, credit concentration risk, counterparty credit risk and settlement risk.
Market Risk	This risk occurs on the balance sheet and off-balance sheet positions, including derivative transactions, due to overall changes in market conditions, including the risk of changes in the option price. In accordance with regulations and considering that The Company has consolidated with its subsidiaries, market risk management only includes the management of interest rate risk and exchange rate risk. The interest rate risk managed by The Company mainly derives from the banking book positions and a small portion comes from trading book positions. On the other hand, the exchange rate risk managed by The Company almost fully derives from the banking book position.
Liquidity Risk	This risk occurs due to the inability of The Company to meet its maturing obligations from cash flow funding sources and/or from high quality liquid assets that can be pledged, without disrupting the activities and financial condition of the Bank. The inability to obtain cash flow funding sources resulting in Liquidity Risk, is caused by among others: inability to generate cash flows from productive assets and from the sale of assets including liquid assets and/or inability to generate cash flows derived from funding, inter-bank transactions, and borrowed funds.
Operational Risk	Operational risk is the risk due to insufficient and/or failed internal processes, human error, system failure, and/or external events affecting the operations of the Bank.
Legal Risk	Legal Risk is the risk resulting from the demands and/or weaknesses of juridical aspects where Legal Risk can be a result of the engagement undertaken by the Bank.
Strategic Risk	Strategic Risk is a risk due to inaccuracies in the decision making and/or implementation of strategic decisions and the failure to anticipate changes in the business environment.
Compliance Risk	Compliance Risk is a risk due to the failure of the Bank in complying with and/or implementing the laws and regulations in force.
Reputational Risk	Reputational risk is a risk due to a declining level of stakeholder's trust that is a result of negative perceptions of the Bank. Reputational Risks are identified from the risk factors inherent in the functional activities that include transparency (disclosure requirement), customer complaints regarding The Company services, behavior of Bank employees in serving customers, and The Company's communication system.

RISK MANAGEMENT EFFORTS

PT Bank Tabungan Negara (Persero) Tbk. attempts to minimize the negative impact of the business through day to day risk management activities, on the basis of Good Corporate Governance (GCG) principles to guarantee all the processes and mechanisms involved in achieving the objectives of the Company, prevent the Company from irregularities and risks that can lead to failure to achieve company objectives, as well as on the basis of prudence principle to ensure that The Company's performance growth is sound and sustainable.

CREDIT RISK MANAGEMENT

As a follow up to the implementation of Pillar 1 of Basel II, The Company has implemented credit risk measurement by using the Standardized Approach in accordance with SE BI No. 13/6/DPNP dated February 18th 2011 on the Guidelines for Calculating of Risk Weighted Assets (RWA) for Credit Risk by using the Standard Approach. The Company regularly reviews and updates its Risk Management Policy Manual and Credit and Financing Policy Manual for Bank loans and financing as part of the risk assessment process. Credit risks are monitored and controlled among others by evaluating the credit risk exposure to the credit risk limit, building Internal Credit Rating applications for commercial credit and implementing the four eyes principle by establishing a Credit Risk Desk to analyze the credit risk including LCRD restructuring consisting of CRD at the Head Office, RCRH (Regional Credit Risk Head) at the Regional Offices and BCRH (Branch Credit Risk Head) at 2 Branch Offices. In addition, a Monitoring Department was established in the Commercial Lending Division (CMID) to specifically monitor the major debtors credit exposure (50 core debtors). Credit risk control for consumer loans is carried out through ilolan Konsumer i.e. complementing the application with the Credit Scoring Model (CSM).

MARKET RISK MANAGEMENT

Market risk management at The Company is generally aimed at minimizing the negative impact of changes in market conditions on the assets and capital of banks. The Company has an Assets and Liabilities Committee (ALCO) to manage market risks, this committee regularly discusses interest rates and market risk management, particularly deriving from banking book position. As a part of managing market risk, The Company has identified, measured, monitored and controlled market risk, this is carried out by the business unit and/or Risk Management Division.

The Company conducts market risk measurements using standard methods as prescribed by the regulator and sensitivity analysis. Market risk is measured by standard methods intended to calculate the Minimum Capital Adequacy Requirement (KPMM) market risk. The Company conducts a sensitivity analysis intended to measure the impact of changes in market interest rates on profit (loss) and bank equity. On the other hand, the Company conducts a sensitivity analysis to measure the impact of exchange rate changes on the Company's profit (loss). In addition, the Company conducts stress testing to assess the Company's in facing extreme changes in interest rates and exchange rates, with reference to the provisions of the regulator and the bank's internal scenarios. For the Company's internal scenario, in the beginning of each year the Risk Management Division coordinates with the Working Group Stress Test (relevant Division) to formulate scenarios and assumptions to be used in the implementation of the Market Risk Stress Test for the upcoming year.

In order to control or limit exposure to market risks, the Company has set a limit that includes treasury transaction limits, dealer limits, budget loss limits and stop loss/stop gain limits. The Company has also set Net Open Position (NOP) limits corresponding to

the maximum limit specified in PBI 17/5/PBI/2015 dated May 29th 2015 Bank Indonesia Regulation No.17/5/PBI/2015 dated May 29th 2015 and the Fourth Amendment of PBI No. 5/13/PBI/2003 on Net Open Position for Commercial Banks to control or limit exchange rate risk exposures.

LIQUITY RISK MANAGEMENT

As part of managing liquidity risk, The Company has an Assets and Liabilities Committee (ALCO), to manage liquidity and regularly discuss the liquidity risk management in the Bank. For guidance in managing liquidity risk, the Bank has Liquidity Risk Management Policy Manual, which is part of the Company's Risk Management Policy Manual (PKMR). The Liquidity Risk Management Policy Guidelines include active supervision by the Board of Commissioners and Directors in managing liquidity risk, liquidity risk management processes, as well as the policies, procedures and liquidity risk limits. Referring to the Liquidity Risk Management Policy Manual, The Company identifies, measures, monitors and controls liquidity risk. The identification of liquidity risk is basically intended to determine the amount and trend of liquidity needs and sources of funding available to meet the needs.

Measurement of liquidity risk in the Company is conducted by the Treasury Division (TRSD) and the Risk Management Division (RMD). The liquidity risk measurement uses 4 (four) methods, i.e. stock-based, maturity profile analysis, cashflow projection and stress testing. The stock-based method is used to measure liquidity risk in Banks using liquidity ratio, maturity profile analysis method used to measure liquidity gap and cashflow projection is used to measure the total and liquidity need trend. The Company conducts stress testing using Bank Specific Crisis (BSC) scenario and General Market Crisis (GMC) stress tests, aimed at measuring the adequacy of liquid assets available and the Bank's ability to meet the needs of liquidity

in a crisis situation. In the beginning of each year, the Risk Management Division coordinates with the Working Group Stress Test (relevant Division) to formulate scenarios and assumptions to be used in the implementation of the Liquidity Stress Test for the upcoming year. In addition, to maintain the availability and sufficiency of liquid assets as well as to control or limit exposure to liquidity risk, the Bank has set limits that include minimum Secondary Reserves (SR) and maturity gap limits.

OPERATIONAL RISK MANAGEMENT

The Company has a BTN-Loss Event Database (BTN-LED) application to identify and measure risk, this application is aimed for operational risk data collection in Branch Offices (KC) using the risk event criteria based on Basel II (7 risk event types). The output of BTN-LED data is the overall LED data and the LED data can be displayed for Top 10 Risk. Afterwards, the data collected will be processed and analyzed to identify the operational risk exposure map for each Branch Office and Regional Office. The operational risk exposure map will serve as a reference for improvement to avoid similar cases from happening by taking risk mitigation steps against identified risk events. At present, the Bank is currently finalizing the Risk Control Self Assessment (RCSA) policies and procedures. The RCSA Policies and procedures prepared by the Company will be an ISO 31000:2009 based RCSA including RCSA development aligned with the KPI (Key Performance Indicator) of each unit at the Company. The RCSA policies and procedures will be supported by the RCSA Application.

Operational Risk mitigation will be carried out by all units at the Company. Compliance with policies and procedures is a form of Operational Risk mitigation. The Risk Management Division ensures that the Company has sufficient risk management policies and procedures to carry out transactions and activities in an accurate, efficient and timely manner. The Company has assigned a Branch Compliance Supervisory Officer (BCSO) in the

Branch Office to manage issues related to compliance at the Branch Office. The Company is currently formulating the Business Continuity Management (BCM) policy to guarantee the Company operations in carrying out business and providing service for customers. The BCM policies are formulated by conducting a Risk Assessment (RA) to formulate the Business Impact Analysis (BIA) in all Missions, Regional Offices and sample Branch Offices. The BIA result will serve as a guideline to formulate the BCM policy.

LEGAL RISK MANAGEMENT

Legal Risks are identified in factors causing the risk including lawsuits and weaknesses in the juridical aspects attached to credit functional activities (financing), treasury and investment, operational and services, information systems technology and MIS, and human resource management. Legal risks are jointly measured by the Risk Management Division (RMD) and the Legal Division (LGD) based on the analysis and evaluation report on individual legal cases against the contingency liability arising from the lawsuits. The indicators/parameters used to measure Legal Risks include potential loss due to lawsuits, weak engagement due to the failure to meet the official requirements of the agreement and changes to the laws and regulations causing bank products to be incongruous with the existing provisions.

Legal Risks are monitored by the Risk Management Division by evaluating the effectiveness of policies, procedures and compliance with policies, regulations and bank limits. Monitoring is routinely carried out for Legal Risk positions. The LGD provides legal input and recommendation for all divisions and units and conducts a periodical review on the agreements and partnership contracts with counterparties to control Legal Risks. In addition, the Bank has a Legal Report Information System (LRIS) application that is designed in the form of a website and is used to register and monitor criminal and non-criminal legal cases occurring

or handled by the Bank, hence the progress of all cases occurring in the Branch office or the head of the can be monitored. The Bank has assigned a Regional Legal Representative (RLR) in the Regional Office to manage issues related to legal aspects faced by the Regional Office and Branch Office.

STRATEGIC RISK MANAGEMENT

Strategic Risk is identified based on the Strategic Risk factors in certain functional activities such as credit, treasury and investment as well as operations and services through a business plan formulated by the Strategic Innovation & Performance Management Division as an elaboration of the Board of Directors General Policy. Strategic Risks are measured based on the Bank's performance i.e. by comparing actual results with the targets set.

Strategic Risk is periodically monitored by the Strategic Innovation & Performance Management Division (SIPD) by monitoring the Key Performance Indicators (KPI) achieved and the Risk Management Division (RMD) monitors the risk exposure compared to the Bank's risk appetite. Afterwards, the Board of Commissioners, Board of Directors and Divisions will review the strategies by focusing on business transformation, infrastructure and HR. The Risk Management Division will then monitor Strategic Risk by comparing the expected results against the actual results, evaluate unit performance and ensure that target objectives are met. The Strategic Innovation and Performance Management Division (SIPD) analyses the gap between the actual report and the business plan target in controlling Strategic Risks, the division also informs the steps to be periodically taken by the Board of Directors.

COMPLIANCE RISK MANAGEMENT

The Bank through its Legal Division (LGD) has provided a special portal called Internal Access Management Standards (AIMS) to facilitate all units to gain access to the internal provisions of the Bank. The Bank has assigned a Branch Compliance Supervisory Officer

(BCSO) in the Branch Office to evaluate the level of compliance with the transaction flow and the Bank's non-operational transactions to determine whether it is in line with the prevailing regulations, provisions or SOP. The Compliance Division (CMPD) will create a list of the Company's liabilities to external parties and continuously review the internal provisions to ensure that it remains relevant to the applicable external provisions, this is done to identify and monitor compliance risks. In addition, the CMPD will monitor events that pose a Compliance Risk and will inform this matter to the Risk Management Division (RMD). The CMPD will monitor and report the Compliance Risks incurred to the Board of Directors of the Bank at any given time or periodically at the time the Compliance Risk occurs.

Compliance Risks are measured against the potential loss caused by non-compliance and the Company's failure to meet the prevailing external provisions. The indicators/parameters used to measure Compliance Risks include the type, significance, and frequency of violations against the prevailing provisions or the bank's compliance track record, behaviour basing the violation, and violation against the commonly applicable standards. The RMD and CMPD controls Compliance Risk by evaluating the effectiveness of Compliance Risk management by periodically monitoring all types of activities that potentially incur a Compliance Risk.

REPUTATIONAL RISK MANAGEMENT

The Management role of the Business Unit is to identify the Reputational Risk that occurs in the business or activities of the unit and as a front liner in building and preventing Reputational Risk, particularly related to customer relationships. Reputational Risk is identified using the SPN (Customer Complaint System) application conducted on risk factors inherent in functional activities that include disclosure of material information (disclosure requirement), customer complaints on the service of the Bank, the behavior of the Company's

employees in serving customers and communication systems of the Bank and monitoring all media (local and national print and electronic). Service Quality & Network Division (Sand) as the SPN administrator will follow up and resolve customer complaints in accordance with the predefined SLA. In addition, the RMD reviews the issuance of new products and activities for identification purposes. Reputational Risk measurement is carried out based on the assessment of the factors affecting the Bank's reputation including customer complaints and negative press about the Bank.

The Company's Reputational Risk is managed by the Corporate Secretary Division (CSD) unit, which manages the coverage on the Bank that was published in print and electronic media, and the Service Quality & Network Division (SaND) that manages customer complaints. The Service Quality & Network Division (SaND) is in charge of reporting to Bank Indonesia. To monitor Reputational Risk and ensure that customer satisfaction is maintained, the Bank's SPN (Customer Complaint System) serves to support the service management and online handling of customer complaints between parties related to the issues in the Branch Office and the Head Office. In addition, Reputational Risk is monitored by the Risk Management Division (RMD) unit by reminding and providing recommendations for improvements to the Reputational Risk Management Division. CSD and SaND based on the assessment of the reputational risk profile parameter. In controlling Reputational Risk, the Corporate Secretary Division is responsible for the implementation of policies relating to the handling and settlement of negative publicity or avoiding counter productive information and performing the Public Service Obligation (PSO) function to implement Corporate Social Responsibility (CSR). Corporate Social Responsibility activities are not only focused on charity activities, but also in the form of other social programs. SaND immediately follows up customer complaints and resolves it in accordance with the predefined SLA to control Reputational Risk related to customer complaints

IMPROVING AND REFINING RISK MANAGEMENT

As a Bank that mainly focuses in the field of providing loans and financing housing, the Bank's asset portfolio is dominated by housing loans (KPR) which is affected by changes in the external business climate, such as inflation and BI Interest Rate. Efforts to minimize the negative impact of risk management needs to be done on an ongoing basis with the principles of Good Corporate Governance (GCG). To ensure that business processes are able to achieve the company's objectives and to prevent deviations and risks that can lead to failure to achieve the company's objectives, it is necessary to base the process on the prudent principles to ensure that the growth of the Bank's performance is sound and sustainable. In order to improve risk management culture, the Bank has to disseminate risk culture to the Regional Office I, II, III and IV by inviting the Branch Office and Sharia Branch Office attended by the Head of the Branch.

TARGET AND STRATEGIC INITIATIVES FOR THE IMPLEMENTATION OF RISK MANAGEMENT IN 2016

Target and strategic initiatives related to the implementation of risk management in 2016 as follows:

1. Implementation of risk management that not only focuses on the development and simulation of risk measurement and capital, also focused on developing a risk awareness culture among The Company employees as well as the Ex Ante function to minimize risk exposure. As a result, the risk management policies determined can be implemented in daily business and operational activities in all levels.
2. Formulation of policies and procedures for risk management in 2016, as follows:
 - a. Board of Directors Regulation No. 04/PD/RMD/2016 dated April 27th 2016 on the Amendment to the Board of Directors Regulation No. 08.PD.RMD.2015 on the Risk Management Committee
 - b. Board of Directors Circular Letter No. 03/DIR/RMD/2016 dated January 22nd 2016 on the Stress Testing Implementation Guidelines
 - c. Board of Directors Circular Letter No. 48/DIR/RMD/2016 dated November 4th 2016 on the Amendment to the Board of Directors Circular Letter No. 30/DIR/RMD/2015 dated August 25th 2015 on the Guidelines for Risk Data Collection for the BTN-Loss Event Database Application (BTN-LED Tool)
 - d. The Board of Directors Risk Management Policy Manual regulating The Company's risk appetite and risk tolerance management set out in the Board Directors Regulation No. 11/PD/RMD/2016 dated December 30th 2016 on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual.
 - e. On Progress Review - Board of Directors Circular Letter No. 33/DIR/RMD/2012 dated July 31st 2012 on Guidelines for Formulating Bank Risk Profile
 - f. On Progress Review - Board of Directors Circular Letter No. 06/PD/RMD/2015 dated 01 June 2015 on self-assessment on Bank PT Bank Tabungan Negara (Persero) Tbk's level of soundness
 - g. On Progress Review - Board of Directors Circular Letter No. 41/DIR/RMD/2015 dated October 5th 2015 on the Guidelines for Implementing the Liquidity Risk Measurement Process.
 - h. On Progress – formulation of the Bussiness Continuity Management (BCM) Policy that regulates the BCP, DRP, ERP and others as an effort to improve the Bank's readiness in facing disaster.
 - i. On Progress –in formulating the Risk & Control Self Aessment (RCSA) policy.

- j. On Progress Review - Risk Culture policy
- k. On Progress Review - ICAAP
- 3. Developing a risk management information system, i.e. ICR (Internal Credit Rating) for commercial loans and enhancement of the Loss Event Database (LED) for operational risk. In addition, the liquidity risk measurement application and IRRBB information system is also developed.
- 4. Implementation of the stress testing:
 - a. The Liquidity Risk Stress Testing has been carried out 5 times, i.e. reported through the Risk Profile Report Quarter IV/2015, Quarter 1/2016, Quarter 11/2016, Quarter 111/2016 and in March 2016 jointly with the Market Risk and Credit Risk Stress Testing, this was also reported to the OJK.
 - b. The Credit Risk Stress Testing is carried out at least once a year, it has been conducted twice, in March 2016 and September 2016 jointly with the Liquidity Risk and Market Risk Stress Testing, this was also reported to the OJK.
 - c. The Market Risk Stress Testing is carried out at least once a year, it has been conducted twice, in March 2016 and September 2016 jointly with the Credit Risk and Liquidity Risk Stress Testing, this was also reported to the OJK to assess the Bank's resilience to stress/crisis scenarios.
- 2. Evaluate and endorse the Risk Management Policy Manual through the Board of Commissioners' Letter to Board of Directors No. 149/KOM/BTN/XII/2016 dated December 27th 2016 on the Approval for the Review of the Risk Management Policy Manual (PKMR) of PT Bank Tabungan Negara (Persero) Tbk and Board of Commissioners' Meeting dated December 27th 2016 on the Board of Directors' proposal through the Board of Directors' Letter No. 1073/DIR/RMD/XI1/2016 dated December 16th 2016 on Request for Approval of the Review of PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual (PKMR)
- 3. Evaluate the risk profile submitted to the Board of Commissioners and Risk Monitoring Committee on a quarterly basis as evaluation material for implementing the risk management policy and risk management strategy, and through the Risk Monitoring Committee Meeting as provided in the section on Committee reporting to the Board of Commissioners.

The Board of Directors' role in the Company's risk management in 2016 is done through the following activities: The Board of Directors has clear duties and responsibilities, including:

1. Formulating the Risk Management policy including the Risk Management strategy and framework in writing and comprehensively, namely Board of Directors Circular Letter No. 03/DIRIRMD/2016 dated January 22nd 2016 on the Stress Testing Implementation Guidelines, Board of Directors Circular Letter No. 48/DIRIRMD/2016 dated November 4th 2016 on the Amendment to the Board of Directors Circular Letter No. 30/DIRIRMD/2015 dated August 25th 2015 on the Guidelines for Risk Data Collection for the BTN-Loss Event Database Application (BTN-LED Tool), Board of Directors Circular Letter No. 03/DIRIRMD/2016 dated January 22nd 2016 on the

BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS' SUPERVISION

The Board of Commissioners carry out the following activities to supervise the Company's risk management in 2016:

1. Endorse the Risk Management policy, including the Risk Management strategies and framework set in accordance with the risk appetite and risk tolerance;

Implementation Guidelines for Stress Testing, Risk Appetite and Risk Tolerance for credit risk included in PO No. 11/PD/RMD/2016 dated December 30th 2016 on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual (PKMR), monthly Credit Risk Exposure Monitoring Report submitted by the RMD to the Board of Directors, Liquidity Risk Monitoring Report on a weekly basis from RMD to be reported to the Board of Directors, Operational Risk Report (LED/Loss Event Database) reported by the RMD to the Board of Directors.

2. Prepare, determine, and update the procedures and tools to identify, measure, monitor, and control risk; This indicator is set forth in the internal provisions, namely: PD 11/PD/RMD/2016 dated December 30th 2016 on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual (PKMR).
3. Formulate and determine the risk limits and maximum risk by considering experience, risk management skill, human resources, Bank Indonesia/OJK regulations, and good prudential banking practices, setting risk limits formulated by the Business Unit to be recommended to the Risk Management Unit and to request decision from the Board of Directors, authority limit classification in deciding credit at the Branch Office and Head Office per position level, authority limit classification in treasury transactions per position level, authority limit classification in authorization and paid fiat at the Branch Office and Head Office per position level.
4. Evaluate and/or update the Risk Management policies, strategies, and framework through PD No. 11/PD/RMD/2016 dated December 30th 2016 on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual (PKMR) and provisions on High Quality Liquid Assets i.e. Board of Directors Circular Letter No. 56/DIRITRSD/2016 dated December 20th 2016 on High Quality Liquid Assets. In addition, transactions requiring the Board of Commissioners' approval have been evaluated and decided, included in Memo Number 184/M/RMD/CRMD/IX/2016 dated September 20th 2016 on the Board of Directors' Decision on Commercial Credit BWMK Adjustment (Conventional and Sharia). This memo also regulates transactions requiring consultation with the Board of Commissioners.
5. Determining an organization chart including clear authorities and responsibilities for each position level related to Risk Management implementation through the Board of Directors Regulation on risk management organization 13 consisting of a Risk Management Committee and Division supporting the implementation of risk management i.e. RMD as the Risk Management Unit, internal control by the IAD, Credit Risk Desk as an effort to improve commercial credit business process through the implementation of the four eyes principle and compliance by the CMPD as the Compliance Unit, including the authorities and responsibilities for each unit.
6. As a part of their responsibility, the Board of Directors provides guidance for the reports submitted by the RMD, namely:
 - a. Bank Risk Profile reported on a quarterly basis.
 - b. Liquidity Risk Position Monitoring Report submitted on a weekly basis.
 - c. Credit Risk Exposure Monitoring Report submitted on a monthly basis.
 - d. The Liquidity Risk Stress Testing has been carried out 5 times, i.e. reported through the Risk Profile Report Quarter IV/2015, Quarter I/2016, Quarter II/2016, Quarter III/2016 and in March 2016 jointly with the Market Risk and Credit Risk Stress Testing reported to the OJK.

- e. The Credit Risk Stress Testing has been carried out twice, i.e. in March and September 2016.
 - f. The Market Risk Stress Testing has been carried out twice, i.e. in March and September 2016.
 - g. The Branch Office operational risk monitoring report and evaluation (BTNLED) is submitted to the Board of Directors.
7. Ensure that all material risks and impacts caused by the respective risk has been followed up and periodically submit an accountability report to the Board of Commissioners. The report includes a progress report and issues related to material risk as well as the improvement measures that have been, are being, and will be carried out.
 8. Ensure that the implementation of measures for issues or deviations in the Bank's business activities found by SKAI, this is done by providing guidance in the external/internal audit finding follow up monitoring report periodically submitted by IAD to the Board of Directors, evaluate the audit follow up results for the previous year in the audit exit meeting and Audit Committee Meeting
 9. Developing a Risk Management culture including risk awareness in all organization levels by conducting:
 - a. An information dissemination session on risk culture to the corporate culture MVP at the Head Office and 4 (four) Regional Offices since April 2016.
 - b. Validate the Loss Event Database (LED) report and information dissemination session on risk culture at the Batam KC and KCS on May 12th 2016, at Makasar KC and KCS on May 17th 2016, at Surabaya KC and KCS on May 20th 2016.
 - c. Validate the Loss Event Database (LED) Report & Information Dissemination Session on Risk Culture at the Yogyakarta KC and KCS on May 25th 2016 and at Ambon KC on June 2nd 2016.
 - d. Information Dissemination Session on Risk Culture for all employees of the Head Office by the Director to Divisions under their supervision on June 2nd 2016, June 3rd 2016, June 6th 2016, June 9th 2016 and June 10th 2016.
 - e. Information dissemination session on the Zero Tolerance to Fraud and Zero Defect program which includes an information dissemination session on Risk Culture at Medan KC & KCS on September 17th 2016, Cilegon KC & KCS on September 24th 2016, Banjarmasin KC & KCS on October 15th 2016, Surabaya KCS & Bangkalan KC on November 5th 2016 and Cirebon KC & KCS on November 26th 2016.
 - f. Develop a risk management culture by ensuring the availability of risk management certification and certification refreshment program for employees and officials of The Company and providing risk management training for new employees.
10. Ensuring sufficient financial support/budget and infrastructure to manage and control risk in the 2016 RKAP.
 11. Ensuring that the Risk Management has been implemented independently, this is reflected among others by separating the functions between the SKMR performing the identification, measuring, monitoring and controlling risk with the unit performing and settling transactions.

BASEL IMPLEMENTATION

To implement risk management and anticipate the implementation of Basel II, specifically pillar 1, the Bank has implemented the following:

1. Credit risk measurement using a Standardized Approach in accordance with BI Circular Letter

No.13/6/DPNP dated February 18th 2011 on the Guidelines for Calculating of Risk Weighted Assets (RWA) for Credit Risk by using the Standard Approach.

2. Using a Standardized Model for market risk in accordance with BI Circular Letter NO.14/21/DPNP dated July 18th 2012 on the Amendment to Bank Indonesia Circular Letter Number 9/33/DPNP dated December 18th 2007 on the Guidelines for Using a Standardized Method for Calculating the Minimum Capital Adequacy Requirement for Commercial Banks by Considering Market Risks.
3. Calculating the minimum capital adequacy requirement using the Basic Indicator Approach for operational risks in accordance with BI Circular Letter No. 11/3/DPNP dated January 27th 2009 on the ATMR Calculation for Operational Risk using the Basic Indicator Approach.

The Bank has implemented LCR in the implementation of Basel III and the Bank has reported the trial calculation for Leverage Ratio (LR) and Net Stable Funding Ratio (NSFR) on a quarterly basis to the regulators.

RISK PROFILE ASSESSMENT

Inherent Risk Assessment is assessment on risk that is inherent on the Bank business activities, both quantifiable and not quantifiable, that may potentially influence the Bank's financial position.

Assessment on Risk Management Implementation Quality is an assessment on 4 (four) aspects interrelated, including risk governance, risk management framework, risk management process, adequacy of human resources, and adequacy of management information system, as well as the adequacy of risk controlling system.

Based on the Bank's Self-Assessment on the healthiness level, The Company Risk Profile is as follows:

Table Self Assessment Risk Profile Position December 2015 and December 2016

NO	RISK PROFILE	December 2015		
		INHERENT RISK LEVEL	RISK MANAGEMENT IMPLEMENTATION QUALITY LEVEL	RISK LEVEL
1	Credit Risk	LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
2	Market Risk	LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
3	Liquidity Risk	LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
4	Operational Risk	MODERATE (3)	SATISFACTORY (2)	LOW TO MODERATE (2)
5	Legal Risk	LOW (1)	SATISFACTORY (2)	LOW (1)
6	Strategic Risk	LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
7	Compliance Risk	LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
8	Reputational Risk	LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
Composite Rate		LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)

Analysis

Taking into considerations the business activities conducted by the Company, the possible loss faced by the Bank from composite inherent risk is low for a certain period in the future. Risk management implementation quality, compositely is moderate. Even though there is minor weakness, the weakness did not need management's attention.

December 2016		
INHERENT RISK LEVEL	RISK MANAGEMENT IMPLEMENTATION QUALITY LEVEL	RISK LEVEL
LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
LOW (1)	SATISFACTORY (2)	LOW (1)
LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
MODERATE (3)	SATISFACTORY (2)	LOW TO MODERATE (2)
LOW (1)	SATISFACTORY (2)	LOW (1)
LOW (1)	SATISFACTORY (2)	LOW (1)
LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)
LOW (1)	SATISFACTORY (2)	LOW (1)
LOW TO MODERATE (2)	SATISFACTORY (2)	LOW TO MODERATE (2)

EVALUATING THE EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM

The Risk Management Division (RMD) as the Risk Management Unit review the draft policies, revised policies and new products/activities of the operational unit on a routine/daily basis. On a weekly basis, monitors the Liquidity Risk status through a Weekly Liquidity Position and Risk Monitoring Report. On a monthly basis, the RMD monitors the Credit Risk exposure, market and liquidity risk profile movement through the Credit Risk exposure Monitoring Report and the Market and Liquidity Risk Profile Monitoring. On a quarterly basis, evaluate the effectiveness of the risk management system through a risk profile report which includes risk management for credit risk, market risk, liquidity risk, operational risk, compliance risk, legal risk, reputational risk and strategic risk. The risk profile report includes an assessment of Inherent Risks and assessment of the Bank Risk Management Implementation Quality. In addition to risk profile, the RMD conducts a stress testing for Liquidity Risk, Market Risk and Credit Risk. For Operational Risks, the RMD reports the result of the BTN-Loss Event Database evaluation from all Branch Offices. Each semester, the RMD evaluates and reports the Risk Based Bank Rating and evaluates the Bank's capital adequacy ratio by submitting the Minimum Capital Adequacy Requirement (KPMM) Report. On an annual basis, the RMD evaluates the risk management risks by reviewing the Risk Management Policy Manual (PKMR). The Bank evaluates the Credit Scoring Model (CSM) application for consumer credit process. The Company also evaluates and reviews the Loan Approval Authority Limits (BWMK).

RISK MANAGEMENT INFORMATION SYSTEM ADEQUACY

In the early stages, the risk management information system is focused on the collection and improving the quality of the risk database. The expectation is to gradually develop and apply the database into the risk management information system for an integrated and timely presentation of the risk measurement and risk monitoring process. The Company is currently developing an Internal Credit Rating (ICR) for commercial credit and enhancement Loss Event Database (LED) to support the collection of loss event information occurring in Branch Offices to identify the risks occurring in the KC for follow up and mitigation.

ADEQUACY OF THE RISK IDENTIFICATION, MEASUREMENT, MONITORING AND CONTROL PROCESS

The risk identification measurement, monitoring and control is carried out by the Risk Management Unit, in this case the RMD, which has an assessment and measurement unit to identify and measure each risk. Risk management and control is carried out periodically to mitigate significant risks to the Company.

EXTERNAL AUDIT FUNCTION

External audit by independent party is conducted to ensure the accountability of information, especially in these aspects, i.e. financial, operational performance, and compliance. It is important that The Company is able to determine strategic measures and precise policy in supporting the sustainability of the bank's business.

External Auditor helps the Company in special supervisory, especially on the financial, operational, and compliance aspects to the prevailing rules and legislations. External audit is conducted by independent party who has meet the requirements. This institution has to ensure that the Company's accounting report is compiled in accordance with Indonesian Financial Accounting Standards (PSAK). The report compiled shall present the financial position and business outcome reasonably. Lastly, the institution shall ensure that activities carried out by The Company is in accordance with the prevailing rules and legislations.

APPOINTMENT OF THE EXTERNAL AUDITOR

The GMS held on April 12th 2016 has given rights and authorities to the Company's Board of Commissioners to appoint Public Accountants Firm in order to fulfill the needs of Financial Statement Audit of Fiscal Year 2016.

The appointment of Public Accountant and Public Accountants Firm is conducted through limited tender procurement for general audit, and the tender participants has to meet the criteria as follows:

1. Registered on Bank Indonesia and Financial Services Authority;
2. Have international affiliation;
3. Have experiences in auditing bank with the status of public company;
4. Have experience in auditing Foreign Exchange Commercial Bank and PKBL;
5. Have experience in auditing Bank with Sharia Business Unit;
6. Have experience in preparing performance evaluation report (LHEK).

Based on these criteria, Board of Commissioners has appointed Public Accountants Firm Purwantono, Sungkoro & Surja – Ernst & Young as auditor that shall audit the Financial Statement of PT Bank Tabungan Negara (Persero) Tbk Fiscal Year 2016

ACCOUNTANT, PUBLIC ACCOUNTANTS FIRM, AND AUDIT FEE

Accountant and Public Accountants Firm (KAP) who conducted the audit as well as the Audit Fee during the last 5 years including Audit of Partnership and Community Development Program or PKBL is presented on this table:

Fiscal Year	Accountant	Public Accountants Firm	Scope of Audit	Audit Opinion	Audit Fee
2016	Danil Setiadi Handaja Izin No. AP.1008	Purwantono, Sungkoro & Surja License No. 603/KM.1/2015	<ul style="list-style-type: none"> Financial Statement Audit Audit of Partnership and Community Development Program (PKBL) 	Proper Without Exception	IDR 2,175,000,000
2015	Danil Setiadi Handaja Izin No. AP.1008	Purwantono, Sungkoro & Surja License No. 603/KM.1/2015	<ul style="list-style-type: none"> Financial Statement Audit Audit of Partnership and Community Development Program (PKBL) 	Proper Without Exception	IDR 1,967,000,000
2014	Benyanto Suherman Izin No. AP. 0685	Purwantono, Sungkoro & Surja License No. 381/KM.1/2010	<ul style="list-style-type: none"> Financial Statement Audit Audit of Partnership and Community Development Program (PKBL) 	Proper Without Exception	IDR 1,769,000,000
2013	Benyanto Suherman Izin No. AP. 0685	Purwantono, Sungkoro & Surja License No. 381/KM.1/2010	<ul style="list-style-type: none"> Financial Statement Audit Audit of Partnership and Community Development Program (PKBL) 	Proper Without Exception	IDR 1,650,000,000
2012	Benyanto Suherman Izin No. AP. 0685	Purwantono, Sungkoro & Surja License No. 381/KM.1/2010	<ul style="list-style-type: none"> Financial Statement Audit Audit of Partnership and Community Development Program (PKBL) 	Proper Without Exception	IDR 1,650,000,000

OTHER SERVICES PROVIDED

In 2016, Public Accountant and The Company Public Accountants Firm did not provide other services in addition to the Financial Statement Audit and PKBL Audit on fiscal year 2016, hence there shall be no information on other services' fee.

OTHER EXTERNAL AUDITOR AND SERVICES PROVIDED

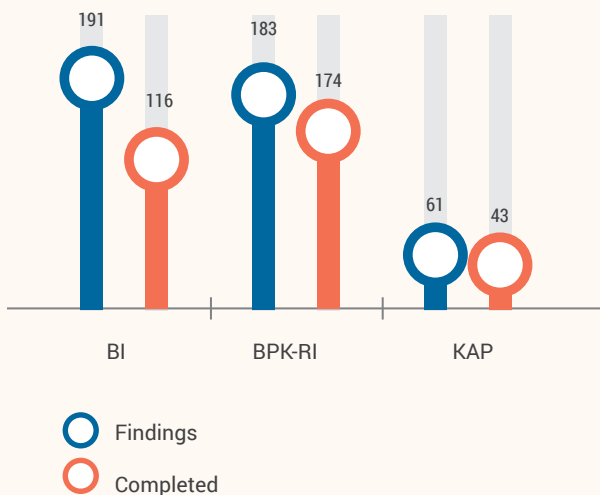
In addition to the Public Accountant and Public Accountants Firm, there are other external auditor doing the audit in The Company on fiscal year 2016, i.e. Bank Indonesia, The Audit Board of the Republic of Indonesia, and PT SGS, related to the surveillance audit for ISO 9001:2008 certification.

FINDINGS AND RECOMMENDATIONS OF FOLLOW UP FROM EXTERNAL AUDITOR

The Company always follows up every findings and recommendation from external audit result in order to refine the Company's governance. Follow up on findings and recommendations are always monitored and evaluated so that the execution will go effectively.

Directors are consistently monitoring the follow up from external audit finding in every coordination meeting between the Directors and Units related to ensure the smooth implementation and minimize findings that may arise. Follow up on external audit findings conducted by The Company in 2016 are as follows:

Findings and Follow Up on External Audit in 2016



EFFECTIVENESS OF EXTERNAL AUDIT AND BANK'S COMPLIANCE WITH REGULATIONS ON RELATIONS IN BETWEEN THE COMPANY, PUBLIC ACCOUNTANT, AND BANK INDONESIA

The Company always maintains communication between Public Accountants Firm, Audit Committee, and the Company's management in an effort to make the audit executed effectively and has significant impacts on the Company's performance improvement. Audit Committee routinely coordinates with Internal Audit Division (IAD) to conduct study on the effectivity of external audit implementation and to ensure that every finding can be resolved.

Audit result on the financial statement for fiscal year ended on December 31st 2016 will be submitted to Financial Services Authority (OJK). The implementation for transparency of the financial statements for fiscal year 2016 is based on Bank Indonesia Regulation and Financial Services Authority (OJK) regulations as follows:

1. PBI No. 3/22/PBI/2001 dated December 13th 2001 as amended partly in PBI No. 7/50/PBI/2005 dated November 29th 2005 on Transparency of Bank's Financial Condition; and last amended partly in PBI No. 14/14/2012 dated October 18th 2012 on Transparency and Publication of Bank Report;
2. BI Circular Letter No. 3/31/DPNP dated December 14th 2001 on Commercial Bank Annual Report and specified annual report submitted to Bank Indonesia;
3. PBI No. 8/4/PBI/2006 dated January 30th 2006 on Implementation of Good Corporate Governance for Commercial Banks;
4. Financial Services Authority Regulation No. 6/POJK.03/2015 dated March 31st 2015 on Transparency and Publication of Bank Report.

Scope of work covers things as follows.

1. General audit on The Company financial statement for fiscal year ended on December 31st 2016, including the Sharia Business Unit.
2. General audit on the financial statement of the Partnership and Community Development Program (PKBL) for fiscal year ended on December 31st 2016.
3. Compliance audit on the prevailing rules and legislations, and Internal Control per December 31st 2016 including Sharia Business Unit.
4. Audit on The Company Performance Evaluation Report in 2016 including Sharia Business Unit.

The audit strategies are as follows.

1. Planning
 - a. Communication with regulator
 - b. Coordinating with The Company to develop audit planning
 - c. Formulating strategies and detailed audit plan
 - d. Conduct internal training for assigned team
2. Interim Audit
 - a. Understand the business process, risk, and internal control
 - b. Review the process of closing the books

- c. Identify and resolve accounting and auditing issues
 - d. Testing of internal control in Head Office and Branch Offices
 - e. Review collectability and adequacy of CKPN and KYD
3. Follow up on interim result
 - a. Update the understanding of internal control
 - b. Follow up on interim result
 - c. Presentation of audit interim result
4. End of the year Audit
 - a. Review subsequent event
 - b. Roll forward of substantive procedure
 - c. Review the closing of the books on December 31st 2016
 - d. Finalization audit conformation
 - e. Publish the assigned report
5. Reports
Finishing of PKBL, management letter, performance evaluation report, and PSA 62

CODE OF CONDUCT

The Company is fully aware that a good relationship with stakeholders increase shareholders value in the long term and can only be achieved through business integrity in each of the Bank's business activities as stated in the Code of Conduct.

EXISTENCE OF THE CODE OF CONDUCT

In this context, the Company has formulated various policies concerning ethics and business conduct. The Company strives to apply standards for ethics and conduct in conducting all business activities in accordance with the vision, mission, and cultural values held through the implementation of the Code of Conduct. The Code of Conduct is a written guideline containing the ethical values/morals required of all individuals associated with the business and behavioral patterns in accordance with the Company's culture.

IMPLEMENTATION OF THE CODE OF CONDUCT FOR THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS AND EMPLOYEE

The Code of Conduct covers the standards for ethics and conduct applicable for the Management (e.g. Board of Commissioners, Board of Directors) and Employee in conducting all of their business activities and applying ethics in interactions between the Commissioner, Board of Directors and Employee with all stakeholders. The

implementation of the Code of Conduct requires a lot of commitment from the management and consistency from the Management and Employees. To foster this commitment, all The Company employees are required to sign the The Company's Statement on the Code of Conduct commonly known as the Integrity Pact to hereinafter be implemented as best as possible. The successful implementation of the Code of Conduct falls under the responsibility of all leaders in their own work unit. Therefore, the Head of Units have the responsibility to provide understanding on the implementation of the Code of Conduct for their staff in their respective work unit.

CONTENTS OF THE CODE OF CONDUCT

The Code of Conduct contains the company's commitment to various parties holding an interest, which is a realization of business ethics and work ethics for the Company's personnel. As ethical behavior, an ideal behavior is expected to be developed based on noble values upheld by the Company so it becomes a work culture. The Code of Conduct consists of four Chapters as follows.

Table of Contents of the Code of Conduct

Chapter	Description
1	<p>Introduction</p> <p>The Code of Conduct is a codification or compilation of policies, employee regulations, and agreements that has been jointly developed by the Bank and its employees that will affect, form, and set standards of behavior for both the Board and employees in carrying out all business activities.</p> <p>The implementation of the Code of Conduct, either compliance or non-compliance is one of the aspects of employee's performance evaluation. Therefore, this Code of Conduct will always be used as a guideline in developing policies, manuals/procedures and management practices existing in the Bank. Consistent implementation of the Code of Conduct will show that The Company is a Bank that upholds the business values and ethics in carrying out business, as well as uphold the GCG principles.</p>
2	<p>Standard Business Ethics</p> <ul style="list-style-type: none"> • The Company Ethics with Employees Fair treatment of employees, employee discipline, as well as prohibiting employees from being involved in the Company's securities business activities. • The Company Ethics with Customers The Company prioritizes the customer's satisfaction and trust; hence employees are required to support the Bank in an effort to achieve customer satisfaction. • The Company Ethics with the providers of goods and services Providers of goods and services must be selected based on an assessment of abilities, accomplishments, and based on compliance and objectivity in the field of price standards, quality, availability, requirements and services provided by partners/suppliers. • The Company Ethics with Competitors The Company places competitors as a driver to continuously improve performance. • The Company Ethics with Partners The Company upholds mutual trust and respect, and upholds communality with partners in accordance with the applicable business norms. • The Company Ethics with the Government The Company is committed to obey all prevailing regulations. • The Company Ethics with the Community The Company is committed to give a positive contribution for sustainable economic development by focusing on the balance between the economic, social and environmental aspects. • The Company Ethics with the Mass Media The Company considers the mass media as partners and media for promotion to build a good image. • Bank Ethics with Professional Organizations The Company fosters good cooperation with professional organizations and regulators to share information, experiences and discuss business developments, and find the best solution to solve issues of common interest.

Chapter	Description
3	<p>Standards of Conduct Policy</p> <ul style="list-style-type: none"> • Employees should always avoid conditions, situations or the appearance of conflicts of interest and malfeasance. • All members of the Board of Commissioners, Board of Directors and employees of the Bank are prohibited from giving and receiving items for their own interest, either directly or indirectly, from a business partner who can influence decisions. • The bodies and employees of the Company shall implement the Bank's rules and legislations.
4	<p>Implementation and Enforcement</p> <p>All the Company employees shall report all deviations to the Corporate Code of Conduct to the Human Capital Division and the informer's identity will be kept anonymous. The Human Capital Division will follow up each report and submit the results of their review to the Board of Directors and/or the Board of Commissioners in accordance with their scope of responsibilities. In the end, the Board of Directors and the Board of Commissioners will decide to impose mentoring, disciplinary and/or corrective actions and precautions to be implemented by the direct supervisor in each work unit.</p>

CORPORATE CULTURE DISCLOSURE

Information on Corporate Culture has been provided in the Company Profile section of this Annual Report.

CODE OF CONDUCT DISSEMINATION

The disclosure of the Code of Conduct applies to all levels of the organization and is endorsed by the Board of Directors Regulation No. 30/PD/CSD/2010 dated December 22nd 2010 on Guidelines for business ethics and conduct PT. Bank Tabungan Negara (Persero) Tbk and amended by the Board of Directors Regulation No. 16/PD/CMPD/2015 dated December 31st 2015 on the Code of Business Ethics and Conduct. The Code of Conduct is disseminated to all BTN employees and stakeholders through The Company website and internet namely the Access Internal Management Standard (AIMS), which can be accessed easily at any time.

Therefore, the Company has also disseminated the Most Valuable Player (MVP) representative from all work units

at the Head Office and Branch Office to support smooth disclosure and dissemination of the Code of Conduct. In addition, in line with the Company's commitment to be free from gratification, bribery, extortion, mark up and other actions leading to Corruption, Collusion and Nepotism (KKN), the Company has submitted a Commitment Declaration to Stakeholders addressed to the Company Main Office and Branch Offices.

CODE OF CONDUCT IMPLEMENTATION AND ENFORCEMENT

All the Company employees are responsible for the successful implementation of the Code of Conduct in their daily activities. A form of the Company's responsibility relates to the Company employees' willingness to report any actions committed by other employees or co-workers who is believed to have violated the Code of Conduct and to report any deviations they are aware of.

The Company imposes firm and consistent sanctions for violations against the Code of Conduct Guidelines.

On the other hand, the type of violation that can be committed by the Board of Commissioners and the Board of Directors as well as sanctions refer to the Articles of Association and GMS decision. Whereas the sanctions imposed to employees are determined in accordance with the applicable staff regulations.

In 2016, the Company have carried out the following efforts:

1. Included the dissemination of the Code of Conduct and Gratification Control as an MVP work program;
2. All employees have filled in the Integrity Pact in line with the Code of Conduct values;
3. Collaborate with KPK to disseminate the gratification control program and Code of Conduct;
4. Manage the report on gratifications received by all work units and report it to the KPK based on the provisions;
5. Submit the Commitment Declaration to the Stakeholders at the Head Office and Branch Offices;
6. Implement the Whistle Blowing System (WBS) program;
7. Punish employees violating the business ethics.

TYPE OF SANCTIONS AND TOTAL OF VIOLATIONS AGAINST THE CODE OF CONDUCT

Type of Sanctions

Type of sanctions for any violations of the code of conduct is as follows:

1. Administrative sanctions
 - a. Lightweight category, namely: oral reprimand; written reprimand and statement dissatisfied. The validity period of the sanctions as employee coaching is three (3) months.
 - b. Medium Category, namely: do not make the leave pay; do not get a regular salary

adjustments and decrease Person Grade 1 (one) grade (basic salary adjust). Duration of sanctions employee coaching is for 1 (one) year.

- c. Weight Category, namely: decrease person of at least grade 2 grade (basic salary adjust); termination of employment; termination of employment and reported to the authorities. Duration of sanctions as employee coaching is for 2 (two) years.
2. Financial Sanctions
Financial sanctions in the form of replacing any financial losses incurred as a result of a breach of discipline does.

Total of Violations

The Company imposes firm and consistent sanctions for violations against the Code of Conduct. The sanctions for violations are based on the Articles of Association and the decision of the GMS in cases where the violation was committed by the Board of Commissioners and the Board of Directors. On the other hand, sanctions imposed on employees are based on the applicable staff regulations. In 2016, there were 108 cases of violations against the code of conduct and imposition of sanctions, namely: 9 cases of dismissal, 74 cases of preliminary warning sanctions, and 25 cases currently undergoing the sanction imposition process.

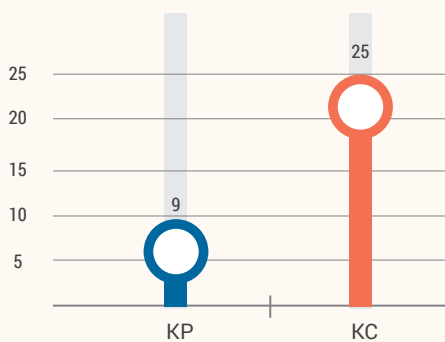
POLICIES TO CONTROL GRATUITIES

The Company is enforcing a culture of not accepting any gifts of gratuities from their customer, debtor, vendor, partner, work partner, and other third parties for the services provided by a The Company Employee in line with their duties. This is done, among other times, in days approaching a religious holiday (Eid Mubarak, Christmas/New Year). The Company always made an announcement in a widely distributed national newspaper, stating that the Board of Commissioners, Board of Director, and the entire rank of The Company employees are fully committed in not receiving and/or requesting presents or gifts in any form from/to customers, debtors, partners/vendors/work partners and other third parties. We also asked all of our customers, debtors, partners/vendors/work partners and other parties, who are already in a business relationship or intending to be in a business relationship with The Company to support this commitment by not giving any form of presents or gifts, directly or indirectly. This announcement is also distributed by The Company via written letter to their customers, debtors, vendors, partners, work partners and other third parties who are involved in a business relationship with The Company.

REPORT OF GRATUITIES DURING THE PERIOD OF 2016

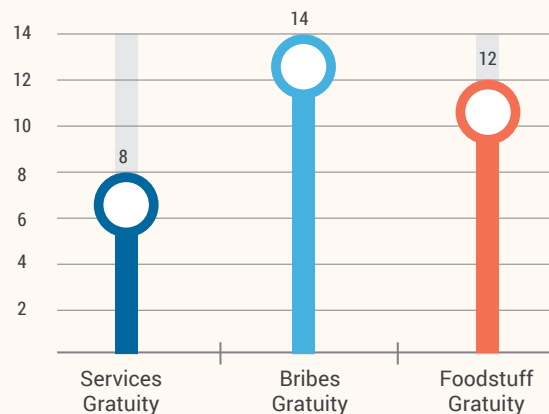
During the period of 2016, the total number of report of gratuities received originated from the central office or the branch offices is 34 reports, which consist of reports of gratuities in form of Bribes, Services or gratuities in form of foodstuff in days leading to a religious holiday.

**Report of Gratuities Based on Work Unit
Period of January-December, 2016**



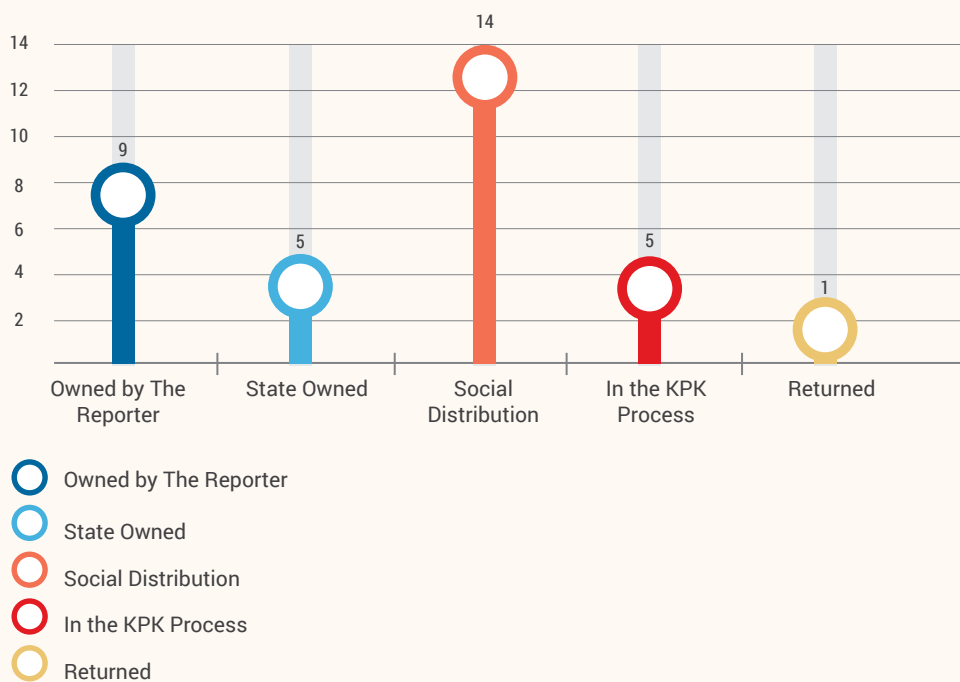
- KP=Head Office
- KC = Branch Office

**Report of Gratuities Based on Type of Gratuities
Period of January-December, 2016**



- Services Gratuity
- Bribes Gratuity
- Foodstuff Gratuity

Report of Gratuities Based on Ownership Status
Period of January-December, 2016



AWARENESS PROGRAM TO CONTROL GRATUITIES FOR 2016

- A Say No to Gratuities pin wore by the entire the Company staff;
- Perform information dissemination for the Program to Control Gratification to all work units in the central office and in the branch offices
- Publishing a Program to Control Gratification Handbook;
- Distributing the Letter to The Company central office or branch office Work Partners/Stakeholders

WHISTLEBLOWING SYSTEM (WBS)

Whistleblowing System (WBS) is part of the internal control systems in preventing irregularities and practices aimed at early detection and prevention of the occurrence of irregularities or violations.

The Company's Whistleblowing System (WBS) Policy is based on Bank Indonesia Regulation (PBI) No. 5/8/PBI/2003 which was then amended through PBI Number 11/23/PBI/2009 and Bank Indonesia Circular Letter Number 13/28/DPNP on Anti-Fraud Policies. The WBS is a part of the internal control system to prevent irregular practices and aims to:

- a) Early detection and prevention of the occurrence of irregularities or violations;
- b) Gradually create an open, sincere, honest and responsible working environment at The Company.

TYPE OF VIOLATIONS TO BE REPORTED

Violations and irregular practices consist of various matters and issues, however these are limited to what was committed, what occurred or what is related to The Company. Several examples of the violations and irregular practices to be reported based on the WBS policy include:

1. All actions violating the criminal law, (e.g. larceny, fraud, drug usage, corruption, and others);

2. Misuse of authority in providing services for the customer or vendor or other suppliers (e.g. delay in payment with no reason, extortion, and others);

3. Violating tax regulations, or corporate financial reporting regulation that doesn't follow the PSAK;

4. Actions that endanger work safety and health;

5. Actions that may harm The Company, financially and non-financially, including harming the Company's reputation;

6. Actions that are gross violations against the Code of Ethics and Code of Conduct;

7. Violations against Bank regulations set forth in Law No. 10/1998 jo Law No. 7/1992, including not applying the prudence principle, disclosing customer's confidential information to unauthorized parties, false records, requesting money for the bank services provided,

8. Violations against the internal procedure (SOP), which may harm the company's reporting integrity, in the finance sector and other sectors;

WBS SOCIALIZATION

The WBS is disseminated within Corporate to all employees through the Board of Directors' Circular Letter on the Implementation of the Whistleblowing System (WBS) Policy. In addition, the information on the Whistle Blowing System was also disseminated through the Company's website and various media, such as the internal bulletin, poster, ethics socialization and WBE policies as well as direct presentations to the relevant work unit in order to reach all The Company stakeholders.

MECHANISM OF VIOLATION REPORTS SUBMISSION

The mechanism established by The Company to submit violation reports is that the informant will submit a report/disclosure and send it based on indications on who committed the violation, including:

1. The alleged violation report shall be directly addressed to the SPP/WBS team if the alleged violator is a staff. The report can be provided verbally or through other modes preferred by the Informant.
2. The alleged violation report shall be directly addressed to the President Director of The Company at the Head Office marked "CONFIDENTIAL" or "CLASSIFIED" on the cover letter if the alleged violator is a member of the SPP/WBS team.
3. The alleged violation report shall be directly addressed to the SPP/WBS Team to be passed to the President Director and reported to the Board of Commissioners if the alleged violator is a member of the Board of Directors or his/her family.
4. The alleged violation report shall be directly addressed to the SPP/WBS Team to be passed to the President Director if the alleged violator is a member of the Board of Commissioners or his/her family.

TEAM OF WBS MANAGEMENT AND WBS CHANNEL

The Company's WBS is managed by the WBS Team, consisting of: (1) Head of Internal Audit Division (Chairman concurrently Member), (2) WBS Management Unit (Secretary), (3) Head of Compliance Division (Member), (4) Head of Human Capital Division (Member) and (5) Head of Risk Management Division (Member).

The WBS mechanism applicable in The Company allows the informant to submit their report through the following mechanism:

1. By mail addressed to the SPP/WBS Team or President Director of PT Bank Tabungan Negara (Persero) Tbk. Menara Bank BTN Lt. 20 Jl Gajah Mada No.1 Jakarta Pusat-10130
2. By official email addressed to the Whistleblowing System Team at: wbs.btn@btn.co.id; and
3. Through the following:
PO Box Whistle Blowing System (WBS) BTN Jakarta 10000
E-mail : wbs.btn@btn.co.id
Telephone/SMS : 0811-92-45678

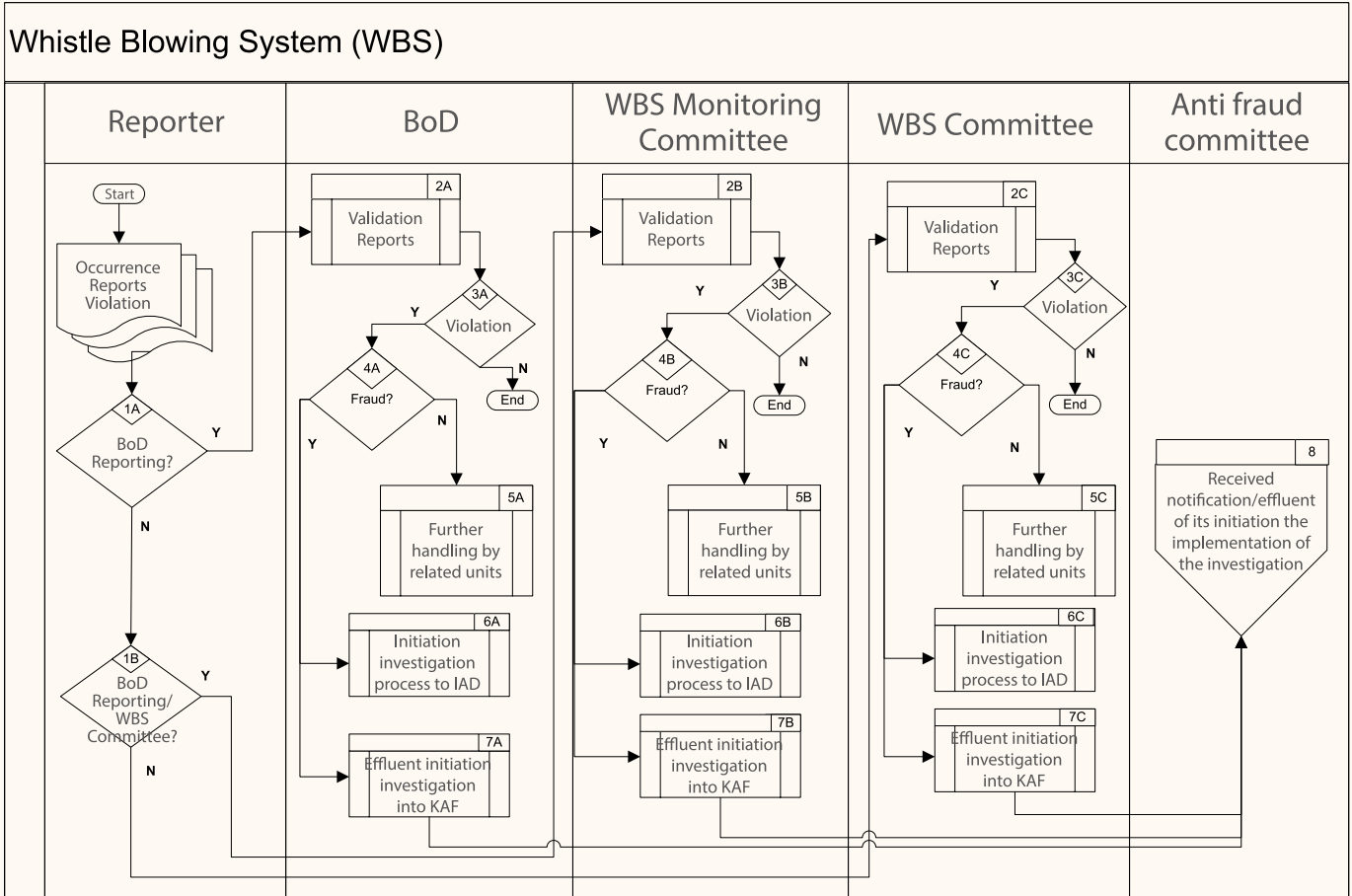
WBS REPORT MECHANISM AND HANDLING

1. The WBS Team receives reports/disclosures, records and presents it in a standard format producing the following:
 - a. Report on contacts received based on the report/disclosure category.
 - b. Disclosure report.
2. The WBS Team submits the disclosure report to the Board of Commissioners/Board of Directors (based on the reported category).
3. The WBS Team conducts a preliminary investigation/clarification on the report/disclosure and prepares a summary, which will then be reported to the Board of Commissioners/Board

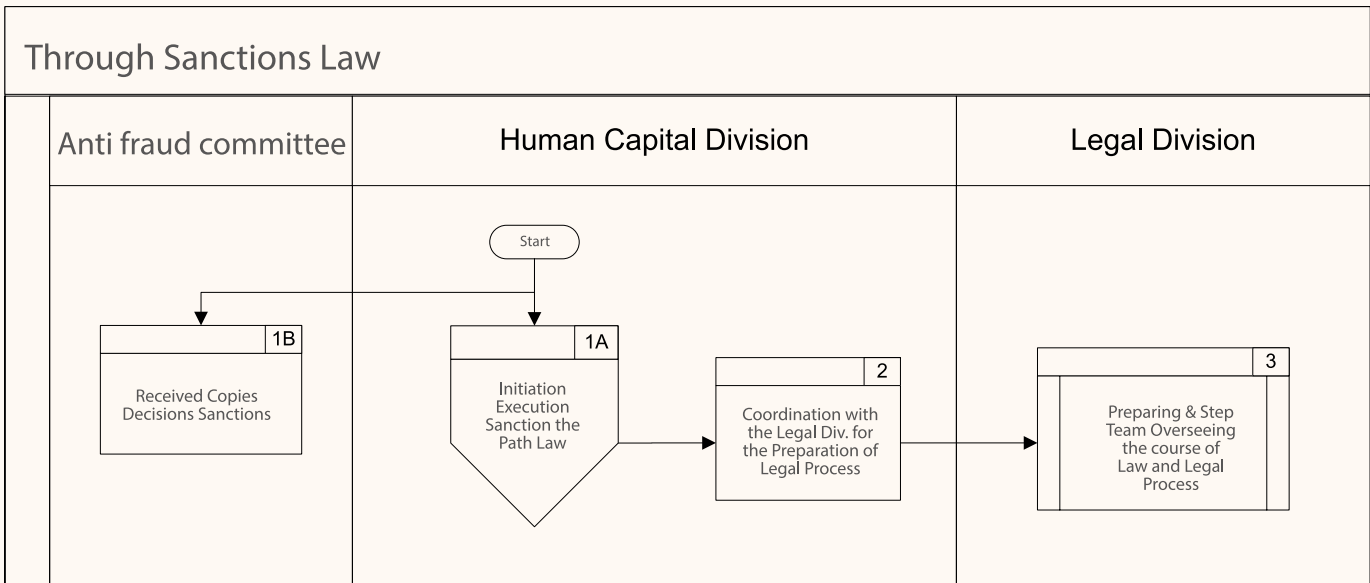
of Directors (based on the reported category). The Board of Commissioners/Board of Directors decide the following follow up actions based on the report.

- a. Discontinued, if the preliminary indication requirements are not met.
 - b. Work closely with the Internal Auditor in accordance with the substance of the report/disclosure.
 - c. Work closely with the external investigator if the substance of the report/disclosure is related to the image/reputation of The Company and/or could cause great harm and/or have not been acted upon by the Internal Auditor.
4. The Investigation Team conducts an investigation and reports the results to the Board of Commissioners/Board of Directors. Based on the report, the Board of Commissioners/Board of Directors decides:
- a. The disclosure report shall be closed, if not proven.
 - b. Impose sanctions in accordance to the applicable provisions, if proven and related to administrative measures.
 - c. Inform the investigators about the criminal offense for further processing, if proven and related to general criminal acts or corruption. In this case, the WBS team coordinates with Legal and Loan Document Desk to ensure that there is sufficient evidence and to give recommendation if there is sufficient evidence.
5. The initial evaluation/clarification and investigation process is recorded in the Minutes of Meeting.
 6. The WBS Team reports the results of the investigation to the Board of Commissioners/Board of Directors.
 7. The Bank may reward the informant based on the Decision of the Board of Commissioners and the Board of Directors and based on certain considerations. The Board of Commissioners and the Board of Directors determine the form and type of reward.

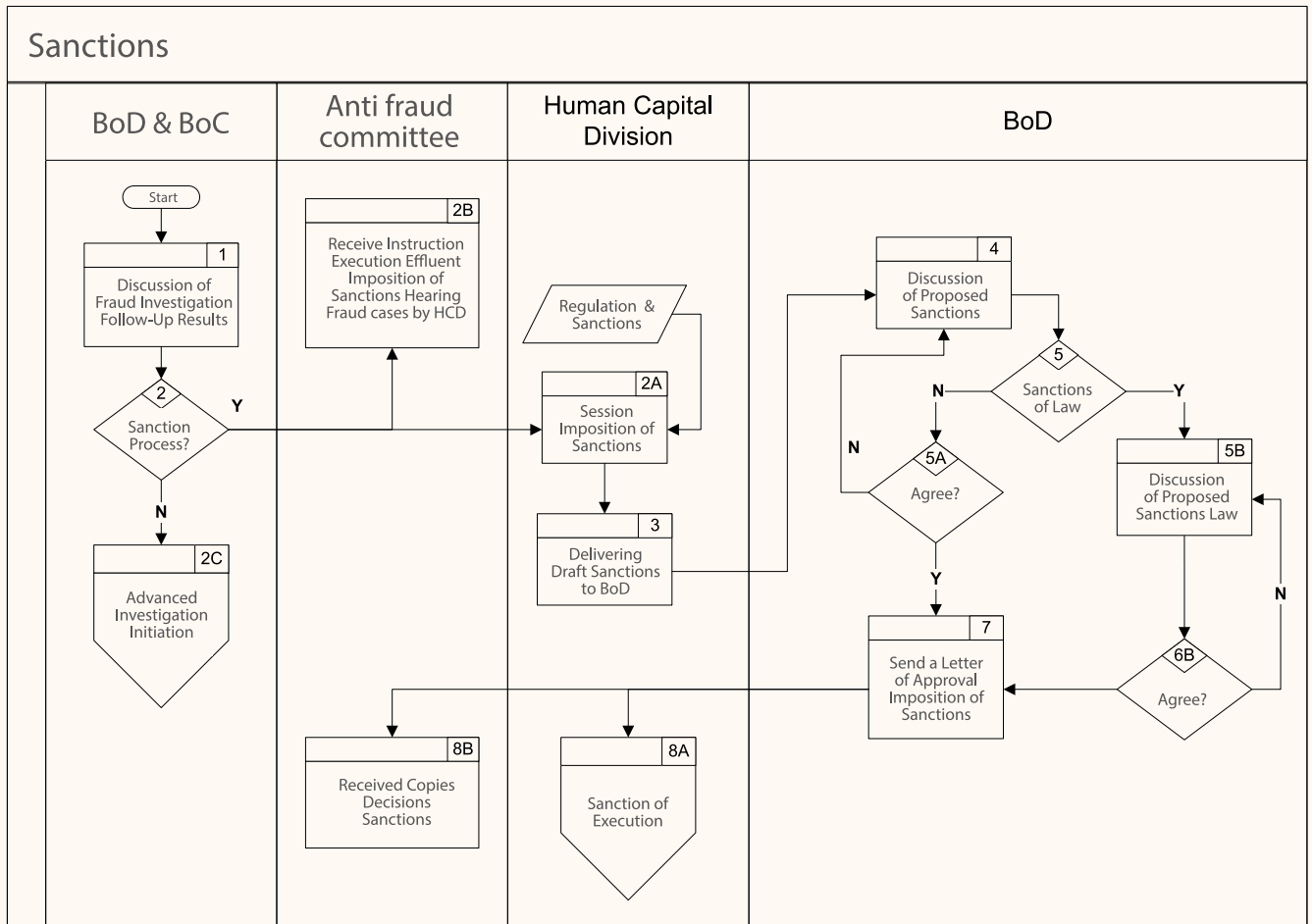
Breach Reporting Process Flow Chart



Sanctions Process Flow Chart - Law



Mechanism Process Flow Chart Sanctions On Bank



WHISTLEBLOWER PROTECTION

The Company provides the following protections to Informants with good intentions:

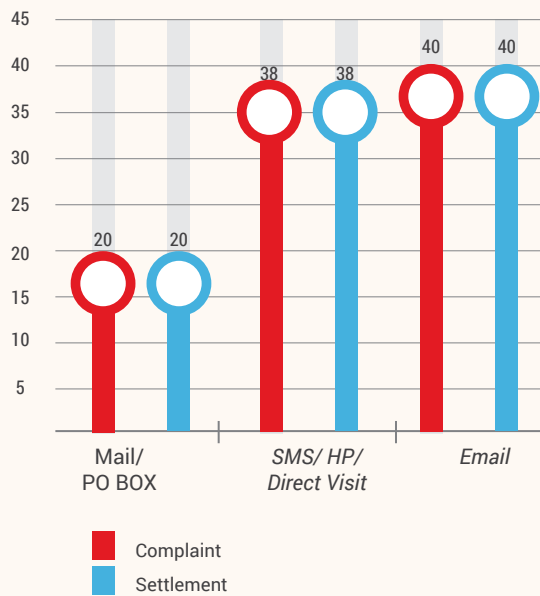
1. Reporting communication channel (verbally, telephone, email) that is free and confidential or an independent and confidential Ombudsman. The Informant will receive follow-up information from the communication channel on the alleged violations report submitted;
2. Guaranteeing the Informant's anonymity, unless there is a legal requirement that requires the identity to be disclosed in the presence of the judge;
3. Protection from retaliation of the Informant or the organization reported. This protection may include:
 - a. Physical protection either against himself/herself or his/her family;
 - b. Protection of his/her property and his/her family against terror or retaliation;
 - c. Administrative protection in the form of promotion delays, dismissal, exclusion in the workplace, infeasible transfers, including job security, etc.;
 - d. Legal protection, in the litigation process in the District Court, including the cost, and if necessary, including protection through the Witness and Victim Protection Agency (LPSK).

WHISTLEBLOWING SYSTEM REPORT

In 2016, a total of 101 reports were submitted, consisting of 20 reports via letter/PO BOX, 38 reports via SMS/Mobile/Direct Visit and 43 reports via Email. Based on the reports received, 95 reports were settled without further audit (audit clarification and/or special audit) and 8 reports were passed for audit process (audit clarification and/or special audits). The 8 reports passed for audit are as follows:

Table of WBS Reports Was Forwarded to The Audit Process In 2014-2016

Year	Media Channel			Follow Up:			
	Letter/ PO BOX	SMS/ HP/ Direct Visit	Email	Closed reports (not proven)	Reports being processed (Audit Process / Reporting Process/ Cross-Division Division)	Reports that have been given a sanction (including administrative sanctions)	Reports passed to Investigators (related to general criminal acts or Corruption)
2014	0	1	2	1	0	2	0
2015	6	3	9	1	14	2	1
2016	5	2	1	0	7	0	1

Number of Complaints and Completion of WBS Year 2016


LEGAL ISSUES

IMPORTANT CASE FACED BY THE DIRECTORS AND BOARD OF COMMISSIONERS AND SUBSIDIARIES

During 2016, there are no Directors and Board of Commissioners who is serving in the Company who is involved in lawsuits, be it civil or criminal. Currently, the Company does not have Subsidiaries.

IMPORTANT CASE FACING THE COMPANY

In 2016, the Company faced legal issues in the form of important lawsuit and has been filed through legal process, as follows:

Tabel of Legal Issues In 2015–2016

Legal Issues	Number of cases 2015			Number of cases 2016		
	Civil	Criminal	Industrial Relation	Civil	Criminal	Industrial Relation
Finished (legally binding power)	91	10	0	42	112*	1
In progress	127	170	1	185	31	-
Total	218	180	1	227	143	1

*out of 112 criminal cases, the Company is a witness on 110 cases.

Important Cases Faced by the Company in 2015

No.	Lawsuit	Settlement Status	Effect on the Company The Company's Condition	Last Status
1.	Lawsuit on Home Certificate Issuance Process A BTN Sharia Unit developer partner received a settlement with the collateral of SHM Master Certificate. Then gave KPR for 25 housing units in the location and split the certificates as collateral for the KPR customers (tied SKMHT). During the period 2009 to 2013 a lawsuit occurred over the process of issuing certificates without the knowledge of the home owners or the Bank. On May 13th 2013 the Supreme Court decided the SHM Disability Law. On February 21 st 2014 the District Court issued an Impound Implementation Letter over the object case where the expense of collateral for the 21 housing units for BTN KPR customers built by the Company's developer partner.	Currently in the process of appeal in the High Court.	Potential Material loss of IDR 758 million	Appeal process

No.	Lawsuit	Settlement Status	Effect on the Company The Company's Condition	Last Status
2.	Lawsuit Debtor in the Auction Process			
	The plaintiff is a debtor who has already submitted the Company to the Bank Restructuring Agency (IBRA) with litigation at the Office of Management of State Receivables and Auction (KP2LN) where the plaintiff said the Company had acted against the law (PMH) and demanded compensation.	Case in the appeal process, awaiting the Supreme Court decision, at the level of the District Court and the High Court. The Company wins.	Material loss of IDR 5.9 billion	Inkracht (legally binding power)
3.	Official Residence Dispute			
	Dispute of one of the Company's official residence, where the Company has not obtained its right of the house because the heirs do not want to move and feel they had bought the house.	On process of appeal by the Company to the Supreme Court.	Asset loss of IDR 40 billion	Inkracht (legally binding power)

Important Cases Faced by the Company in 2016

No	Lawsuit	Settlement Status	Effect on the Company's condition
1.	Bankruptcy Request		
	Bankruptcy request requested by the LPD Kelan to IBSB and PT BIR, and the Company as the creditor is owed by the defendant	Defendant is declared bankrupt, and on December 8 th 2016, meeting for the creditors were held.	Potential Material loss of IDR 78.5 billion
2.	Tort Lawsuit		
	Plaintiff claimed himself as the owner of 3,236 m2 land, with proof of ownership SHM No. 00477 and 00478 Desa Curug Wetan, currently developed as Cluster Citra Pasundan project using KMK (the Company's Construction)	Currently in process of trial in Tangerang District Court with proof Agenda	Potential Material loss of IDR 8 billion
3.	Tort Lawsuit		
	Effort to fight the developer on the dispute land residence.	The plaintiff is appealing	Potential material loss of IDR 5 billion

PROCUREMENT OF GOODS AND SERVICES

Procurement is a series of activities performed to fulfill The Company's goods and/or services requirements through purchasing or renting and/or cooperation with another party, procurement is performed via a partnership or through another appointed party or performed independently. In conducting its business, The Company needs to perform procurement of goods and/or services in a fast, flexible, efficient, and effective manner to prevent any issue that might hinder their business operation which might lead to the loss of revenue.

PRINCIPLE FOR PROCURING GOODS AND SERVICE

The The Company Policy in Procuring Goods and Services is a guideline in performing good and services procurement at a strategic or non-strategic manner to support the Bank operational activity based on the quality, quantity and period of time stipulated at the best price and through the application of risk control management principle.

To actualize an effective, efficient, open and competitive and also transparent, fair, and indiscriminative procurement activity, The Company has implemented the following:

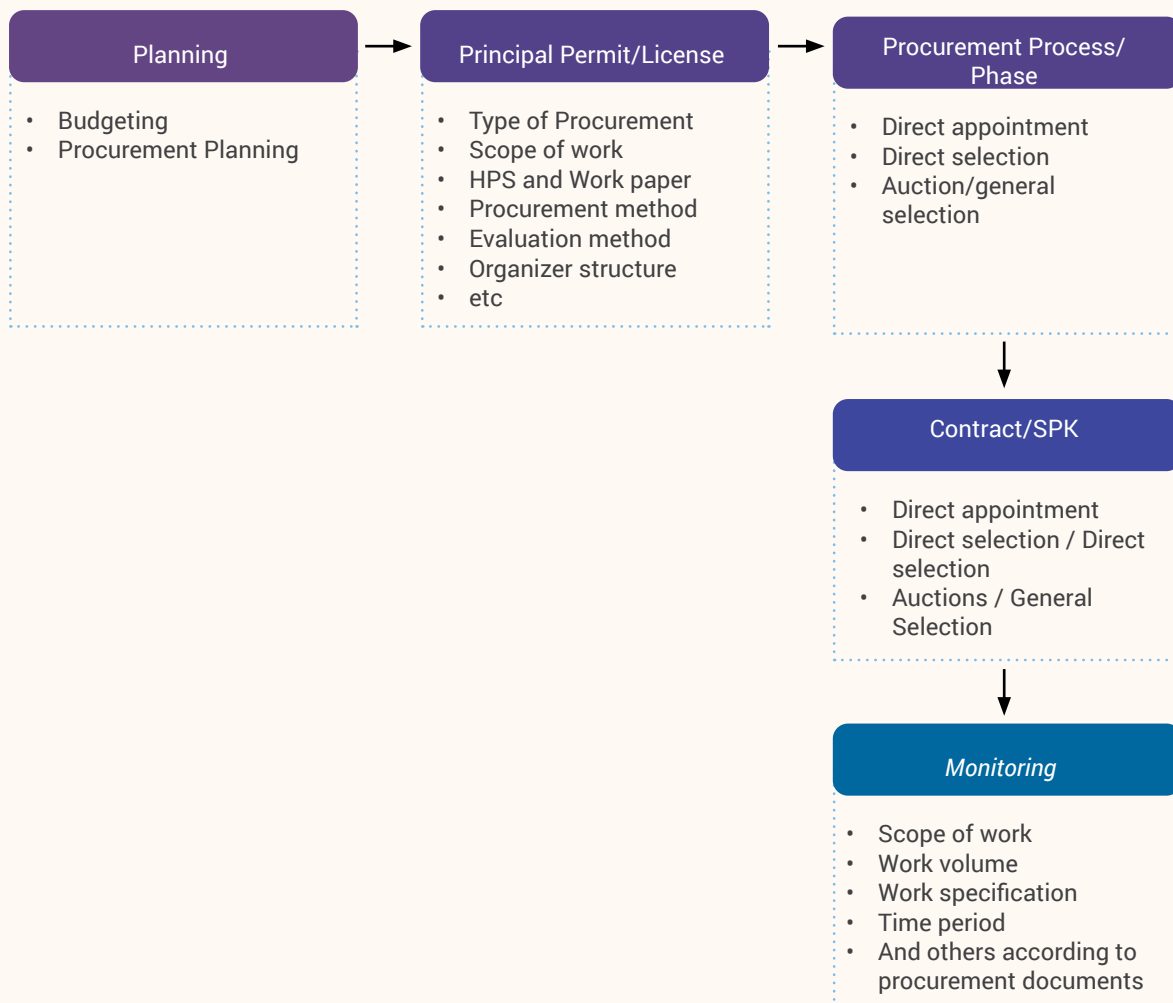
1. Separation of function at the Procurement Implementation Unit into unit that performs the potential partner/vendor selection, unit that performs the procurement process, unit that formulize the Independent Price Estimate; and the Compliance Work Unit.
2. Always comply and be in accordance with internal and external regulations;
3. Implementing risk management principles which include identification, assessment, mitigation, monitoring and operational risk measurement.
4. Guided by a Work Culture based on the company values, GCG and observe the Code of Conduct and the circumspection principle.

The Procurement realization officer is required to sign an Integrity Pact in order to perform the good and services procurement. In performing the procurement process, the Bank refers to the following basic procurement realization principles:

Effective	The procurement activity must be based on a stipulated requirement/plan and will be able to provide optimum benefit for the Bank.
Efficient	The procurement activity is performed to achieve a stipulated level of quality, on an agreed on period of time at the best price.
Open and Competitive	The procurement realization must be open to any qualified Goods and Services Provider and must be done in a healthy competition between the Goods and Services Providers and must meet certain requirements/criteria which are based on a clear and transparent stipulations and procedures.
Transparent	All stipulations and information regarding the Procurement implementation, including technical requirements and administrative matters, evaluation procedures, evaluation results, potential Goods and Services Provider candidates must be open in nature.
Fair and Indiscriminative	Provide the same treatment for all potential Goods and Services Provider and not intending to provide any parties with certain benefit through any means and reasons.
Accountable	The procurement process, result, and payment must be accountable.
Responsible	The procurement process is performed in a prudent manner and in compliance with the applicable regulations.
Independent	Procurement decisions are made objectively and are free from any pressure from any party.

PROCEDURES FOR PROCUREMENT OF GOODS AND SERVICES

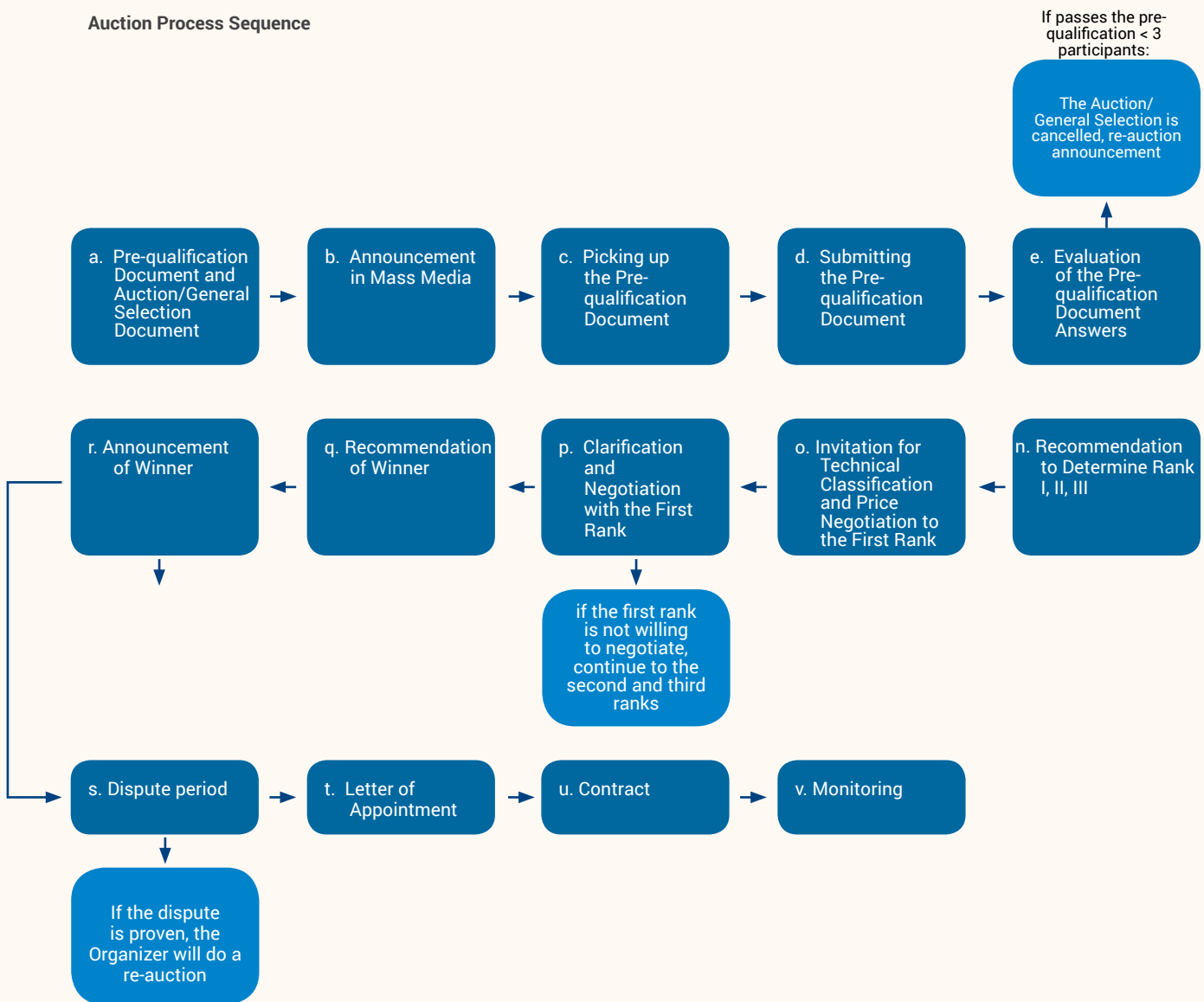
The phases in procuring goods and services are as follow:

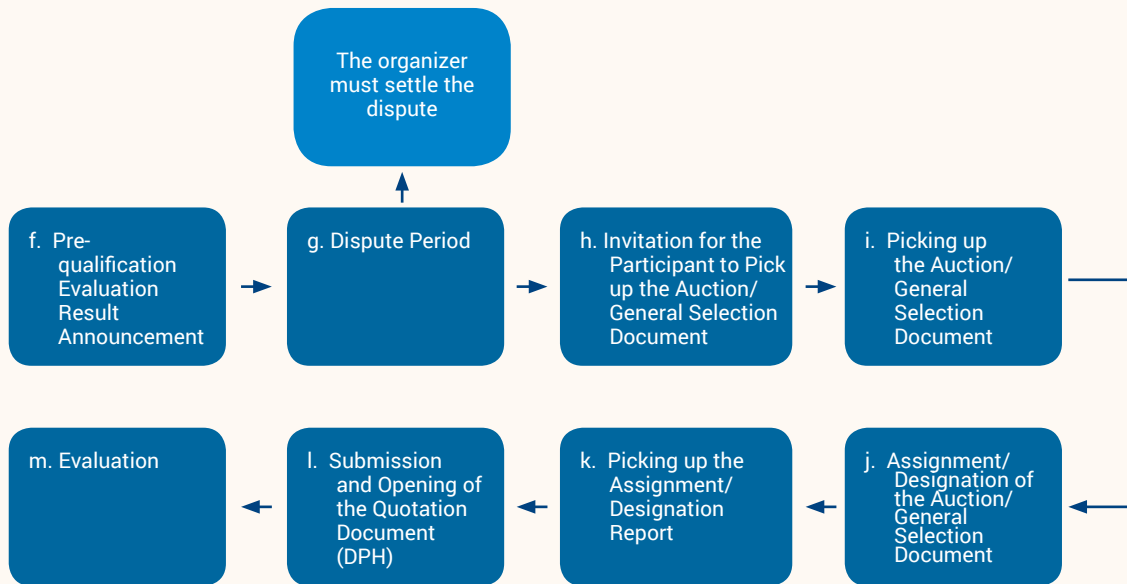


The method used in procuring goods and services are performed through:

1. Auction, for procurement of goods and services with a value of over IDR 2,500,000,000 (two billion and five hundred million rupiahs)

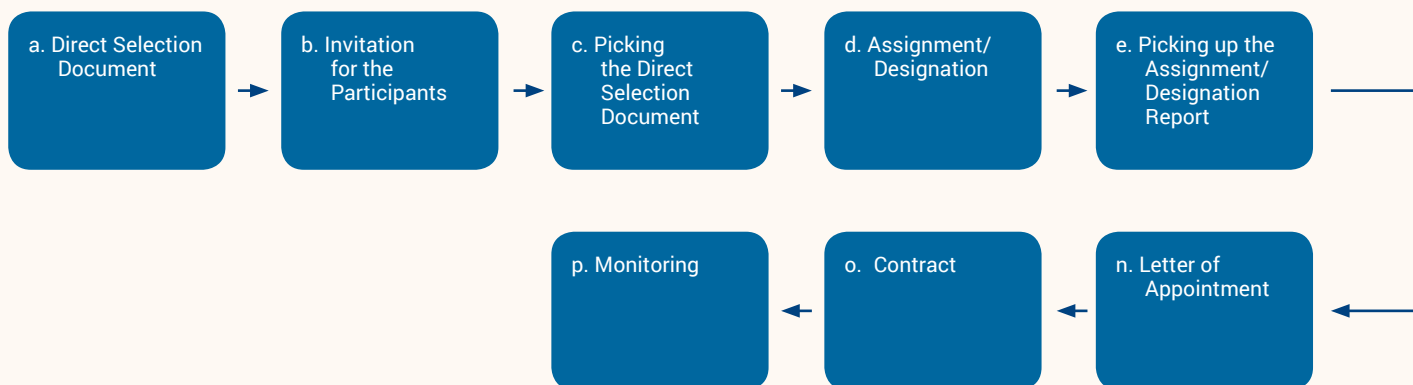
Auction Process Sequence





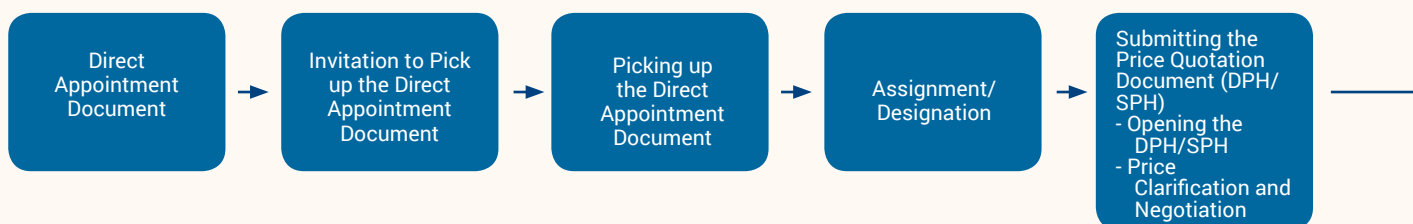
2. Direct Selection, for procurement of goods and services with a value of over IDR 500,000,000 (five hundred million rupiahs) IDR 2,500,000,000 (two billion and five hundred million rupiahs)

Direct Selection Process Flow



3. Direct Appointment, for procurement of goods and services with a value of over IDR 500,000,000 (five hundred million rupiahs)

Direct Appointment Process Sequence



Passed Administration
> 3 Participants

The direct selection is cancelled

f. Submitting and Opening the Price Quotation Document (DPH)

Passed Administration
< 3 Participants

g. DPH Evaluation

h. Recommendation to Determine Rank I, II, III

i. Invitation for Technical Classification and Price Negotiation to the First Rank

m. Dispute period

l. Announcement of Winner

k. Recommendation of Winner

j. Clarification and Negotiation with the First Rank

If the dispute is proven, the direct selection is cancelled

Disclaimer Proven

First Rank ready

Ranking I tidak bersedia Nego dilanjut ke Ranking II, III

Report to the Head of Procurement

Work Order Letter (SPK), if the procurement value is up to IDR 200 million

Letter of appointment, followed by the contract, if the procurement value is over IDR 200 million

MANAGING THE COMPANY'S GOODS AND SERVICES PARTNERS

The Company partners are registered goods and/or services providers with the proper qualification and classification as stipulated by each service user unit in the The Company Procurement of Goods and Services Policies.

1. Assessment of the Partners

Assessments of the partners are done using an assessment variable that covers quality, delivery, flexibility, responsiveness, price and violations. The following criteria are recovered from the PGSD managed vendors:

- Vendor Excellence : 24%
- Good Vendor : 73%
- Need Improvement : 3%

2. Vendor Meeting

In 2016, The Company has performed one vendor meeting workshop with the agenda to do a brainstorm between The Company and the vendors and to listen to suggestion and opinion from the vendor related to the implementation of goods and services procurement in The Company. The detail of the vendor meeting is as follow:

- Date : May 19th 2016
- Venue : Gedung Menara Bank BTN,
6th Floor
- Partners : Planning and Monitoring
Consultants, Contractors

PROCUREMENT OF GOODS AND SERVICE FOR 2016

Until December 2016, the total value for special procurement for building renovation and/or construction works performed by The Company on the Central Office (PGSD) amounts to IDR 103,966,784,849 (one hundred and three billion nine hundred and sixty-six seven million and seven hundred and eighty-four thousand and eight hundred and forty-nine rupiahs).

AUDIT OF GOODS AND SERVICE PROCUREMENT

To ensure the Company's good and services procurement policy has been performed per the stipulation, The Company will always perform periodical or random audit, either by performing an internal or external audit.

There are no audit findings in 2016, from internal or external auditor, related to procurement that negatively affecting The Company and there is no rebuttal from the goods and services providers.

INFORMATION ACCESS

The Company has provided information to their stakeholders to enable them to use their rights. The Company distribute information through the following media:

1. The company has always made it easier for the stakeholders to access information, including financial and company information, publication (press release), product and corporate action through the website www.BTN.co.id, in Bahasa Indonesia and English.
2. To acquire further information, the customer could contact our Call Center at 500 286 or email us through csd@BTN.co.id.
3. Investors could directly contact our Corporate Secretary/Company Investor Relations via email to investor_relations@BTN.co.id or call to (62-21) 638 70142.
4. The company always report material information and facts via letter to Bapepam-LK and Electronic Reporting to Indonesia Stock Exchange (www.idx.co.id).
5. Information via other media includes, mass media (Press Release), magazine, internal magazine/bulletin, posters and banners.
6. The Company also provides information via the transparency reporting effort, reports to regulators, analyst meeting, press conference etc.

The Company website has information on:

1. Shareholders' information all the way to the final individual owner;
2. Financial performance analysis.
3. Financial statement for the last 5 years.
4. Profile of the Board of Commissioner and Board of Director.

To gain further information on the Company, general public and investor, please contact:

Secretary of Company

Name : Eko Waluyo

Address : Menara Bank BTN Jl. Gajah Mada No.1
Jakarta Pusat 10130

Telephone : (021) 6336789 ext.2003

Fax : (021) 6336719

E-mail : eko.waluyo@BTN.co.id

Website : www.BTN.co.id

INVESTOR RELATIONS ACTIVITIES FOR 2016

The Company always fosters good relationship with their shareholders, potential investors, analysts and other capital market community members through periodical activities, such as meeting with the analysts/investors, on a national and international scale, and a performance presentation for the public. The Company also comply to information openness requirements as regulated in the Indonesia Stock Market regulation, such as the Material Information or Fact Openness, Financial Statement, Annual Report as Specific Stakeholder Report.

The Company provide as much access as possible to the general public and investor to gain as much information through the The Company website www.btn.co.id. The website contains the latest information on, for example, corporate action, financial statement, The Company public presentations and other information related to The Company. In 2016, The Company has made various communications activities for the investor, as listed in the table below:

Date	Activities	Venue
Jan 7 th 2016	Extraordinary General Meeting of Shareholders	Jakarta
Feb 4 th 2016	Analyst meeting for the 2015 Financial Statement and Press Conference	Jakarta
10 & 12 Feb 2016	Non Deal Roadshow	Jakarta
15 & 16 Feb 2016	Non Deal Roadshow	Singapore
17 & 18 Feb 2016	Non Deal Roadshow	Hong Kong
7 & 8 Feb 2016	UBS Indonesia Conference	Jakarta
March 10 th 2016	CLSA ASEAN Forum	Bangkok
14 – 18 Mar 2016	Non Deal Roadshow	USA
7 & 8 April 2016	Non Deal Roadshow	Tokyo
April 12 th 2016	Annual General Meeting of Shareholders	Jakarta
April 25 th 2016	Analyst meeting for the 2016 First Quarter Financial Statement and Press Conference	Jakarta
May 10 th 2016	Citi Indonesia Investor Conference	Jakarta
May 19 th 2016	RHB Indonesia Conference	Jakarta
July 25 th 2016	Analyst meeting for the 2016 Second Quarter Financial Statement and Press Conference	Jakarta
August 4 th 2016	Public Expose (Investor Summit 2016)	Jakarta
11 & 12 August 2016	CIMB 10 th Annual Indonesia Conference	Denpasar
23 & 24 August 2016	Macquarie ASEAN Conference	Singapore
Oct 24 th 2016	Analyst meeting for the 2016 Third Quarter Financial Statement and Press Conference	Jakarta
27 – 28 Oct 2016	Non Deal Roadshow	Jakarta
1-2 November 2016	dbAccess Indonesia Conference	Jakarta
7 – 11 Nov 2016	Non Deal Roadshow	Europe
17 – 18 Nov 2016	Morgan Stanley Asia Pacific Summit	Singapore
29 Nov – 2 Dec 2016	Citi ASEAN Stars of the Next Decade 2016	Hong Kong & Kuala Lumpur

Besides the activities listed above, The Company actively performed other activities such as media meet, media coverage and promotion via the media.

BANK STRATEGIC PLANS

The Company has a strategic role in developmental program of national housing. Ever since appointed by the government through Minister of Finance's Decree Number B-49/MK/IV/1/1974 as financing institution for housing credit in order to help middle to low income citizens, The Company consistently provides financial aids for housing with the accumulation values of over 3.5 million units.

As regulated by Bank of Indonesia that credit distribution obligation or funding towards productive businesses as stated on Article 12 is not applied to bank that focuses on credit distribution activities or house ownership funding as low as 75% (seventy-five percent) out of credit total or bank funding. It is furthermore emphasized through the letter The Company submitted to Bank Indonesia Number 450/S/DIR/SPMD-NSLD/VI/2013 dated June 13th 2013 on Request as Housing Focus Bank.

Most of debtor KPR company falls onto a very specific segment, consists of middle to low income citizens so that they own a frail repayment capacity towards the change of macro economy condition. Considering historical factor, competency owned, existing business potential, regulation, and also the roles of The Company throughout national development, so that transformation program may become leading housing bank in Indonesia with world class service quality in 2019 would still be relevant as elaborated on image 1.3. Transformation Roadmap. Efforts to realize the transformation program have been set forth in the Bank's Strategic Plan.

Bank Strategic Plan is composed in the form of corporate plan and business plan accordingly to bank's vision and mission. Corporate Plan is realized in the form of Long Term Plan (LTP) that consists of planning for more than 5 years, meanwhile Business Plan is realized in the form of Bank Business Plan (BBP) in the span of 3 years.

The composition of LTP and BBP is executed by Management with the top down and bottom up mechanism. Top down mechanism is the direction from Management regarding strategic targets that is going to be achieved; meanwhile bottom up mechanism comes as inputs, suggestions, and/or perspectives coming from all work units, Division, Regional Office, and Branch Offices.

LTP and BBP suggestion is submitted to Commissioner Board to gain approval. After being approved, LTP and BBP would be delivered to Control Stock Holders through Commissioner Board, and BBP is delivered to OJK. The implementation of annual LTP and BBP is executed through Work Plan and Company's Budgeting.

The achievement of annual work target on RKAP is monitored every month by Management through Performance Review meeting, meanwhile Commissioner Board monitors the process through a joined meeting between Commissioner Board and Management that is scheduled every month.

The realization of BBP is reported by Management to OJK (Financial Services Authority) as banking supervision institution every three months. Commissioner Board monitors the implementation of BBP by conducting discussion with Management and composing BBP Report for OJK.

Based on monthly monitoring process, work performance is reviewed and evaluated, if there is a need to change management strategy and work plan, Management would suggest BBP revision in the middle of the year for Commissioner Board to gain approval.

LONG TERM PLAN

COMPANY OBJECTIVES

The Company's objective in accordance with the Company's Long Term Plan (2025) towards transformational enterprise-global mindset, to become a global company in housing, property and basic infrastructure is to run a transformation program since 2013 consisting of 3 phases as described in The preliminary section of this annual report.

The Company's Long Term Plan (CPR) focuses on the following aspects:

1. Strengthening the field of credit
Strengthening the field of credit is the strengthening of the bank's core business is the housing sector accompanied by the expansion of property business and basic infrastructure. The direction of bank policy is to focus on 3 main pillars:
 - a. The first pillar is housing finance that focuses on housing, site, vertical and infrastructure financing.
 - b. The second pillar is to deepen the financing of related industries from the upstream side (housing value chain such as cement plant, brick, tile etc.).
 - c. The third pillar is the financing of related industries from the downstream side (related to home users such as household operation, vehicle ownership, furniture etc.).
2. Strengthening the field of funds
The strengthening of the funding sector is focused on the development of long-term and low-cost funding. The policy directions of the Company are:
 - a. Institutional funding related to credit cooperation.
 - b. Strengthen the low-cost retail fund segment.
 - c. Strengthen long-term funding such as capital markets, institutional loans, foreign loans and asset securitization.

3. Strengthening Infrastructure
Strengthening Infrastructure is focused on:
 - a. Develop a digital banking system.
 - b. Improved process quality.
 - c. Develop a delivery channel.
4. Strengthening of human resources (people transformation)
Strengthening of human resources focused on:
 - a. Implementation of a new corporate culture.
 - b. Development of human resource competencies.

SHORT AND MEDIUM TERM PLANS

The Company has composed Bank Business Plan (BBP) and has revised it for 2016-2018 in accordance to Bank Indonesia Regulation Number 12/21/PBI/2010 dated October 19th 2010. Main indicator of finance in composing BBP 2016-2018 is based on shareholder aspirations, macro economy assumption and economist consideration with the outline of economy deceleration that inflicts business growth is moderate and is emphasized on the quality of credit.

BBP is composed by Directors through Strategic Innovation & Performance Management Division (SIPD) by considering input from several units and branches, and then to be submitted to Commissioner Board that would discuss the content in a meeting as representatives for stockholders to gain approval and ratification. BBP is shared to all work units, Bank of Indonesia and OJK by SIPD.

Company's short and medium term targets is the focus on housing financing by supporting the One Million House Program from the government and supplying additional funding. Other than that, improvement is made over credit quality, technology development in supporting digital banking and service and also the enhancement of human resource quality.

Periodical evaluation executed by Management towards the Realization of Bank Business Plan and Yearly Strategy (RKAP) is carried out every month, every three months, and every year through the agenda mechanism of Board Meeting that is known as Performance Review, the result is composed in a RKAP report. In 2016, a realization report has been composed every three months and the entirety of the report has been presented to OJK.

CREDIT FIELD

The main focus of credit field is achieving growth in 2016 as much as 18-19% and continuously increasing in the next 3 years, with following strategies:

1. **Optimizing One Million House Program**
Credit distribution in accordance to One Million House Program comprises of KPR financing and construction credit for developers. In 2016-2018, it is projected that the amount of KPR distribution is not as big as the target set by the government because it is predicted that the number of house supplies cannot be increased drastically. But, The Company is committed to support the target of One Million House Program and if there is limited supply and financial cut applied to low income citizen, the initial target would be revised.
2. **Home Equity Loan Improvement**
Home equity credit financing is meant to increase margins. Credit growth for home equity in 2016 planned to be 6.58% for market prospect at the time was not promising.
3. **A selective non housing credit distribution.**
4. **Non housing sector financing would be more directed towards the utilization of housing value chain for consumer, corporation, and UMKM segments.** Financing also would be sought out so it would have a higher margin compared to KPR, to rectify the profitability of The Company.

CREDIT QUALITY FIELD

The improvement of credit quality as the barometer of success for credit granted and sources of refinancing, is a crucial thing that needs to be prioritized. Strategy initiative executed to support credit quality achievement is as follows:

1. Reviewing over credit policies thoroughly.
2. Collection program for collectability credit debtor 1 and 2 (early bucket) using communication technologies (SMS, call collection, etc.), credit restructuring for DPK debtor 3, and also increasing the amount of collection collectively.
3. Asset recovery program through collaboration between debt collector, law firm and Private Auction House in billing and asset sale. Other than that, bidding on asset to potential investor through investor gathering, property agent, and property expo.
4. Cessie execution and AYDA asset sale.

FUNDING FIELD

Supporting bank focus on housing, long term and easy funding would be continuously developed through related program credit allocation, wholesale funding (capital market and loans), and also third party funding. Program credit executed with the approach towards institution that own major funding where fund allocation can be implemented with a purpose of KPR distribution to its members and employees. Allocation pattern can be implemented like FLPP or collaboration with labor BPJS that is in the process of development.

The strategy applied to support that strategy is as follows:

1. Improving funding structure towards low DPK enhancement:
 - a. Giro institutions through system collaboration

- B to B (featuring: SPAN, H2H, iCash, virtual account, EduPayment, Payroll, Billing payment).
- b. Improving retail DPK through marketing communication, gimmick program, customer gathering, and also outlet productivity enhancement.
- 2. Strategic alliance with BUMN and other institutions in fund allocation for KPR program.
- 3. Tapera optimization as one of KPR funding sources.
- 4. Improving wholesale funding such as corporate and mortgage band release, other loans (MTN, asset collateral loan) and also off shore loan by swapping as exchange risk mitigation.
- 2. Developing SKBDN products and Letter of Credit (L/C)
- 3. Increasing treasury activities, transaction services, card business and payment point.
- 4. Developing digital banking.
- 5. Improving guaranteed bank business for potential branch offices.
- 6. Establishing subsidiary through the inclusion of insurance companies (life insurance and loss insurance), funding companies/multi finance, investment management companies, Public Banks ATM management companies (Red and White ATM), and also IT administrator companies and asset management unit.

Related to tax amnesty enactment, it can contribute a positive effect for The Company businesses so it is required to publish policies in order to respond communication and coordination efforts with the government so that a part of repatriation funding can be allocated in The Company through obligation publishing.

FEE BASED INCOME AND SUBSIDIARY ESTABLISHMENT

Regarding the fact that fee based income to operational income is still relatively low, management decided to add fee based income from another source that is through subsidiary establishment. There are 4 subsidiaries planned in 2016, those are 2 institutions of insurance field, one institution of multi finance, and one institution of investment management. This would greatly support the bank main businesses and would increase fee based income in the next 3 years. The main strategy implemented to increase fee based income is as follows:

1. Enhancing the amount of new accounts to increase administration income for credit and funding.

SHARIA BUSINESS FIELD

In short term, sharia business still supports the bank core business that is to support the One Million House Program. The strengthening implemented through productivity enhancement and leveraging models that utilizes host network for efficiency and effectiveness. Sharia business strategy would be directed towards the productivity of office channeling for all branch offices specifically funding and service fields. Meanwhile, the application of leveraging concept (utilization of conventional network for fund collecting transactions and funding and service distributions) started in 2016 with certain products testing. On the process of business improvement, sharia unit in 2016 has developed initiative strategy to support business growth as follows:

1. Standardization of Sharia MIS report that is accurate and punctual.
2. Providing delivery channel application such as mobile banking, internet banking, etc.
3. Developing information system for customers by providing SMS gateway application.
4. Developing sharia services by providing

- sharia system application in regional offices/ conventional branch offices.
5. Developing payment point.
 6. Developing ATM networks (Master C Card and Alto).
 7. Providing SDB for customers.
 8. Providing wealth management.
 9. Providing i-Collection.
 10. Lottery/Reward application for customers.

CAPITAL STRENGTHENING

To support KPR distribution in accordance to One Million Houses Program, major capital is required by also considering the bank minimum capital obligation fulfillment based on Basel III. The short and middle term target for capital in 2016-2018 is maintaining the minimum 14-15.5% in accordance to PBI Number 15/12/PBI/2013 with the focus on issues as follows:

1. With the existence of One Million Houses Program for society, KPR distribution capacity by The Company would increase significantly.
2. Enhancement KPR distribution must be supported with sufficient capital availability so that it wouldn't affect CAR position in The Company negatively.
3. Based on PBI Number 15/15/PBI/2013 on GWM-LDR, bank that owns LDR above the maximum threshold (that is maximum 92%) must maintain the minimum 14% of CAR or would be charged added GWM disincentive.
4. POJK Number 11/POJK.03/2016 on KPMM for common banks, PBI Number 17/22/PBI/2015 on compulsory establishment of countercyclical buffer, POJK Number 46/POJK.03/2015 on SIB and capital surcharge, mentioned that bank must provide capital in the form of minimum capital based on risk level and added capital as buffer based on Basel III (there are 3 types, capital conservation buffer, countercyclical buffer, capital

surcharge).

5. Regulation OJK Number 11/POJK.03/2015 and OJK Number 12/POJK.03/2015 on Precautionary provision in accordance to National Economic Stimulus of Common Banks and Sharia Common Banks and Sharia Business Unit arrange ATMR calculation relaxation in the amount of 20% for Subsidized KPR and 35% for collateral credit for other housing applied for 2 years.

The strategies implemented by The Company relating to capital strengthening are:

1. Increasing profitability,
2. Asset reevaluation in accordance to BUMN Ministry,
3. Increasing KPR security,
4. Suggesting dividend policy scheme that supports housing focused banks,
5. Commercial sub-debt publishing,
6. Suggesting FLPP funding conversion that previously noted in demand deposit as subordination loan.

HUMAN CAPITAL FIELD

In supporting business development, people transformation is required through continuous theme and strategy and supported by human capital management implementation alignment based on best practice. Hence, development strategy for human capital of The Company comprises of these factors:

1. Building new company culture, improving the role of leaders in the process of Human Capital management (Culture and Leadership).
2. Growing a sense of pride in acting professionally and cutting down employees that have become a hindrance in building a smart organizational culture.
3. Understanding and practicing world standard SLA (Strategic and Tactical HC Practices).

STRENGTHENING IT AND DIGITAL BANKING

Information technology (IT) would be directed to support The Company strategies as housing focused bank and also to expand and enhance banking operational activities with IT basis. The utilization of IT in banking operational activities would be expanded and increased specifically to increase customer acquisition, business process automation, process efficiency, and product innovation, and also providing efficient service for customers. It is required synergy between business strategy and IT reliability. The main strategies are as follows:

1. Strengthening IT to support business growth through business process automation, process centralization, information system, product innovation and digital banking based services.
2. Enhancement of delivery channel productivity, both office network and e-channel.

ENHANCEMENT OF GOOD CORPORATE GOVERNANCE (GCG)

The main purpose in implementing Good Corporate Governance in The Company is to create business ethic that would be carried out by every individual working in The Company to perform and act accordingly to GCG principles. The Company realizes and understands the importance of development and enhancement of GCG implementation as one of the steps in achieving its vision to become leading banking housing finance. In order to achieve that vision, The Company executes internal strengthening pertaining the four pillars of GCG implementation, they are: Commitment on Governance, Governance Structure, Governance Process, and Governance Outcome. This strategy would be carried out through 4 improvement phases or levels in order to reach Governance Excellence by the end of 2017 (see image/illustration). The 4 phases of improvement

planned until the end of 2017 are comprised of a series of initiative strategy that has taken regulation and condition published by banking regulator into consideration, recommendation and international standard of GCG implementation from trusted institution to face the application of ASEAN Scorecard inside the ASEAN Economic Society by OJK, and also internal discussion that involves all elements of The Company, as following:

1. Phase I (2014) Building the Foundation, Preparing by composing and perfecting key elements in GCG implementation.
2. Phase II (2015) Developing the Key Elements, Evaluating and perfecting established elements from previous phase.
3. Phase III (2016) Strengthening the System, Executing continuous improvement towards ongoing GCG implementation system.
4. Phase IV (2017) Governance Excellence, The Company becomes one of the best banks in GCG implementation and pose as a role model to encourage other banks and companies to improve on their GCG implementation.

ENHANCEMENT OF RISK MANAGEMENT

Risk management strategy by The Company would be directed towards:

1. Enhancement of risk management framework.
2. Enhancement of risk management role to support bank's business activities and operations.

The work program that would be developed to support those strategies is as following:

1. Developing risk management information system.
2. ICAAP implementation and capital conservation

buffer monitoring started in 2016.

3. Initiation of Internal Credit Rating (ICR) project.
4. Developing operational risk management tool that is Key Risk Indicator (KRI) and Risk Control Self-Assessment (RCSA) and also liquidity risk monitoring application.
5. Developing Enterprise Risk Management System (ERMS) framework.
6. Continuing the application of ISO 9001:2008 on Risk Management Division (RMD) continuously to increase the quality of RMD services and standards on all stakeholders.

The optimization of delivery channel in order to support business implemented through quantity development and channel variation with following strategies:

1. Optimization of office network (outlet) with business focuses accordingly to regional potential.
2. Enhancing e-channel as the main media for customer's transaction and utilizing outlet as sales, service and advisory functions.

ENHANCEMENT OF COMPLIANCE FUNCTION

In order to enhance bank compliance, these following factors required to be carried out:

1. Enhancing the effort for actualizing the compliance culture on every level of organization and bank's business activities;
2. Enhancing the efforts of compliance risk management experienced by bank;
3. Enhancing effectiveness of compliance in ensuring that policy, condition, system, and procedure and also business activity carried out by bank are accordingly to Bank of Indonesia regulations, Financial Service Authority, and applied law regulation, including Sharia Principles for Sharia Common Banks and Sharia Business Unit;
4. Enhancing effectiveness of compliance to ensure bank compliance towards the commitment they have made to Bank of Indonesia and/or other supervision authority.

NETWORK DEVELOPMENT FIELD (DELIVERY CHANNEL)

DISCLOSURE OF OTHER ASPECTS

SHARE BUY-BACK AND BOND BUY-BACK

Share buy-back and bond buy-back are efforts to reduce the number of shares or subordinated bonds issued by The Company by buying back shares or subordinated bonds, with payment procedures carried out in accordance with the applicable provisions.

As of December 2016, the Company did not buy back shares and buy back subordinated bonds, explanations in accordance with the BI/OJK regulations, as specified in the following table:

Bond Buy-Back Policy Explanation	Total Bond Buy-Backs (million Rp)	Buy-Back Price	Profit Increase from Bond Buy-Backs (million Rp)
NIL	NIL	NIL	NIL

PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES

In 2016, the provision of funds to related parties was done with the approval of the Bank's Board of Commissioners. The provision of funds for related parties and large exposures are as follows:

No	Fund Provider	Total	
		Debtor	Nominal (Millions of Rupiah)
1	To Related Parties	1	20 million
2	To Core Debtors		
	a. Individuals	0	0
	b. Group	128	15.564 million

During the period of January – December 2016, the Company has never violated the Maximum Lending Limit (BMPK). The Director of Compliance through the compliance work unit continuously monitors the Company's compliance with the BMPK's provisions and reports it to BI each semester. The provision of funds by the Company to relevant parties and or large exposures have met Bank Indonesia's provisions on the BMPK and takes into consideration the prudential principles and the prevailing regulations.

FUNDING SOCIAL AND/OR POLITICAL ACTIVITIES

FUNDING SOCIAL ACTIVITIES

In 2016, the Company provides funding for social activities through various Corporate Social Responsibility (CSR) activities. As an overview, the funds provided for the CSR activities, are as follows.

Table: Funding Social Activities

Sector	Year 2016 (Million IDR)
Economy	753.03
Art & Culture	199.20
Sports	94.95
Education	409.32
Health	54.67
Facilities and Infrastructure	2,250.93
Religion	564.01
Preservation of Nature	44.95
Total	4,371.06

Further information on The Company's CSR programs are provided in the Corporate Social Responsibility (CSR) section of this Annual Report and 2016 Sustainability Report.

FUNDING POLITICAL ACTIVITIES

In 2016, no funding was provided for political activities or for political parties.

DISCLOSURE OF INFORMATION ON ADMINISTRATIVE SANCTIONS OF CAPITAL MARKET AUTHORITY AND OTHER AUTHORITIES

During 2016, there are no material administrative sanctions affecting the viability of the Company's business and there are no administrative sanctions imposed on any member of the Board of Directors or any member of the Board of Commissioners of the Company.

TRANSACTIONS WITH A CONFLICT OF INTEREST

In the event of a transaction with conflict of interest, the Company has complied with the related provision stipulated by Bank Indonesia in BI Circular Letter 15/15/2013 on GCG Implementation for Commercial Banks, and the regulations in capital market President Decree of the Capital Market and Financial Institution Supervisory Board No. Kep-412/BI/2009 on Affiliated Transactions and Conflict of Interests on Certain Transactions.

In the event of a conflict of interest between the Company and the shareholder, member of Board of Commissioners, member of Directors, Executive Officers, and/or other parties related to the Bank, then the member of Board of Commissioners, member of Directors, and Executive Officers are prohibited in taking actions that might harm the Company or reduce profits of the Company, and shall disclosed the conflict of interest in every decision. Disclosure of conflict of interests is stated in the Minutes of Meeting, and contained at least the name of party who has conflict of interest, the issue related to the conflict of interest, and the basic consideration for the decision.

The Company has a Policy on Transactions with a Conflict of Interest as set forth in the Board Manual. The policy on providing funds for related parties with a conflict of interest is included in a separate Board of Directors Regulation stating that the Company is prohibited from funding related parties without obtaining an approval from the Board of Commissioners.

The conflict of interest has been disclosed in each decision and has been well-documented. In principle, all The Company employees avoid making decisions in situations and conditions with a conflict of interest. Loans are granted to the Board of Directors, Board of Commissioners and The Company employees based on reasonable limits and in accordance with applicable Bank regulations without any distinction from other customers (arm's length basis).

In 2016, the following transactions had a conflict of interest.

Table: Transactions with a Conflict of Interest

No.	Name and Position		Decision Maker	Type of Transaction	Transaction Value (IDR million)	Description
	Name	Position				
				NIL		

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STRENGTHENING THE FOUNDATION OF SUSTAINABLE GROWTH,
SUPPORTING THE ACCELERATION OF **ONE MILLION HOUSES PROGRAM**



CORPORATE SOCIAL RESPONSIBILITY

In order to hold the commitment to be the leading bank in housing financing, the Company contributes to support the Government effort in achieving Sustainable Development Goals through the implementation of corporate social responsibility and series of policies aimed to achieve the sustainable development goals.

CORPORATE SOCIAL RESPONSIBILITY



THE COMPANY CONSISTENTLY CARRIES OUT CSR ACTIVITIES AS AN EXPRESSION OF CARE AS WELL AS APPRECIATION TO THE PUBLIC WHO HAVE GIVEN TRUST AND SUPPORT ON THE BUSINESS PROCESS OF THE COMPANY.

INTRODUCTION

In order to hold the commitment to be the leading bank in housing financing, the Company considers the importance of sustainability, environment, and society, together, to support the Company's business continuously. As a company engaged in the financial sector, the Company played a role as an agent to accelerate development and increase economic growth that ultimately will improve the community's welfare. The Company consistently carries out Corporate Social Responsibility (CSR) activities as an expression of care as well as appreciation to the public who have given trust and support on the business process of the Company. The business sustainability of the Company cannot be separated from public in receiving the products and services provided by the Company.

Through CSR, in running the business, the Company strives to create harmonic atmosphere for business activities with the public at large, and environmentally friendly as well. By contributing to the public and environment, the Company is expected to be a bank that is loved by the public. Thus, the Company can participate

in creating a society that is safe, comfortable, and dynamic, which is an ideal condition for sustainability in any business.

In line with Roadmap for Sustainable Finance in Indonesia set by the Indonesia Financial Services Authority (OJK), the Company also takes part in encouraging sustainable finance. The company consistently sets rules and policies supporting the implementation of an effective sustainable financial program. The initiatives carried out by the Company include the implementation of green finance product (Company products considering environment, social, and governance aspects). Green finance product is aimed to provide financing for companies/debtors concerned with environmental sustainability. The Company always applies the principle of prudence in all of its financing activities by considering all the prevailing rules and legislations, including the principle of sustainability. The Company has implemented policies on providing environmentally friendly loans by



rejecting loans for customers who do not include the results of the Environmental Impact Analysis (AMDAL).

In addition to disbursing financing, the Company also implements green operational activities as a form of commitment to minimize environmental degradation and conforming to the provisions of Law Number 32 of 2009 on Environmental Protection and Management. The Company believes that the development of green finance products will then support the achievement of sustainable development goals.

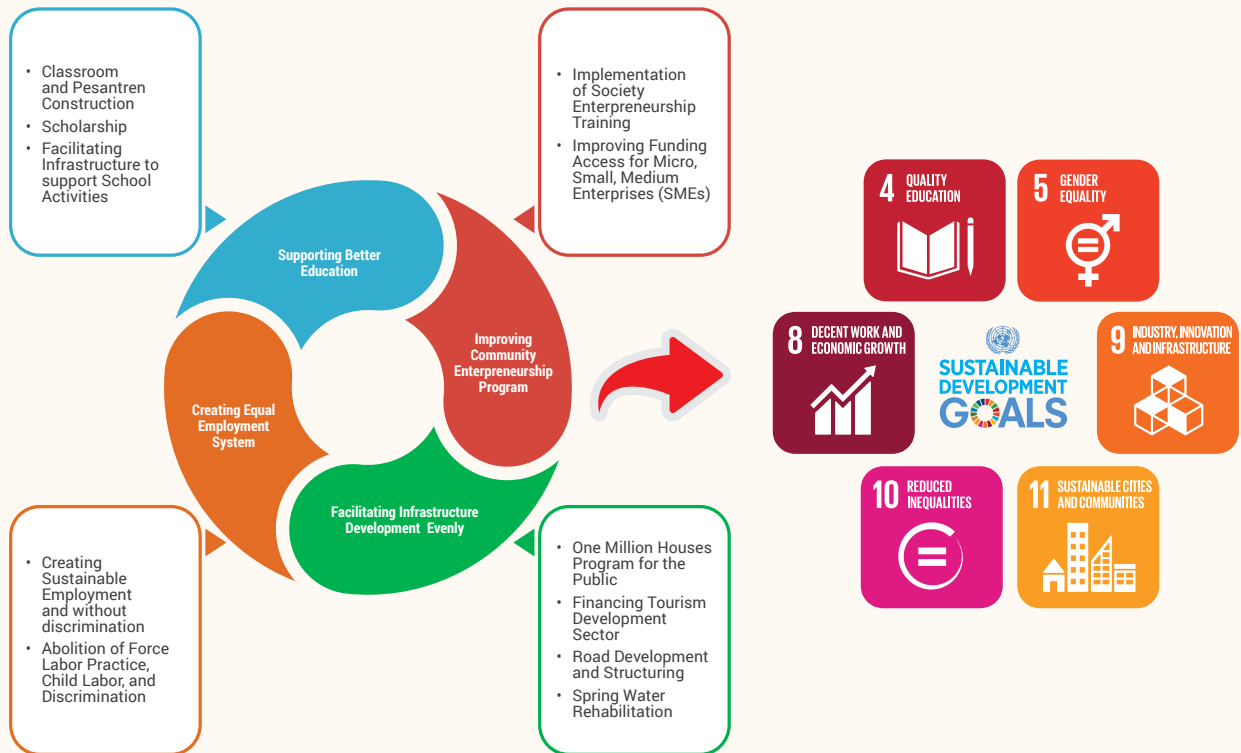
The Company has also issued the sustainability report which is the social and environmental accountability report, this display the Company's high level of commitment in implementing social and environmental responsibility. The Company's Sustainability Report is prepared referring to the Sustainability Reporting Guidelines by the Global Reporting Initiative (GRI) version 4.0 with a "Core" level of conformity including the G4 Financial Services Sector Disclosures. The 2016 Sustainability report is a periodic report disclosing the Company's sustainability performance in reporting the Company's economic, social, and environmental performance.

THE COMPANY'S SUPPORT IN ACHIEVEMENT OF THE SUSTAINABILITY DEVELOPMENT

As a continuity of Millennium Development Goals (MDGs) Program implemented since 2000, the Government of Indonesia encourage the business world to contribute in the achievement of sustainable development (Sustainable Development Goals/SDGs). As one of the State-Owned Enterprises (BUMN), one of the Company's function is as 'agent of growth', hence, the Company consistently shows its commitment by supporting the sustainable development growth through Corporate Social Responsibility implementation or CSR, and series of policies aimed to achieve the sustainable development goals.

Various program are conducted, such as improving education quality, enhancing community entrepreneurship program, creating system for fair labor, and facilitating infrastructure development. The execution of those programs are concrete steps to address continuous issues from economic point of view (profit), environment (planet), or social (people).

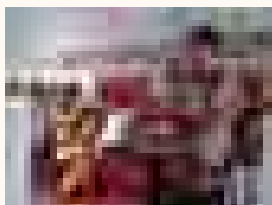
The Company's Role in Sustainable Development Goals



THE COMPANY'S CSR KALEIDOSCOPE 2016

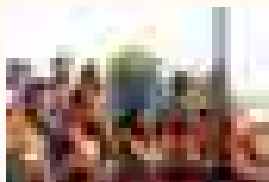
JANUARY

Building Nation Generation through Pilot School in Daerah Istimewa Yogyakarta.



MARCH

E-Toll Himbara Launching with Ministry of State-Owned Enterprises



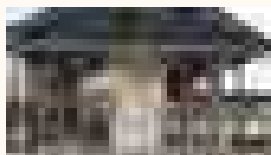
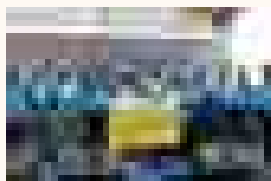
MAY

The Company's Synergies with PT Taspen in KPR Facility for PNS or PNS Pensioners.



FEBRUARY

Building Rehabilitation Housing Funding for South Cipinang Besar

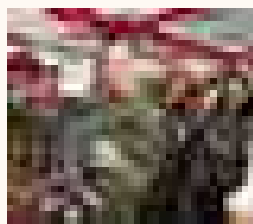


Public Facility Rehabilitation in Tanah Mas Housing, Semarang



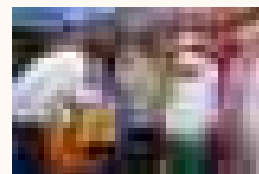
APRIL

Handover of Tuber, Paddy, and Babi Seeds for 5 Border Districts in Papua by Ministry of Trade witnessed by Ministry of State Owned Enterprises and President Director of the Company's



JUNE

Relief for Orphan in the Event of Buka Puasa Bersama at Company's Head Office



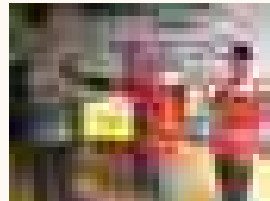
JULY

The Company's Supports Government Program in Social Non-cash Disbursement



SEPTEMBER

The Company's participation in emergency response for flood disaster in Garut District



NOVEMBER

Ceremony for Culinary Shelter Taman Sriwedari Solo.



16th BTN Tour De Borobudur.

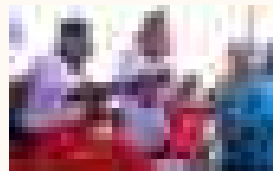


AUGUST

Clean Water Assist in Kepulauan Morotai, Maluku Utara



BUMN Bazaar Presents in Ternate, Maluku Utara.



Students Learn about Archipelago, in Ternate, Maluku Utara

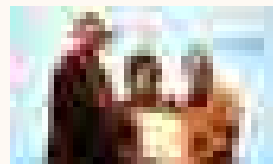


OCTOBER

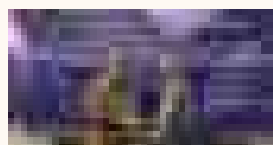
E-retribusi Pasar Gede and Pasar Ngudi Rejeki, Solo.



Muri Record for The Most Simple Depositors.

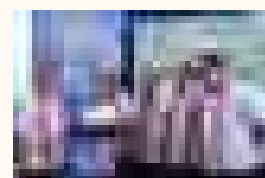


Cooperation of Company - SBM ITB to Produce Young Developer



DECEMBER

Bitung Creative Housing – Manado.



CSR POLICIES AND ACTIVITIES

A. CSR POLICIES

The company refers to the provisions of the applicable laws and regulations in implementing CSR programs, including:

1. Law Number 40 of 2007 on Limited Liability Company;
2. Law Number 19 of 2003 on State-Owned Enterprises;
3. State Minister for State-Owned Enterprises Regulation Number PER-03/MBU/12/2016 dated December 16th 2016 on the Partnership Program and the Community Development Program for State Owned Enterprises;
4. Shareholders Deed of Amendment to the Articles of Association of PT Bank Tabungan Negara (Persero) Tbk Number 34 dated August 11th 2008;
5. The Board of Directors Regulation Number 17/PD/DPKK/1203 dated December 15th 2003 on PT Bank Tabungan Negara (Persero) Tbk's Partnership Program with Small Businesses and Community Development Program;
6. The Board of Directors Circular Letter Number 40/DIR/ HCLD/2010 dated October 8th 2010 on Guidelines for the Implementation of PT Bank Tabungan Negara (Persero) Tbk's Partnership Program with Small Businesses;
7. The Board of Directors Circular Letter Number 8/DIR/HCLD/ 2012 dated March 1st 2012 on the Amendment to the Board of Directors Circular Letter Number 40/DIR/HCLD/2010 on Guidelines for the Implementation of Bank Tabungan Negara (Persero) Tbk's Partnership Program with Small Businesses.
8. The Board of Directors Regulation Number 29/PD/DSP/2008, on PT Bank Tabungan Negara (Persero) Tbk's Corporate Social Responsibility

B. CSR VISION AND MISSION

VISION

"Considering the community and environment's interest by contributing to economic development and sustainable community empowerment especially in the housing/residential sector which reflects the Company's core business"

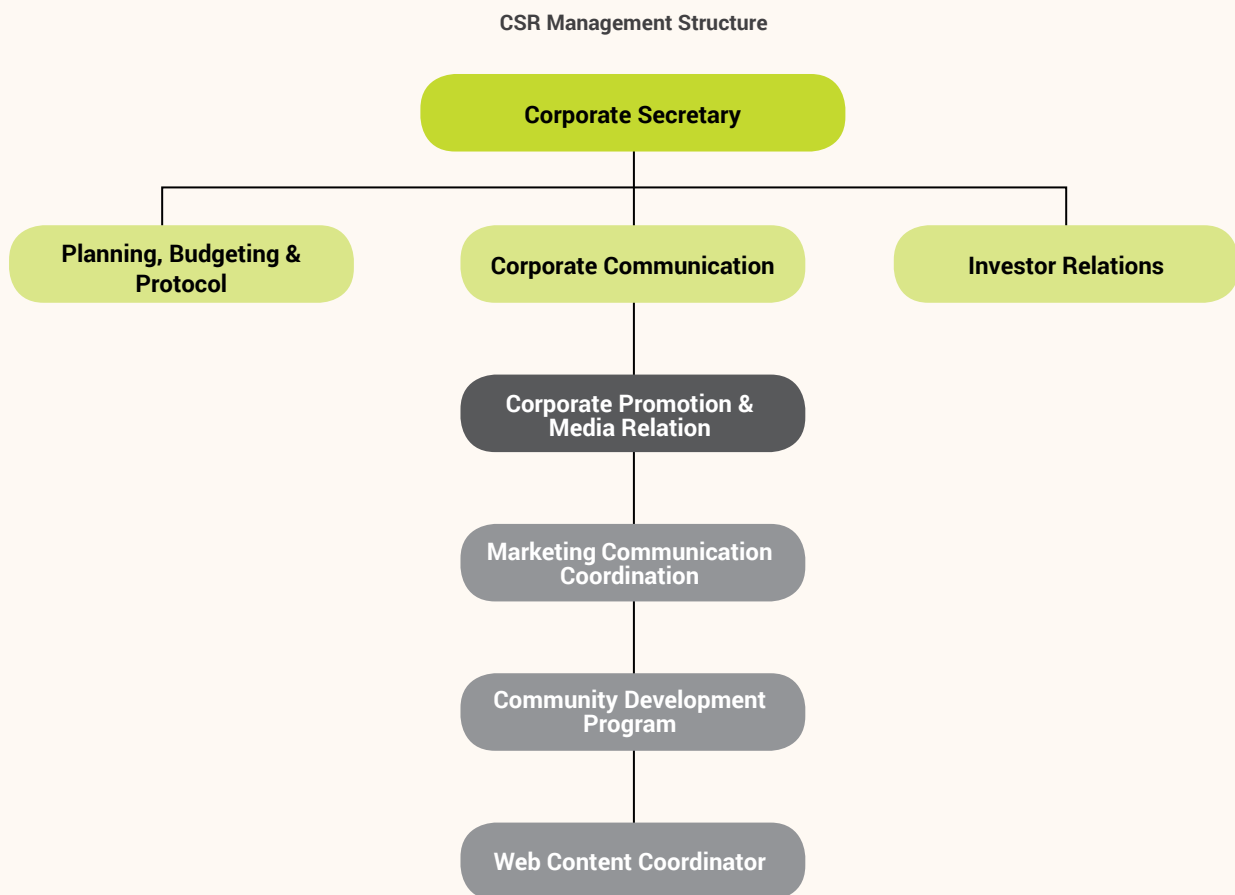
MISSION

- Improving public welfare and the environment
- Developing the Company values and culture
- Establishing a positive image for the Bank in the eyes of the public
- Improving cooperation and mutual respect with the community and region where the Company operates

The Company has prepared a CSR program to achieve the CSR Vision and Mission, this program is in line with the 3P (people, profit, planet) principle, oriented towards creating added value for stakeholders and surrounding community, as well as supporting the sustainable development goal program.

C. CSR MANAGEMENT STRUCTURE

The company has established a unit that specifically handles CSR, i.e. Community Development Program Unit under the Corporate Secretary Division, this symbolizes the Company's commitment to play a role in sustainable development to improve quality of life and beneficial environment. The 2016 Company CSR management structure is as following:



The Corporate Secretary Division may coordinate or collaborate with the following entities in carrying out CSR activities:

1. Internal Parties, i.e. The Company's Branch Offices spread all over Indonesia or other work units; and
2. External/Third Parties, consisting of:
 - Government
 - University
 - Non-Governmental Organization

- Social Institutions
- Mass Media
- Other agencies with the capacity and capability to carry out the Company's CSR activities.

D. CSR ACTIVITIES

In line with the CSR Vision and Mission, the Company's CSR program targets several sectors including education, health, art and culture, sports, religion, improving socio-economic welfare, environmental management, and other incidental matters. These activities are implemented based on a comprehensive and responsible plan that refers to the Company's CSR policies, i.e. Board of Directors Regulation No. 29/PD/

DSP/2008 on PT Bank Tabungan Negara (Persero) Tbk's Corporate Social Responsibility. The programs implemented also always strive to provide long term benefits for the community and the environment.

In general, the Company's CSR Program can be categorized into 4 main sectors, namely:



CSR BUDGET

The CSR Program is formulated by considering the needs and sustainability of the program and is expected to encourage additional benefits for stakeholders in the economic, social and environment sector by implementing a CSR budget allocation policy that considers the compliance and fairness principle. In implementation, the source of funds for the Company's CSR program derives from the budget determined in the Company's Work Program and Budget (RKAP) by considering the decency and fairness aspects. In 2016, the Company has distributed a total of IDR 4,371,057,756 for corporate social responsibility.

In addition to CSR activities, as a BUMN Bank, the Company also conducts Partnership and Community Development Program. In accordance with Article 8 verse 1 paragraph a and b of Minister of State-Owned Enterprises Regulation No. PER-03/MBU/12/2016 dated December 12th 2016 on Partnership and Community Development Program (PKBL) of State-Owned Enterprises, "The source fund for Partnership and Community Development Program comes from the majority of net income and budget prepared as the Company's fund set forth in GMS/the Minister ratifying Annual Report for concerned State-Owned

Enterprises of maximum 4% (four percent) from the previous year net income." Based on the Annual General Meeting of Shareholders 2016 dated April 12th 2016, the Company has allocated Fund for Community Development Program in 2016, which amounted to IDR 14.8 billion realized until 2015, which become the Company's expenses. Meanwhile, Fund for Partnership Program 2016 came from the fund of fiscal year 2015 from administration fee and demand deposit fee of Partnership Program, as well as other legitimate sources.

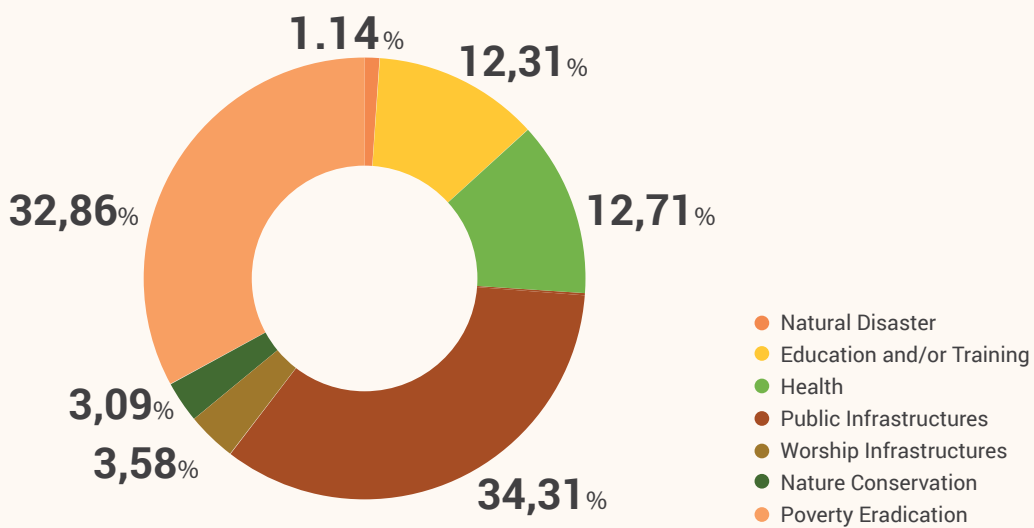
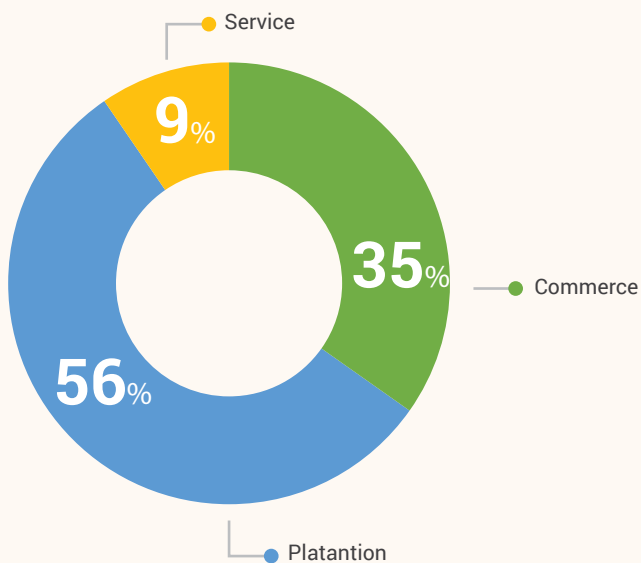
During 2016, the Company has distributed Partnership Program aid to 43 Development Partners with an amount of IDR 1,779,500,000 and The aid from Community Development Program that has been distributed amounted to IDR 13,153,136,795 through various activities including education and training, public infrastructure and facilities, religious service aid, community health and social improvement in poverty eradication.

Below are the details of the Company's CSR program fund allocation for Year 2014-2016:

Table CSR Program Fund Distribution Year 2014-2016

Sector	Distribution (IDR million)		
	2014	2015	2016
Economy	1.438,70	2.425,39	753,03
Art & Culture	24,50	49,65	199,20
Sports	45	49,22	94,95
Education	655,70	1.942,68	409,32
Health	78,99	387,07	54,67
Facilities and Infrastructure	3.393,64	4.123,94	2.250,93
Religion	396	1.314	564,01
Preservation of Nature	239,1	473,33	44,95
Total	6.271,63	10.765,28	4.371,06

Graphic: Fund Disbursement of Partnership Program Based on Sectors



RESPONSIBILITY FOR THE ENVIRONMENT

IN ACCORDANCE WITH LAW NO. 32 YEAR 2009 ON ENVIRONMENT PROTECTION AND MANAGEMENT, THE COMPANY STRIVES TO PARTICIPATE IN PRESERVING THE ENVIRONMENT THROUGH DISBURSEMENT OF FUNDING AND ENVIRONMENTAL FRIENDLY OPERATIONAL ACTIVITIES. COMPLIANCE WITH THE LEGISLATIONS SHOWS HIGH COMMITMENT AS WELL AS EARNEST EFFORTS FROM THE COMPANY TO SUPPORT SUSTAINABLE DEVELOPMENT PARALLEL WITH THE EFFORTS TO MAINTAIN ENVIRONMENTAL QUALITY AND TO PROVIDE OPTIMAL POSITIVE BENEFITS FOR SOCIETY.



A. POLICIES

The Company's policy related to management and protection of the environment is actualized in the form of appeals, edicts, and the Company's regulations to minimize the Company's operational impacts on the environment. In addition, Responsibility for the Environment is applied in Company's Commercial Credit Facility Code, i.e. Directors Circular Letter No. 336/DIR/CMLD/2013 dated December 30th 2013 concerning the Fourth Amendment of the Directors Circular Letter No.17/DIR/CMLD/2016 dated March 31st 2016 regarding PT Bank Tabungan Negara (Persero) Tbk. Standard Operating Procedure Commercial Loan. In terms of credit requirements, the Company requires the availability of Environmental Impact Assessments/ Environmental Management Efforts (UKL/UPL) document and or Environmental Impact Analysis (AMDAL). This is a form of compliance implementation of the Bank on Law No. 32 year 2009 on Environmental Protection and Management. These Environmental Policies are guidelines for the Company to carry out the environmentally friendly operational activities.

B. ACTIVITY PLAN IN 2016

The Company's activity related to the environmental management is set in accordance with environment-related strategies, in line with sustainable financial road that is set forth by Financial Services Authority (OJK), such as the implementation of environmental friendly loan disbursement, environmental friendly operational activities strategies, as well as go green program. The programs run by the Company in 2016 are conducted as a form of the Company's participation in promoting sustainable finance.

C. CSR ACTIVITIES RELATED TO ENVIRONMENT IN 2016 AND QUANTITATIVE IMPACT

Throughout 2016, the Company consistently conducted various environmental friendly programs. Through the program conducted by the Company, the quantitative impact as well as strategic initiatives undertaken can be seen to minimize the impact from operational activities conducted by the Company.

Environmental Friendly Credit Disbursement

To minimize damages to the environment, the Company has implemented policies related to environmental friendly credit disbursement. The Company's concern on environmental sustainability will always be improved in line with sustainable finance policy set by the Financial Services Authority (OJK). The company consistently sets rules and policies supporting the implementation of an effective sustainable financial program. The Company always applies the principle of prudence in all of its financing activities by considering all the prevailing rules and legislations, including the principle of sustainability. The Company has implemented policies on providing environmentally friendly loans by rejecting loans for customers who do not include the results of the Environmental Impact Analysis (AMDAL). The Company will validate the result by going to the field for customers with AMDAL results.

Environmental Friendly Operational Activities

The Company participates in avoiding climate change and global warming through environmental friendly operational management. Effectivity and efficiency of energy and material consumption is one of many focuses of the Company's activities for social responsibility in maintaining environmental quality. Initiatives actualized by the Company, namely:

Green Office Program

As a form of environmental care, the Company applied green office program as a form of real contribution in managing the office with environmental friendly principles through the use of environmental friend energy and material such as the use of water, paper, electricity, and waste management efforts by sorting and recycling.

1. Minimizing the Use of Paper (Paperless)

In the operational activities, the Company uses paper as important material for letters and correspondence, account setup, and other supporting operational activities. The Company realizes the excessive use of paper will affect the environment negatively, such as deforestation. With those issues, the Company initiate the paper saving, namely:

- Reuse of used paper;
- Actualize billing by phone or by utilizing information technology application that supports mobile application, paperless, historical record, and parameterized;
- 2-sided Printing method;
- Educate the customer for Electronic Channel transaction;
- Do an improvement of Electronic Channel service as paper saving initiative

The Company also does an improvement of Electronic Channel service as paper saving initiative. This is proven by the increase in total transactions of Electronic Channel service in 2016, in which the ATM and Kiosk transactions increased by 12.86%, Cash Deposit Machine (CDM) increased by 14.81%, Internet Banking increased by 217.58%, and Mobile Banking increased by 113.50%.

2. Energy Saving

The electricity used by the Company operations is supplied by the State Electricity Company (PLN). In 2016, electricity consumption at Bank BTN Head Office was recorded at 6,846,700 kWh or equivalent to 24,648.12 GJ which was a decrease by 16.58% from 2015 with 8,207,160 kWh or equivalent to 29,545.78 GJ.

Unit	2014	2015	2016
kWh	7.727.400	8.207.160	6.846.700
gigajoule	27.818,64	29.545,78	24.648,12

In 2016, the Company launched a number of initiatives to improve energy efficiency in order to reduce the Company's contribution to greenhouse gas emission. Those initiatives are:

- Giving information to all employee on the importance of turning off light and other electronic after office hours;
- Changing refrigerator/air conditioner R-22 synthetic refrigerant Freon with more environmental friendly refrigerant such as R-32, musicool 22, or R134a;

- Changing conventional light with Light Emitting Diode (LED);
- Reducing the intensity of face-to-face meeting and replacing it with meetings via teleconferences. This will reduce the use of oil fuel (BBM) for the purposes of transporting the meetings' attendant;
- Rejuvenating vehicles into environmental friendly vehicles;
- Suggesting the employee to use public transportation to commute.

The Company also requires the usage of more environmentally-friendly high-octane fuel for operational vehicles which complies with the policy of the Indonesian Government concerning the obligation to use non-subsidized fuel for State Owned Enterprise (SOE)'s operational vehicles. Under Memo No. 1836/M/PGSD/GS/XI/2013 dated November 6, 2013, the Procurement and General Service Division submitted a memo to the Regional Offices, Branch Offices and Sharia Branch Offices regarding the prohibition to use RON 88 gasoline for the Company's operational vehicles.

3. Water Consumption Management

The Company sources its water from the Local Water Utility (PDAM) and groundwater. Groundwater is used as reserve when water supply from PDAM is insufficient. Throughout 2016, the volume of water consumption at Bank BTN Head Office was 68,236 m³ or increasing by 1.76% from 2015 with 67,055 m³. The increase was contributed by increased water consumption at the mosque. Although there is an increase in water consumption, the Company is committed to efficiency by reusing recycled water for various purposes, i.e. watering plants. Thus, there will be a reduction in water consumption as well as maintenance and disposal costs. The Company also regularly controls drains and taps to immediately overcome leakages.

Waste Management Program

One of the Company's efforts in arranging the

environment is by waste segregation from sources. This effort is conducted in order to minimize the chance of hazardous and toxic waste (B3) mixing with organic or inorganic waste, as well as to map the potential implementation of inorganic waste reuse.

Waste Management

The Company strives to conduct waste management, both Non B3 (not toxic) and B3 (toxic) through third party management, the building managers. Every three months, the Company routinely measures water quality from the wastewater management, thus the water discharged has met quality standards in accordance with Governor Regulation of Special Capital Territory of Jakarta Province No. 122 year 2005 on domestic wastewater management in the Special Capital Territory of Jakarta Province so it does not pollute the environment. On 14-23 September 2016, the Company did a measurement of wastewater in the Company's Head Office, with the result as follows:

Forestation Program

In order to conserve the environment in Indonesia, particularly around the Company's working area, the Company actualizes nature conservation program through Green BTN. In general, the Green BTN activities include forestation activity such as tree cultivation

around the Company's work area. In addition, to show its responsibility for the environment, particularly for houses developed and financed through housing loan facility, the Company rehabilitated and enhanced the public and social facilities in Tanah Mas Housing complex. Tanah Mas Complex is the first residence processed under the Company's loan agreement, located in Semarang.

D. ENVIRONMENTAL PROBLEM COMPLAINT MECHANISM

As a form of concern for the environment, the Company is open to any complaints from the public for any environmental impacts that might arise because of the Bank's operational activities. The environmental complaints then will be delivered to the Company by delivering the complaints related to surround environment through official letters. In 2016, the Company did not have any fines or penalties related to noncompliance against rules and legislations related to environmental problem.

E. AWARDS AND CERTIFICATION

Until 2016, the Company still has not received awards and certification related to the environment.

Results of Wastewater Quality Measurement Head Office 2016

Parameter	Unit	Test Result	Standards	Method
pH	-	6-9	7.5	SNI 06-6989.11-2004
Organic (KMnO4)	mg/L	85	43.29	SNI 06-6989.22-2004
Suspended Solids	mg/L	50	44.0	Spektrophotometer
Ammoniac	mg/L	10	1.72	No 41/IKM
Oil and Grease	mg/L	10	<1.13	Spektrophotometer
Methylene Blue Active Compounds	mg/L	2	0.11	SNI 06-6989.51:2005
COD (Dichromat)	mg/L	80	83.10	SNI 6989.73:2009
BOD (20oC, 5 hari)	mg/L	50	12.45	SNI 6989.72:2009

The Company's commitment in managing the environment is also proven with special fund allocation to manage environment, i.e. waste management cost. In 2016, the waste management cost distributed by the Company amounted to IDR 100 million.

RESPONSIBILITY TO THE EMPLOYMENT, SAFETY, AND HEALTH

THE COMPANY'S SUCCESS AND DEVELOPMENT IS INSEPARABLE FROM EMPLOYEE'S CONTRIBUTION AND DEDICATION WHO FAITHFULLY BUILD AND BETTER THE COMPANY. THE COMPANY HAS COMMITTED TO IMPROVE THE EMPLOYEE'S QUALITY AND POTENTIAL AS WELL AS THEIR WELFARE FAIRLY AND WITHOUT DISCRIMINATION.



A. POLICIES

In Human Resources (SDM) management, the Company refers to RI Law No. 13 year 2013 on Employment. In addition, the Company has special policy related to SDM management, i.e. Board of Directors Regulation No. 29/DIR/CMO/2011 on PT Bank Tabungan Negara (Persero) Tbk. Guidelines for Human Capital Management Policy (PKMHC). PKMHC is evaluated every 3 (three) years to ensure the effectiveness of the regulations to the Company's SDM management.

B. ACTIVITY PLAN IN 2016

The Company makes the employees as one of strong foundation in banking business to acquire the customer's trust. Therefore, the CSR program

planning related to employees, is arranged in line with the direction and strategy of the Company in Human Resources management. The focus of activity program conducted in 2016, in addition to increase the competitive advantage, is also to strive to develop qualified, professional, and high integrity human capital.

C. CSR ACTIVITIES RELATED TO EMPLOYMENT IN 2016 AND QUANTITATIVE IMPACT

During 2016, the Company's activity related to responsibility to the employee, is through gender equality and employment opportunity, equity in competence development program, industrial relations, employee's welfare, and occupational health and safety. These programs are conducted in order to actualize the participation and support for the Company's activities, as well as improving the quality of life of the employee.



Gender Equality and Employment Opportunity

The Company strives to provide equal opportunity for all employee to improve. Every rules prevailing is applied consistently and equivalently to all employees regardless of gender. The employment opportunity offered is likewise. The Company provides equal opportunity for all people, both men and women, regardless of ethnicity, religion, race, class, gender, or physical condition to participate in its employee recruitment program. The appointment of candidates is based on the results of the selection, evaluation results on probation and employee orientation.

In 2016, the Company has recruited 1,362 new employees with a recruitment rate of 15.91% of the total number of permanent employees in the Company. This amount has increased by 28.49% compare with 2015, which amounted to 1,060 people.

Competence Development Program

In order to improve the employees' skill and performance, the Company realized competence development program with equal opportunity and open to all employees. The education and training conducted consists of three category program, namely Core Banking Academy, New Entry Academy, and Strategic Initiative. In 2016, the Company has held 454 The Education and Training Program, attended by 18,343 employees with total budget for SDM related to employee's education and training amounted to IDR 128,420,000,000 increased by 0.2% compared to 2015 amounted to IDR 105,993,657,000.

Details on employee's competence development program are provided in Chapter Management Discussion and Analysis Sub-chapter Human Resources Management.

Performance Assessment System and Employee's Career Development

In order to assess the performance and develop the employees' career, the Company has developed performance management using Human Capital

Information System (HCIS). Performance assessment is conducted once a year for the period of January 1st until December 31st. The Company's targets are distributed to all Work Unit and then delegated to every employee based on the potential and capability in the Key Performance Indicator (KPI). In 2016, every employee's in every level, both men and women, received performance assessment. From the assessment, the Company conducted rotation, promotion, as well as rotation and promotion for 4,406 employees.

Industrial Relations

The Company strives to create a working relationship that is harmonious, just, and consistent between the company and its employees. In the operation, the Company seeks to optimize the management of human resources by taking into account the interests of the employees. As part of the implementation of its human resource management policy, the Company established a Bipartite Cooperation Organization (LKS Bipartit) as a forum for communication and consultation on matters relating to the Company's industrial relations, with members consisting of Office Holders and Bank BTN's Workers Union (SPBTN).

In addition, the Company has established Collective Labor Agreement (PKB) which contains the rights and obligations of the Company and employees in order to create harmonious and just industrial relations. The Company holds meeting routinely with the workers' union. The meetings discuss areas related to the fulfillment of the rights and obligations of employees or the formulation of disciplinary sanctions if there is a breach of discipline by employees.

Table: Highest and Lowest Salary Ratio

Description	Ratio
Highest and lowest Employee salary	18.85 : 1
Highest and lowest Director salary	1.11 : 1
Highest and lowest Commissioner salary	1.11 : 1
Highest Director salary and Highest Employee salary	2.70 : 1

Employee's Remuneration

The Company gives remuneration to every employee based on a merit system, i.e. by prioritizing employee's performance, competence, and integrity in the form of basic salary, allowances, and other amenities in accordance with the Company's Regulation and prevailing rules and legislations. The remuneration system of the Company has to comply with the Employee's Wage regulation in Indonesia and adhere to the conventions of International Labour Organization (ILO) on Equality of Remuneration, where the salary scale for Company's new employees are above the standard minimum wage applicable in the operational area of the Company.

Turnover Rate

In 2015, the employee's turnover rate is 4.96%, consists of 107 employees retired, 17 employees asking for early retirement, 17 employees died, 297 employees resigned, and 27 employees laid off because of other causes.

Table: 2014-2016 Employee's Turnover

Year	% Turnover
2014	3,04%
2015	4,24%
2016	4,96%

Employment Problem Complaint Mechanism

In order to provide protections for employee in carrying out their duties and responsibilities effectively, the Company provides complaint channel for the employee related to the Company. Finishing employee's complain is one of the Company's responsibilities in the field of employee protection in order to ensure the rights related to the Company.

There are several ways to send report related to alleged violations that happened. The mechanism for employee's complaint delivery is as follows:

- a. If the reported party is the Company's employee,

then alleged violations report is addressed directly to the Whistle Blowing System team using the address:

- Whistle Blowing System Team PT Bank Tabungan Negara (Persero) Tbk.
PO BOX Whistle Blowing System (WBS) BTN Jakarta
- Email: wbs.btn@btn.co.id
- SMS/Handphone: 081311434343

Report can be done verbally or through other media by the Reporter/Whistle Blower.

- b. If the reported party is a member of Whistle Blower System Team, then alleged violations report is addressed directly to the President Director.
- c. If the reported party is a member of Directors or the family, then alleged violations report is addressed directly to the Board of Commissioners.
- d. If the reported party is a member of Board of Commissioners or the family, then alleged violations report is addressed directly to the President Director.

During 2016, there was 1 (one) complaint related to the employment practice in the case of Industrial Relations Disputes (PHI) and was finished on December 2016.

D. OCCUPATIONAL SAFETY AND HEALTH

In addition to human resources aspect, the Company strives to improve the occupational health and safety. This is because, the employee's productivity will increase along with the improvement of comfort and safety in the Company's environment. The Company has implemented occupational health and safety in accordance with Law No. 13 year 2003 article 86 paragraph 2, which stated that in order to protect the employee's safety in order to achieve optimal productivity, the effort to provide occupational health and safety is organized. The policy regarding employee

health is stipulated in the Policy about employee health guarantees and facilities, i.e. Board of Directors' Circular Letter No. 43/DIR/CMO/2011, dated November 28th 2011 on index 184/P/HC-REW/2011 on Medical Assistance.

Health Program

As the Company's commitment to take care of employee's health, the Company also gives medical facilities including Medical Check Up facility periodically and medical treatment facilities, such as reimbursement of inpatient hospital treatment, outpatient care after discharge from the hospital, maternity costs, cost of dental treatment, replacement of glasses, hearing aids, laboratory tests, and other medical treatment recommended by doctor after hospitalization. In addition to the employee's medical facilities, the Company also provides clinic facilities and doctors to provide medical services to employees and their families. The Company also provides employees and their families with health insurance organized by BPJS Kesehatan.

Occupational Facilities and Safety

To ensure effectivity in occupational safety implementation, the Company has completed every operational office with various safety devices, such as Apar, Smoke Detector, Diesel Pump, and Emergency Stairs. The Company also conducts fire safety inspection on the equipments. In addition, the Company also has fire evacuation/situation plan, fire safety operational procedures are placed in every employee's room and every floor in the building, thus all employees are adequately educated. Until 2016, the Company has had its employees to participate in "General Occupational Safety and Health Experts Coaching and Certification (AK3U)" certification training organized by BPJS Kesehatan in cooperation with PT Surveyor Indonesia (Persero) and the Ministry of Manpower and Transmigration of the Republic of Indonesia.

All employees are also enrolled in Social Security (Jamsostek) through BPJS Ketenagakerjaan. This program includes Old Age Security Program (JHT), Accident Insurance Program (JKK), and Life Insurance

Program (JK), aimed to ensure the security and certainty for employees from socio-economic risks such as work accident on site, disability, old age and death, which resulted in a reduction or termination of labor income.

Safety and Health Management System (SMK3)

In 2016, the Company has compiled a policy related to Safety and Health Management System (SMK3), which has been requested and under the review of the related Division. In that policy, it stipulates about Standard Operational Procedure (SOP) SMK3 and Corporate K3 Specific Policy. The aim of SMK3 implementation is to increase the effectiveness of occupational safety and health protection in a planned, measured, structured, and integrated way as well as to prevent workplace accidents and occupational diseases.

Work Accident Rate

In 2016, the Company has managed the health and safety of the employees optimally. Noted, that during that period there are no employee who in their work activities are often exposed or risked getting certain occupational diseases (zero accident).

E. AWARDS AND CERTIFICATION

The Company has obtained Fire Safety certification issued by the Fire and Disaster Management Department of Special Capital Territory of Jakarta. This certification effort strives the Company to create a safe, healthy, and secure work environment for the Company's employee.

RESPONSIBILITY TO SOCIAL DEVELOPMENT AND COMMUNITY

THE COMMITMENT OF THE COMPANY TO SOCIAL AND COMMUNITY DEVELOPMENT IS REALIZED THROUGH THE ACTIVITIES OF PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM AND CORPORATE SOCIAL RESPONSIBILITY PROGRAM WHICH AIM TO BOOST THE COMMUNITY PARTICIPATION AND SUPPORT TO THE ACTIVITIES OF THE COMPANY AS WELL AS TO IMPROVE THE LIFE QUALITY OF THE SURROUNDING COMMUNITIES AND THOSE OUTSIDE THE OPERATIONAL AREA OF THE COMPANY.



A. POLICIES

The corporate policy in implementing its social responsibility program to the communities refers to Regulation of the Minister of State-Owned Enterprises PER-03/MBU/12/2016 date Desember 16th 2016 on State-Owned Enterprises Partnership and Community Development Program.

B. ACTIVITY PLAN IN 2016

As a Company that commits to environmental and social responsibility, the Company is committed to give contribution to economic growth and sustainable development in Indonesia, one of which is through the development program and community empowerment. In 2016, program conducted by the Company is focused to support the realization of sustainable development,

one of which is through Partnership and Community Development Program (PKBL) that is consistently conducted by the Company.

C. CSR ACTIVITIES RELATED TO SOCIAL AND COMMUNITY DEVELOPMENT IN 2016 AND ACTIVITY IMPACT

Various activities related to the social and community development program are carried out as a form of the Company's participation and support in improving the life quality of its surrounding communities. In 2016, the Company has realized various programs related to the improvement of community welfare and potentials, including:

Utilization of Domestic Manpower and Suppliers

In order to support the operational activities of the Company, domestic manpower is exclusively employed. In addition, the Company also collaborates continuously with suppliers of goods and services as their working partners in short-term and long-term cooperation, in particular with construction companies in order to help realize Program Sejuta Rumah (One Million Houses Program). In selecting the suppliers according to the sustainability context, the Company prioritizes local suppliers, i.e. the suppliers from Indonesia. Besides reducing operational costs, this measure aims as well to support domestic companies.

Education to Community

The Company is committed to empower the community through improvement of community financial literacy. Banking education program is provided for all levels in the community, in particular those with limited access to banking and financial literacy. During 2016, community education program implemented by the Company includes:

1. Financial literacy education through Simolek program (Financial Education Car), a literacy education program to community through dissemination of information regarding safe investment, introduction to banking products, and educating the people to love saving.

2. Mobil Cash Car Optimization by visiting houses, institutions, and schools. This activity aims to draw community interest in saving.
3. Revitalization of KLKK (Service Office Equivalent to Cash Office) by placing customer services in post office counters to serve clients and potential clients in regional areas.

Communication on Anti-Corruption Policy and Procedures

In order to implement clean and transparent banking, the Company participates actively in eradicating fraud, corruption, and money laundering practices. The anti-fraud implementation in the Company is regulated by the Board of Directors Circular Letter No. 22/DIR/IAD/2014 dated May 28th 2014 on Anti-Fraud Strategies Standard Operating Procedure of PT Bank Tabungan Negara (Persero) Tbk. Anti-Fraud Strategies have 4 (four) pillars i.e. (1) prevention; (2) detection; (3) investigation, reporting, and sanction; as well as (4) monitoring, evaluation, and follow-up.

Measures to prevent fraud and corruption have been implemented through Information Dissemination Program to increase awareness of fraud acts in work environment by, among others, disseminating information to all employees and stakeholders regarding the Policy of Anti-Fraud, corruption, and money laundering strategies, as well as the implementation of Gratification Control. The company has also disseminated this policy to the clients as well as the community by hoisting banners on anti-corruption/gratification in the headquarters and all branch offices.

Anti-Corruption Training

In 2016, the Company has conducted various awareness program related to Gratification Control in the Company's environment, including: (1) Reject Gratification Pin that is worn by every Company's employee; (2) Socialization Program of Gratification Control to every MVP representative in all work unit of the head offices and branch offices; (3) Publication of Handbook of Gratification Control Program; and (4) Submission Letters to Company's Partners/ Stakeholders both Head Office and Branch Offices. The socialization of gratification control program is

conducted by the Company to prevent corruption, fraud, or gratification.

Partnership and Community Program Development

Partnership Program

Through partnership program, the Company contributes in supporting the competence development and improvement of business enterprises. Loan credit facilities are particularly provided for small enterprises with regional prominent products as their commodities, commodities with export potentials or orientation, commodities which employ a great number of labor-intensive manpower, and commodities which support the improvement of people's standard of living.

During 2016, the Company has distributed Partnership Program aid to 43 Development Partners with an amount of IDR 1,779,500,000.

Table: Realization of Fund Disbursement of Partnership Program 2016

No	Area of Disbursement	Partnership	Amount of Disbursement
1	Solo	13	618.000.000
2	Denpasar	30	1.161.500.000
Total		43	1.779.500.000

Community Development Program

Community Development Program by the Company aims to provide aid to the surrounding communities of the headquarters and branch offices of the Company. The aid from Community Development Program that has been distributed amounted to IDR 13,153,136,795 through various activities including education and training, public infrastructure and facilities, religious service aid, community health and social improvement in poverty eradication

Table: Fund Disbursement of Community Development Program 2016

No	Area of Disbursement	Amount of Disbursement 2016
1	Area I	6.128.831.544
2	Area II	1.860.401.800
3	Area III	100.000.000
4	Area IV	5.063.903.451
Total		13.153.136.795

Program Corporate Social Responsibility

Besides the Partnership and Community Development Program, the Company also still implements Corporate Social Responsibility (CSR) Program as has been mandated by Law Number 40 year 2007 on Limited Liability Company and Law No. 19 year 2013. In its implementation, various activities carried out by the Company for social and community development included Partnership and Community Development Program (PKBL) which focused on community empowerment activities.

During 2016, the Company's CSR realization was carried out through Partnership and Community Development Program as well as through Environment Program Harmoni BTN. This program has a main purpose to provide an integrated community education through several trainings and/or education as well as facilitation for the community as the basis of an integrated program development. Environment Program Harmoni BTN is conducted through 9 (nine) main activities, i.e.:

Prosperous BTN

In order to continue the Program of State Owned Enterprises Hadir untuk Negeri (Present for the Country) already conducted in Papua, in 2016, the Company picked up the said program to distribute 2000 kg sweet potato seedlings as a part of the Company's activities to empower the communities in 4 (four) districts of Papua Province, covering the districts of Tolikara, Leni Jaya, Keerom, and Puncak Jaya, aiming to increase their income.

Religious BTN

In order to commemorate Nuzulul Qur'an 1437 H, the Company shared the joy with 1000 orphans by

organizing a breakfasting event together with the big families of the Company and working partners in all Company branches, and granted financial aid to the kids and the orphanage.

Green BTN

As a form of its responsibility towards the environment, in particular to the houses constructed and financed through KPR BTN (House Ownership Credit), the Company rehabilitated and renovated public and social facilities located in Tanah Mas Residential Compound, Semarang. The compound was the first location financed through loan agreement from the Company.

Fit BTN

Focus of fit BN is related to sport section, such as the provision of sport facilities for the surrounding community along with the supporting equipment and tools. As a form of its responsibility towards the environment, in particular to the houses constructed and financed through KPR BTN (House Ownership Credit), the Company rehabilitated the sport facilities located in Tanah Mas Residential Compound, Semarang.

Healthy BTN

Healthy BTN is a realized environment harmonious program related to health sector. In this program, the Company distributed fund to renovate community health facilities, provide medicines and health facilities. As part of State Owned Enterprises Program Hadir untuk Negeri, the Company together with PT. Asabri (Persero) and PT. Asset Management Company conducted the first bricklaying to construct bathing, washing, latrine, and clear water facilities in Kolorai Island and Dodola Island, Morotai Island District, North Maluku Province, as one of the activities to improve the health of the communities in one of the most outer islands in Indonesia.

Smart BTN

Smart BTN is an environment harmonious program focusing on education to provide knowledge, insight, and skill of entrepreneurship as well as information dissemination of community based-programs being conducted by the Company. In order to realize the activity, the Company implements Siswa Mengenal Nusantara (Archipelago Introduction to Students) which

is a part of State Owned Enterprises (BUMN) Program Hadir untuk Negeri. This program provides opportunities to 20 students with great achievement which come from poor families in Ternate, 2 (two) of which are disabled students, to get to know the culture, customs, and activities of Micro, Small, and Medium Enterprises as well as education system in other provinces, in particular in Palembang, South Sumatra Province.

Clean BTN

Clean BTN is a program of the Company in order to educate the community on clean and healthy behaviors. The Company, along with other 5 (five) State Owned Enterprises created a synergy to develop tourism, in particular Pinge Tourism Village located in Bali Province in order to support tourism sector which is one of the main sectors that support Indonesian economy

Care BTN

In general, the implementation of Care BTN Program is related to natural disaster relief services. In extending a helpful hand to some of disaster-stricken areas in Indonesia, the Company contributed in participating in disaster emergency response by providing necessary aid in alleviating the burden of the impacted communities. In 2016, the Company participated in disaster emergency response in the Districts of Purworejo, Garut, Aceh, and Bima in Nusa Tenggara Barat.

BTN Partnership

BTN environment harmonious program also conducts partnership program called BTN Partnership. Its activities are similar with PKBL, differing only in the program implementer. BTN Partnership is under the umbrella and directly implemented by the Company's internal, in this case the CSR Division.

D. EXPENDITURE

In 2016, the Company has spent a certain amount of fund in relation to its social responsibility to the community which was distributed through various activities. The details of the distributed fund are as follows:

Activity Sector	Implementation Date	Activity Name	Amount IDR
Economy	January 20, 2016	Participated in funding the breakfasting event with the orphans with Association of State Banks (Himbara) in Makassar coordinated by Bank BNI	264.529.004
	January 20, 2016	Participated in funding the breakfasting event with the orphans with Association of State Banks (Himbara) in Medan coordinated by Bank BNI	223.910.017
	May 18, 2016	Financial aid and mass circumcision for the children of poor families carried out by Bazis ((Islamic board which oversees the collection of alms) of the Company's.	50.000.000
	May 9, 2016	Provision of 450 kg rice seedlings and 170 <i>Sinergi BUMN</i> economic packages to Wamena District in Papua Province as the activities of <i>BUMN Hadir Untuk Negeri</i>	67.294.067
	May 25, 2016	Delivery of rice seedlings to Wamena District as part an activity of BUMN Program Hadir untuk Negeri	111.686.470
	June 17, 2016	Social service activities by Majelis Dzikir Sholawat Tjakraboena Djatireja in Bandung	15.000.000
	June 17, 2016	Granting financial aid for fatherless children as part of Ramadhan safari of Board of Directors in Tasikmalaya Office Branch	10.000.000
	June 22, 2016	Granting financial aid for fatherless children as part of Ramadhan safari of Board of Directors in Jember Office Branch	10.000.000
	June 23, 2016	The Company's participation in providing financial aid for fatherless children and poor people organized by Kamerad	25.000.000
	June 23, 2016	Granting financial aid for fatherless children as part of Ramadhan safari of Board of Directors in Madiun Office Branch	10.000.000
	June 28, 2016	Granting aid for institutions, financial aid for fatherless children, provision of transportation means and facilitators for breakfasting activity with the fatherless children	75.000.000
	June 30, 2016	Granting financial aid for fatherless children as part of Ramadhan safari of Board of Directors in Bandarlampung Office Branch	10.000.000
	June 30, 2016	Granting financial aid for fatherless children as part of Ramadhan safari of Board of Directors in Palangkaraya Office Branch	10.000.000
	June 30, 2016	Granting financial aid for fatherless children as part of Ramadhan safari of Board of Directors in Ambon Office Branch	10.000.000
	June 30, 2016	Granting financial aid for fatherless children as part of Ramadhan safari of Board of Directors in Tanjungpinang Office Branch	10.000.000
	July 28, 2016	Site visit in order to prepare the activities of <i>BUMN Hadir Untuk Negeri</i> in North Maluku Province	19.819.750
	December 23, 2016	Participation in disaster relief and flood emergency response in Pidie District Aceh Province	115.000.000
	December 30, 2016	Transportation costs of aid distribution in flood emergency response in Bima District, Nusa Tenggara Barat	9.947.000

Activity Sector	Implementation Date	Activity Name	Amount IDR
Art and Culture	January 6, 2016	Participation in the activities to preserve art and culture to support traditional ceremony Merti Bumi (Nyangku and Panjalu) in Cimendung Village, Panjalu Village Ciamis District West Java	40.000.000
	April 20, 2016	Participation in the activities of Season 2016 art and culture performances and fun walk to commemorate Kartini's Day organized by Karang Taruna RW 08/02 Petojo Utara Village Central Jakarta	5.000.000
	October 5, 2016	Participation in the activities to preserve Indonesian Art and Culture in form of support for Ternate Sultanate to participate in 2016 Archipelago Palace Festival in Pangkalan Bun, Central Kalimantan	80.000.000
	October 25, 2016	Participation in art and cultural activities to support Ketoprak Tradition Art Performance organized by Editor Senior Community and Financial Community	15.000.000
	October 25, 2016	Participation in providing education supporting facilities in form of 5 computers to be utilized in the computer laboratory of Utan Kayu Development School in East Jakarta	11.500.000
	October 26, 2016	Participation in constructing new classrooms to support the education facilities of Islamic pupils in Salavi Plumbon Islamic Boarding School	10.000.000
	October 26, 2016	Costs to review the location of Bedah Rumah Veteran (House Renovation for Veterans) in Tobelo and North Halmahera	1.266.500
	November 14, 2016	Participation in Nyangku Art and Culture Festival and Panjalu Culture Festival as part of efforts to preserve Indonesian art and culture	40.000.000
	November 8, 2016	Participation by supporting disabled athletes who participated in National Paralympic Week in October 2016 in Bandung, West Java	25.000.000
	November 16, 2016	Participation in providing education facilities in the opening of Banda Aceh BTN Sharia	25.000.000
	November 17, 2016	Participation in constructing means and facilities to renovate classrooms in Cakra Buana Institution located in Sinoman Hamlet Rt 01/08, Ganjaresik Village, Wado Subdistrict, Sumedang District	20.000.000
	December 30, 2016	Participation in the preservation of World War II historical relics in Morotai District North Maluku Province	19.200.000
Sport	April 5, 2016	Participation in the renovation of sport facilities in Pelita Kasih Christian Elementary School, Pondok Bambu, East Jakarta	2.200.000
	April 6, 2016	First payment (30%) of the renovation of sport facilities and park on Jalan Tambak Mas Raya Perum Tanah Mas Semarang	115.588.440

Activity Sector	Implementation Date	Activity Name	Amount IDR
Sport	May 20, 2016	Participation in renovating sport facilities and equipment in Utan Kayu Selatan 25 Pagi Public Elementary School located in Galur Sari Timur, Utan Kayu Selatan Area Matraman Subdistrict, East Jakarta	5.000.000
	May 30, 2016	Second payment of the renovation of sport facilities and park on Jalan Tambak Mas Raya Perum Tanah Mas Semarang	115.588.440
	June 23, 2016	Provision of school supplies as financial aid for the fatherless children in the breakfasting event with the Company's on 22 June 2016	12.750.000
	June 30, 2016	Second payment of the renovation of sport facilities and park on Jalan Tambak Mas Raya Perum Tanah Mas Semarang	115.588.440
	December 23, 2016	Participation in supporting disabled athletes and artists of high achievement in 2016 BUMN Porseni (Sport and Art Week) activities	50.000.000
Education	January 14, 2016	Funding Program Siswa Mengenal Nusantara 2016 coverage in Papua Province by TV Papua and Cepos Edition of 12 January 2016	800.000
	January 15, 2016	Funding the provision of supporting facilities for the activities of Program Siswa Mengenal Nusantara 2016 in East Kalimantan Province	300.000
	January 26, 2016	Participation in providing furniture to support education process in Al Karomah Islamic Education Institution in Bogor	25.000.000
	February 2, 2016	First billing of compilation service in drafting PKBL financial report of fiscal year 2015	27.500.000
	February 2, 2016	Payment of event organizer service in implementation of Program Siswa Mengenal Nusantara 2015 on 09-16 January 2016	445.000.000
	February 3, 2016	Scholarships for 10 students of USU for the period of July-December 2015	30.000.000
	February 4, 2016	Creative process of making items such as bags and hats for students from NTB and Papua in order to implement Program Siswa Mengenal Nusantara 2015 to Students in Papua Province	12.300.000
	February 15, 2016	Provision of supporting facilities and infrastructure in the inauguration of the Company's Sample School Program in Clumprit Public Elementary School in Yogyakarta on 29 January 2016	23.172.500
	February 18, 2016	Provision of supporting facilities and equipment for the ceremony to receive and release the students of Public Junior High School (SMN) from NTB and Jayapura to East Kalimantan on 11 January 2016	13.305.349
February 25, 2016	Shirts for students from NTB and Papua in order to implement Program Siswa Mengenal Nusantara 2015 in Papua Province	11.800.000	

Activity Sector	Implementation Date	Activity Name	Amount IDR
Pendidikan	February 26, 2016	Participation in the renovation of TPQ (Koran Education Preliminary School) Al-Aziziyah on Jl. Kotalintang GG Jawa No. 223, Aceh Tamiang District	20.000.000
	February 29, 2016	Accommodation for students of SMN 2015 and their facilitators as well as veterans participating in the testimony of Program Hadir untuk Negeri 2015 inauguration	18.629.996
	Mach 15, 2016	Provision of supporting facilities in the testimony and inauguration of Siswa Mengenal Nusantara and Bedah Rumah Veteran Programs in Papua Province on 19 February 2016	38.380.000
	April 14, 2016	Participation in the construction of new classrooms in MA Noer Fadillah School located in Akkor Village, Palegaan Subdistrict Pamekasan District and pavement work in Sekar Anom Islamic Boarding School located in Pengantenan Subdistrict, Pamekasan District	39.000.000
	April 19, 2016	Participation in providing the facilities and equipment of Library Rooms in form of tables and chairs for students and teachers for MI (Islamic Elementary School) Muhajirin located in Pogot, Kenjeran Surabaya	21.000.000
	May 11, 2016	Participation in the provision of facilities and equipment to support work training in order to improve the community entrepreneurship in Rembangan, Surabaya	20.100.000
	October 25, 2016	Participation in providing education supporting facilities in form of 5 computers to be utilized in the computer laboratory of Utan Kayu Development School in East Jakarta	11.500.000
	October 26, 2016	Participation in constructing new classrooms to support the education facilities of Islamic pupils in Salavi Plumbon Islamic Boarding School	10.000.000
	November 23, 2016	Participation in the provision of education facilities for Utan Kayu Public Elementary School in East Jakarta	11.500.000
	November 23, 2016	Participation in constructing means and facilities to renovate classrooms in Al-Ghaniyyah Salafiyah Institution located in Karangsari Village, Lewigoong Subdistrict, Garut District	15.000.000
	30 November 2016	Participation in the provision of education means and facilities in form of 1 new classroom and 2 multifunction rooms to support PAUD (Early Childhood Education Program) activities	10.000.000
	December 2, 2016	Participation in providing education facilities in the opening of Banda Aceh BTN Sharia	25.000.000
	December 23, 2016	Participation in the renovation of Al Akbar Islamic Elementary School facilities located in Bendungan Hilir Central Jakarta	5.000.000
December 31, 2016	Participation in the provision of supporting education facilities and infrastructure for Al Falah Institution located in Be Regih Hamlet, Payudan Karangsokon Village, Guluk Subdistrict Sumenep District East Java	20.000.000	

Activity Sector	Implementation Date	Activity Name	Amount IDR
Facilities and Infrastructure	January 12, 2016	Funding the provision of supporting facilities in launching Program Siswa Mengenal Nusantara 2016 in East Kalimantan Province	31.500.000
	January 14, 2016	Provision of transportation means for 17 students and 3 accompanying persons from Papua Province to East Kalimantan Province in Program Siswa Mengenal Nusantara 2015	210.366.000
	January 25, 2016	Provision of facilities and infrastructure to support aid handover to the staff of Nurul Iman Mosque in Konawe Southeast Sulawesi	100.000
	February 19, 2016	Participation in the construction of Joko Kendil Non-formal Islamic Education Building in Sukolilan Village, Patebon Subdistrict Kendal District Central Java	50.000.000
	September 2, 2016	Publication of the activities of BUMN Hadir untuk Negeri in North Maluku Provinsi in koran jakarta daily	15.000.000
	September 2, 2016	Publication of the activities of BUMN Hadir untuk Negeri in North Maluku Provinsi in Suara Karya daily	15.000.000
	September 5, 2016	Publication of the activities of BUMN Hadir untuk Negeri in North Maluku Provinsi in Indo Pos daily	30.000.000
	September 5, 2016	Publication of news on the activities of BUMN Hadir untuk Negeri in North Maluku Province in 2016	77.242.280
	September 5, 2016	Publication of the activities of BUMN Hadir untuk Negeri in North Maluku Provinsi in Media Indonesia daily	50.000.000
	September 21, 2016	First stage payment (80%) of the planning to renovate Cipinang Besar Selatan apartment building	79.800.000
	September 21, 2016	Provision of supplies (consumption and flower wreath) for the event of Idul Adha (Moslem Day of Sacrifice) 1437 H at the back yard of BTN Tower Building on 12 September 2016	45.960.000
	September 29, 2016	Provision of facilities for the event of Idul Adha (Moslem Day of Sacrifice) 1437 H at the back yard of BTN Tower Building on 12 September 2016	5.000.000
	September 29, 2016	Provision of facilities for the event of Idul Adha (Moslem Day of Sacrifice) 1437 H at the back yard of BTN Tower Building on 12 September 2016	46.045.455
	September 30, 2016	Participation in flood and landslide disaster emergency response in Garut	50.000.000
	October 26, 2016	Costs to review the location of Bedah Rumah Veteran in Tobelo and North Halmahera	1.266.500
	December 20, 2016	Cost of site visit to the construction location of bathing, washing, latrine, and clear water facilities in Kolorai Island, Dodola Island, and Oba District as part of BUMN Program Hadir dalam Negeri in 2016	14.800.000

Activity Sector	Implementation Date	Activity Name	Amount IDR
Religious Affairs	January 19, 2016	Participation in constructing Nurul Ikhlas Mosque in Konawe Southeast Sulawesi Province, the Staff of Nurul Iman Mosque in Konawe Southeast Sulawesi Province	20.000.000
	January 27, 2016	Participation in the construction of Danunna'im Islamic Boarding School in Pontianak	50.000.000
	February 19, 2016	Participation in the renovation of Al Muttaqin Islamic Prayer Room located in Pengereman Village, Ketapang Subdistrict Sampang District	19.000.000
	February 22, 2016	Participation in the construction of Baiturrahman Mosque located on Jl. Musyawarah No.5A Ragunan South Jakarta	20.000.000
	March 31, 2016	Participation in the renovation of Nurul Iman Mosque located in Tj Karang Village, Kota Jawa Village, Punduh Pedada Subdistrict Pesawaran District Bandarlampung City for the repair of turret, fence, and the renovation of wudhu (Islamic washing ritual) place	20.000.000
	March 31, 2016	Participation in the rehabilitation of facilities and infrastructure of Nurul Iman Mosque located in 1 Plimpang Makmur Hamlet, Danaulancang Village, Tapung Hulu Kampar District in form of the repair of turret, fence, and the renovation of wudhu (Islamic washing ritual) place	19.000.000
	April 8, 2016	Participation in the construction of Al Muttaqiem Mosque located on Jl. Mayor Marzuki RT 06 Paal Lima Subdistrict Kota Baru District Jambi	19.000.000
	September 21, 2016	Provision of facilities for the event of Idul Adha (Moslem Day of Sacrifice) 1437 H at the back yard of BTN Tower Building on 12 September 2016	45.960.000
	September 29, 2016	Provision of facilities for the event of Idul Adha (Moslem Day of Sacrifice) 1437 H at the back yard of BTN Tower Building on 12 September 2016	5.000.000
	September 29, 2016	Provision of facilities for the event of Idul Adha (Moslem Day of Sacrifice) 1437 H at the back yard of BTN Tower Building on 12 September 2016	46.045.455
	September 8, 2016	Participation in the construction of Al Ishlah Islamic Prayer Room in Bukit Waringin Residential Compound, Bojong Gede Bogor District	10.000.000
	December 15, 2016	Participation in the activities organized by Bapekris (Christian Coaching Board) of the Company's in form of an aid given to Bantar Gebang Shelter Home in a Joint Christmas Celebration on 19 December 2016	25.000.000
	December 16, 2016	Participation in the activities organized by Bapekris (Christian Coaching Board) of the Company's in form of an aid given to Valencia House of Hope in a Joint Christmas Celebration on 19 December 2016	25.000.000
	December 20, 2016	Participation in religious activities organized by the Government of Bekasi City	250.000.000

Activity Sector	Implementation Date	Activity Name	Amount IDR
Health	April 7, 2016	Participation in mass circumcision for fatherless kids and poor families organized by Bhakti Parahyangan in Kubang Village, Sukaresmi Subdistrict Cianjur West Java	19.164.000
	June 27, 2016	Participation in the provision of wheelchairs and prosthetic legs on the occasion of Banda Aceh Branch Office inauguration on 20 June 2016	35.000.000
	June 28, 2016	Purchase of medicine supplies on the occasion of Ramadhan Safari of Board of Director to Banda Aceh Branch Office on 20 June 2016	508.000
	November 28, 2016	Funding Culinary Shelter inauguration for street vendors in Solo on 18 November 2016	46.993.000
	November 30, 2016	Funding site visit to the location of CSR applicant in Penajam, Tanah Grogot Paser District	4.313.800
Preservation Natural	April 22, 2016	Participation in the rehabilitation of water springs by the Head of National Outstanding Farmers and Fishermen Association (NOFA) located in Umbul Jogodayoh Village, Umbul Generangan, Kalikotes Subdistrict Solo	15.000.000
	May 17, 2016	Participation in the reforestation activities by planting tree seedlings organized by the Government Klaten District through Regional Planning Board	10.000.000

RESPONSIBILITY TO PRODUCTS AND CUSTOMERS

“THE COMPANY REALIZED THAT THE FOCUS TO PROVIDE THE BEST SERVICES FOR CUSTOMERS IS THE KEY FOR STRONG CUSTOMER RELATIONS. THE HANDLING AND SETTLEMENT OF CUSTOMER REPORTS IS A FORM OF THE COMPANY’S RESPONSIBILITY TO PROTECT THE CUSTOMERS’ RIGHTS IN ITS INTERACTION WITH THE COMPANY. THIS MEASURE IS NOT ONLY ALIGNED WITH THE COMPANY’S CULTURE AND VALUES, BUT IS ALSO IMPORTANT FOR DEVELOPING SUSTAINABLE BUSINESS.”



A. POLICIES

The Company understands that customers are stakeholders who are the spearhead of the banking sector in an increasingly competitive business sector. Therefore, the Company is fully committed to always provide the best services exceeding the customer’s expectation, providing products according to the needs and strengthen the report handling process, prioritizing customer protection by applying transparency, data confidentiality, and customer data or information security. Improving customer trust and encouraging the Company’s sustainable growth is crucial for meeting this commitment.

B. ACTIVITY PLAN IN 2016

The Company continues to commit to create competitive advantage by building customer’s trust through various program that can enhance the relationship with the customer. The focus of Company’s activity is to provide satisfaction to customer by improving the services to the customer, such as through the protection for customer, service development, and customer education.

C. CSR ACTIVITIES RELATED TO PRODUCT AND CUSTOMERS IN 2016

The manifestation of social responsibility to customers is an important part of the Company’s business activities to build harmonious and sustainable relations. The

Company continuously upholds the trust given by the customers, and always strives to not only protect the customer's financial assets, but also the confidentiality of the customer's personal data. In addition, in 2016 the company has carried out a number of programs to interest the community, maintain customer trust and loyalty, including:

Customer Loyalty Program

This program intends to meet the customers' expectations to build loyalty. Another objective is so the customers can refer the Company as one of the Banks preferred by the community. The Company has exerted various efforts to improve customer satisfaction including continuously developing product innovations and increasing the quality of services.

Product Information Access

The Company has established and implemented system and procedures to ensure that the Company has provided transparency for product information in line with the Bank Indonesia provisions to support services and access for customers. The Transparency of Information on Bank Products and Usage of Customer Personal Data can be provided by:

1. Providing written information on the characteristics for each Bank Product in Bahasa Indonesia in a complete and clear manner,
2. Providing the information for Customers in written and verbal form
3. Not providing misleading and/or misconduct information
4. Information on the characteristics of the Bank Products include:
 - Product name
 - Type of product
 - Benefits and risks attached to the product
 - The requirements and procedures for using Bank Products
 - Costs attached to the product

- Calculation of the interest or profit sharing and profit margin
 - Validity of the product
 - Issuer of the Bank product
5. Provide information on insurance programs for products related to bank products and pooling of funds
 6. Inform Customers about every change, addition, and or elimination of the Company's product characteristics.
 7. Include information on the characteristics of the bank products with visible placement and or form and or are clearly readable and or easily understood.
 8. Provide information on the characteristics of bank products which are easily accessible by the general public and publish is through the Company's website i.e. www.btn.co.id which is accessible by the general public.

Customer Education Program

One of the Company's responsibilities as an actor in the banking industry is guaranteeing that all customers and the general public receive accurate and correct information on the bank's products and services. The Company's customers are well informed about the bank's products and services through the customer education program, hence they are aware of and can access the products and services based on their needs and to provide maximum benefit for them

D. CUSTOMER HEALTH AND SAFETY

As a bank that specializes in financing housing, the Company continuously commits to maintain the customer's health and safety. One of the Company's efforts to maintain customer health and safety is by providing funding for decent and affordable housing that still meets the health, safety, and comfort requirements in line with the minimum standards specified in the Minister of Settlement and Regional



Infrastructure Decision Number 403/KPTS/M/2002 on the Technical Guidelines for the Construction of Simple Healthy Housing (Rs Sehat). The Company collaborates with developers and contractors to provide decent housing for the community. The Company upholds professionalism, transparency and fairness in their collaboration to ensure that the customer's health and safety are maintained. In addition, the Company also guarantees customer safety by securing the confidentiality/privacy of customer data.

Customer Data Confidentiality

As a financial agency, the Company is committed to maintain customer trust and confidentiality by referring to the following provisions: (1) Law Number 7 of 1992 on Banks; (2) Law Number 10 of 1998 on Amendment to Law Number 7 of 1992; (3) Bank Indonesia Regulation No. 2/19/PBI/2000 on the Requirements and Procedures for Giving Orders or Written Permission to Disclose Confidential Bank Information related to the Customer confidentiality policy.

As a form of Company's commitment in improving the information confidentiality to ensure the business and create operational activities that is better, safe, smooth, and auditable, as well as to maintain the bank trustworthy image, the Company has specific policy in the form of Directors Circular Letter No. 40/DIR/ICTD/2016 on Information Security Guidelines for PT Bank Tabungan Negara (Persero) Tbk. The policy stated the pre-requirements to ensure every confidential and sensitive information is protected from computer viruses as to minimize damage from computer viruses infiltration. The Company conducts

various efforts to maintain customer data, i.e. installing software approved and updating it periodically, giving TI security training to the user who uses TI resources, implementing management/standardization password to ensure access to the protected information

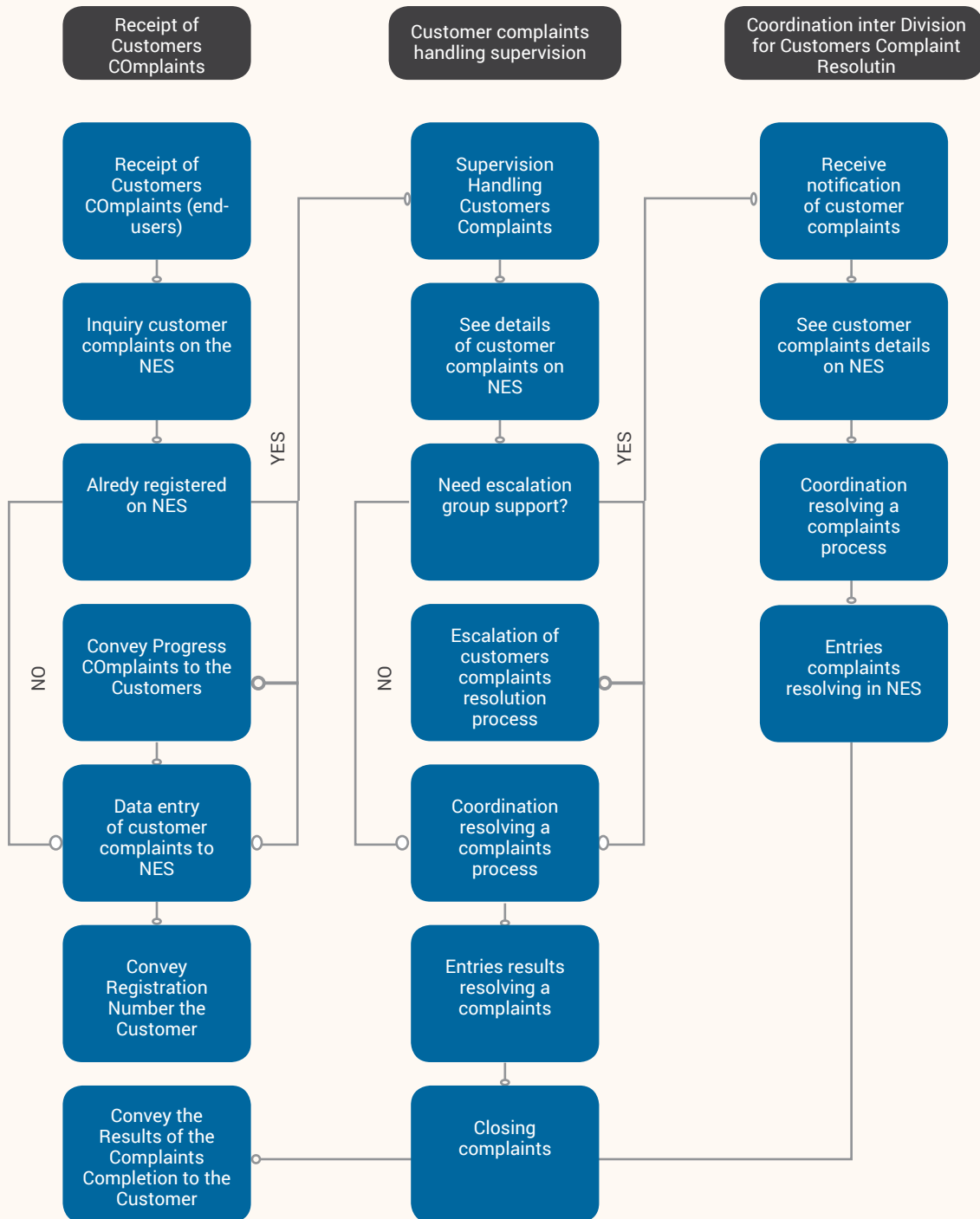
Customer Reporting Mechanism

Referring to Bank Indonesia Regulation No. 10/10/PBI/2008 on Customer Protection, the Company exerts various efforts that can meet the customers' expectations through the customer reporting center. The Company upholds the transparency principle in an effort to maintain good relations, feedback, and input from the stakeholders which are very welcomed, either directly or indirectly. The Company has developed the Customer Reporting System (SPN) which can comprehensively monitor report settlement.

The SPN is a web based system that can support the monitoring of the report settlement status and provide certainty for customers about the timeframe required by the Company to settle that report. Customers can also submit their report and check their report status at Branch Offices all over Indonesia because the system is online and integrated. In addition, the online, web-based and integrated SPN supports a more structured and well monitored complaint handling mechanism.

The stages for handling customer complaints since the complaint was submitted up to the evaluation stage are illustrated below.

Customer Reporting Mechanism



The customer reporting center can be accessed through various channels, including:

Head Office

PT Bank Tabungan Negara (Persero) Tbk.

Menara BTN

Jl. Gajah Mada No. 1 Jakarta 10130

Phone: (021) 6336789

Fax: (021) 6336719

Contact Center 1500 286

Contact Center Email: btncontactcenter@btn.co.id

In 2016, the Company received 40,795 reports/complains related to pooling of funds, disbursement of funds, payment system, and other products. Out of that amount, 36,858 complaints or 90.35% have been settled. The Company's effort to settle the complaints include:

1. Carrying out an in-depth verification by coordinating with the branch office, division and other relevant parties such as: network provider, developer, notary, and others.

2. Provide a notification for customers about the report settlement process.
3. Monitor the fulfillment of the Service Level Agreement (SLA) for report settlement
4. Improve the procedures and increase staff understanding and provide information for customers to avoid issues reported by customers from being repeated.

The Company provides quick response for reports submitted and settles the reports through the reporting center.

E. AWARDS AND CERTIFICATION

The Company has received a number of awards and certifications for providing good services for customers. The Company received the following awards in 2016:

Table Awards and Certification in 2016

No	Type of Awards/Certification	Organizer
1	Rank 6th in Bank Service Excellence Monitoring 2016	Marketing Research Indonesia
2	<i>The Best Champion of Bandung WOW Service Excellence Award year 2016 Category: Conventional Bank (BUKU III) Bandung Branch Office</i>	MarkPlus
3	<i>The Best Champion of Medan Service Excellence Award year 2016 Category: Conventional Bank (BUKU III) Medan Branch Office</i>	MarkPlus
4	Bronze Medal in The Best Contact Centre Operation	ICCA
5	Bronze Medal in The Best Business Contribution	ICCA
6	<i>Silver Medal in The Regular Agent Category</i>	ICCA

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FINANCIAL
REPORT

PT Bank Tabungan Negara (Persero) Tbk

Laporan keuangan
tanggal 31 Desember 2016
dan untuk tahun yang berakhir pada tanggal tersebut
beserta laporan auditor independen/
*Financial statements
as of December 31, 2016
and for the year then ended
with independent auditors' report*

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The original financial statements included herein are in Indonesian language.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN KEUANGAN
TANGGAL 31 DESEMBER 2016 DAN
UNTUK TAHUN YANG BERAKHIR
PADA TANGGAL TERSEBUT
BESERTA LAPORAN AUDITOR INDEPENDEN**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016 AND
FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

Daftar Isi

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Laporan Auditor Independen

Laporan No. RPC-2935/PSS/2017

Pemegang Saham, Dewan Komisaris dan Direksi
PT Bank Tabungan Negara (Persero) Tbk

Kami telah mengaudit laporan keuangan PT Bank Tabungan Negara (Persero) Tbk ("Bank") terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2016, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan ini sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. RPC-2935/PSS/2017

The Stockholders, the Boards of Commissioners
and Directors
PT Bank Tabungan Negara (Persero) Tbk

We have audited the accompanying financial statements of PT Bank Tabungan Negara (Persero) Tbk (the "Bank"), which comprise the statement of financial position as of December 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.



Tanggung Jawab Auditor (lanjutan)
Responsible Auditor (continued)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan tertampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Bank Tabungan Negara (Persero) Tbk tanggal 31 Desember 2016, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia,

Auditors' Responsibility (continued)
Responsible Auditor (continued)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Bank Tabungan Negara (Persero) Tbk as of December 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwanto, Sunggoro & Surja

Dani Setiadi Handaja, CPA

Registrasi Akuntan Publik No. AP.1008/Public Accountant Registration No. AP.1008

10 Februari 2017/February 10, 2017

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN
Tanggal 31 Desember 2016
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION
As of December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2016	Catatan/ Notes	31 Desember/ December 31, 2015	
ASET				ASSETS
KAS	1.006.682	2a,2d,4	1.181.219	CASH
GIRO PADA BANK INDONESIA	10.697.378	2a,2d,2f,5	10.986.351	CURRENT ACCOUNTS WITH BANK INDONESIA
GIRO PADA BANK LAIN		2a,2c,2d		CURRENT ACCOUNTS WITH OTHER BANKS
Pihak ketiga	305.830	2e,2f,6,41	163.015	Third parties
Pihak berelasi	16.958		39.918	Related parties
	322.788		202.933	
Cadangan kerugian penurunan nilai	(1.482)		(1.572)	Allowance for impairment losses
	321.306		201.361	
PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN		2a,2c,2d 2e,2g,7,41		PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS
Pihak ketiga	17.581.082		7.679.477	Third parties
Pihak berelasi	268		160.000	Related parties
	17.581.350		7.839.477	
EFEK-EFEK		2a,2c,2d, 2e,2h,8,41		SECURITIES
Pihak ketiga				Third parties
Nilai wajar melalui laba rugi	548.521		-	Fair value through profit or loss
Tersedia untuk dijual	2.371.633		1.420.835	Available-for-sale
Dimiliki hingga jatuh tempo	267.175		297.503	Held-to-maturity
	3.187.329		1.718.338	
Pihak berelasi				Related parties
Tersedia untuk dijual	967.810		40.217	Available-for-sale
Dimiliki hingga jatuh tempo	31.002		61.007	Held-to-maturity
	998.812		101.224	
	4.186.141		1.819.562	
Cadangan kerugian penurunan nilai	(14.441)		(12.001)	Allowance for impairment losses
	4.171.700		1.807.561	

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN (lanjutan)
Tanggal 31 Desember 2016
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2016	Catatan/ Notes	31 Desember/ December 31, 2015	
OBLIGASI PEMERINTAH				GOVERNMENT BONDS
Nilai wajar melalui laba rugi	1.130.579	2c,2d,2e 2h,9,41	19.267	<i>Fair value through profit -or-loss</i>
Tersedia untuk dijual	5.076.450		5.111.280	<i>Available-for-sale</i>
Dimiliki hingga jatuh tempo	3.036.610		3.100.361	<i>Held-to-maturity</i>
	<u>9.243.639</u>		<u>8.230.908</u>	
KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH				LOANS AND SHARIA FINANCING/RECEIVABLES
Kredit yang diberikan		2c, 2d, 2e, 2i, 2j, 10, 41		<i>Loans</i>
Pihak ketiga	148.100.848		126.329.080	<i>Third parties</i>
Pihak berelasi	2.121.112		1.403.078	<i>Related parties</i>
	<u>150.221.960</u>		<u>127.732.158</u>	
Cadangan kerugian penurunan nilai	(1.724.935)		(1.725.724)	<i>Allowance for impairment losses</i>
	<u>148.497.025</u>		<u>126.006.434</u>	
Pembiayaan/piutang syariah				<i>Sharia financing/receivables</i>
Pihak ketiga	14.224.095		11.222.909	<i>Third parties</i>
Pihak berelasi	326		737	<i>Related parties</i>
	<u>14.224.421</u>		<u>11.223.646</u>	
Cadangan kerugian penurunan nilai	(391.099)		(324.854)	<i>Allowance for impairment losses</i>
	<u>13.833.322</u>		<u>10.898.792</u>	
	<u>162.330.347</u>		<u>136.905.226</u>	
ASET TETAP				PREMISES AND EQUIPMENT
Biaya perolehan/Nilai wajar	6.557.332	2k, 2l, 11, 32	3.237.287	<i>Cost/Fair value</i>
Akumulasi penyusutan	(1.897.953)		(1.683.886)	<i>Accumulated depreciation</i>
	<u>4.659.379</u>		<u>1.553.401</u>	
BUNGA YANG MASIH AKAN DITERIMA	1.864.829	12	1.548.489	INTEREST RECEIVABLE
ASET PAJAK TANGGUHAN - Neto	102.791	2ab, 36	-	DEFERRED TAX ASSETS - Net
ASET LAIN-LAIN	2.189.078	2l, 2m, 2ai, 13	1.553.599	OTHER ASSETS
TOTAL ASET	<u><u>214.168.479</u></u>		<u><u>171.807.592</u></u>	TOTAL ASSETS

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN (lanjutan)
Tanggal 31 Desember 2016
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2016	Catatan/ Notes	31 Desember/ December 31, 2015	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS				LIABILITIES
LIABILITAS SEGERA	2.081.886	2d,2n,14	1.960.789	LIABILITIES DUE IMMEDIATELY
SIMPANAN DARI NASABAH		2c,2d,2o,41		DEPOSITS FROM CUSTOMERS
Giro		15		<i>Demand deposits</i>
Pihak ketiga	8.335.736		6.876.412	<i>Third parties</i>
Pihak berelasi	34.307.944		22.275.748	<i>Related parties</i>
	<u>42.643.680</u>		<u>29.152.160</u>	
Giro <i>Wadiah</i>		15		<i>Wadiah demand deposits</i>
Pihak ketiga	1.577.075		900.382	<i>Third parties</i>
Pihak berelasi	1.625.300		1.315.901	<i>Related parties</i>
	<u>3.202.375</u>		<u>2.216.283</u>	
	<u>45.846.055</u>		<u>31.368.443</u>	
Tabungan		16		<i>Savings deposits</i>
Pihak ketiga	32.388.545		29.354.799	<i>Third parties</i>
Pihak berelasi	388.290		47.935	<i>Related parties</i>
	<u>32.776.835</u>		<u>29.402.734</u>	
Tabungan <i>Wadiah</i> dan <i>Mudharabah</i>		16		<i>Wadiah and Mudharabah</i>
Pihak ketiga	2.046.975		1.351.009	<i>savings deposits</i>
Pihak berelasi	2.398		3.938	<i>Third parties</i>
	<u>2.049.373</u>		<u>1.354.947</u>	<i>Related parties</i>
	<u>34.826.208</u>		<u>30.757.681</u>	
Deposito berjangka		17		<i>Time deposits</i>
Pihak ketiga	26.310.843		24.192.631	<i>Third parties</i>
Pihak berelasi	43.226.110		33.856.609	<i>Related parties</i>
	<u>69.536.953</u>		<u>58.049.240</u>	
Deposito berjangka <i>Mudharabah</i>		17		<i>Mudharabah time deposits</i>
Pihak ketiga	5.637.175		3.488.339	<i>Third parties</i>
Pihak berelasi	4.141.326		4.044.967	<i>Related parties</i>
	<u>9.778.501</u>		<u>7.533.306</u>	
	<u>79.315.454</u>		<u>65.582.546</u>	
Total simpanan dari nasabah	<u>159.987.717</u>		<u>127.708.670</u>	<i>Total deposits from customers</i>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN (lanjutan)
Tanggal 31 Desember 2016
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2016	Catatan/ Notes	31 Desember/ December 31, 2015	
SIMPANAN DARI BANK LAIN				DEPOSITS FROM OTHER BANKS
Pihak ketiga	3.152.735	2c,2d,2p, 18,41	1.569.714	Third parties
Pihak berelasi	500.000		151.484	Related parties
	<u>3.652.735</u>		<u>1.721.198</u>	
EFEK-EFEK YANG DIJUAL DENGAN JANJI DIBELI KEMBALI		2c,2d,2q, 9,19,41		SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
Pihak ketiga	1.385.000		2.135.091	Third parties
SURAT-SURAT BERHARGA YANG DITERBITKAN	14.919.910	1c,2d,2r, 20	12.492.202	SECURITIES ISSUED
PINJAMAN YANG DITERIMA		2c,2d,2s, 21,41		FUND BORROWINGS
Pihak ketiga	2.999.695		1.998.175	Third parties
Pihak berelasi	1.999.921		5.728.553	Related parties
	<u>4.999.616</u>		<u>7.726.728</u>	
PINJAMAN SUBORDINASI		2c,2d,2t 22,41		SUBORDINATED LOAN
Pihak berelasi	2.999.118		-	Related parties
	<u>2.999.118</u>		<u>-</u>	
BUNGA YANG MASIH HARUS DIBAYAR	382.551	23	357.364	INTEREST PAYABLE
LIABILITAS PAJAK TANGGUHAN - Neto	-	2ab,36	9.566	DEFERRED TAX LIABILITIES - Net
LIABILITAS IMBALAN KERJA DAN LAIN-LAIN	4.629.410	2z,25	3.835.877	EMPLOYEE BENEFITS AND OTHER LIABILITIES
TOTAL LIABILITAS	<u>195.037.943</u>		<u>157.947.485</u>	TOTAL LIABILITIES

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN (lanjutan)
Tanggal 31 Desember 2016
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)**

	31 Desember/ December 31, 2016	Catatan/ Notes	31 Desember/ December 31, 2015	
EKUITAS				EQUITY
Modal saham - nominal Rp500 (Rupiah penuh) per saham masing-masing pada tanggal 31 Desember 31 Desember 2016 and 2015				Capital stock - Rp500 par value per share (full amount) as of Desember 31, 2016 and 2015, respectively
Modal dasar 20.478.432.000 saham (nilai penuh) (terdiri dari 1 lembar saham seri A Dwiwarna dan 20.478.431.999 lembar saham seri B) masing-masing pada tanggal 31 Desember 2016 dan 2015				Authorized capital 20,478,432,000 shares (full amount) (consisting of 1 share of Series A Dwiwarna and 20,478,431,999 shares of series B) as of Desember 31, 2016 and December 31, 2015 respectively
Modal ditempatkan dan disetor penuh 10.590.000.000 saham (nilai penuh) (terdiri dari 1 lembar saham seri A Dwiwarna dan 10.589.999.999 lembar Saham seri B) pada tanggal 31 Desember 2016 dan 10.582.345.000 Saham (terdiri dari 1 lembar saham seri A Dwiwarna dan 10.582.344.999 lembar saham seri B) pada tanggal 31 Desember 2015	5.295.000	2u,26a	5.291.173	Issued and fully paid capital 10,590,000,000 shares (full amount) (consisting of 1 share of series A Dwiwarna and 10,589,999,999 shares of series B) as of December 31, 2016 and 10,582,345,000 shares (consisting of 1 share of series A Dwiwarna and 10,582,344,999 shares of series B) as of December 31, 2015
Tambahan modal disetor	2.054.454	26b	2.046.598	Additional paid-in capital
Opsi Saham	-	27	2.690	Stock Options
Kerugian neto yang belum direalisasi atas efek-efek dan obligasi Pemerintah yang tersedia untuk dijual, setelah pajak tangguhan	(115.567)	2h,8,9	(133.690)	Net unrealized loss on available-for-sale securities and Government bonds, net of deferred tax
Pengukuran kembali Program Imbalan Pasti – setelah pajak tangguhan	(78.546)	2z	(106.144)	Remeasurement of defined benefit plan - net of deferred tax
Surplus Revaluasi Aset Tetap	2.966.991	2k,11	-	Revaluation Surplus of Fixed Assets
Saldo laba*)				Retained Earnings*)
Telah ditentukan penggunaannya	6.232.559		4.751.833	Appropriated
Belum ditentukan penggunaannya	2.775.645	2b,2v	2.007.647	Unappropriated
TOTAL EKUITAS	19.130.536		13.860.107	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS	214.168.479		171.807.592	TOTAL LIABILITIES AND EQUITY

*) Saldo defisit sebesar Rp14.226.290 telah dieliminasi akibat kuasi-reorganisasi pada tanggal 31 Mei 2007.

*) Accumulated losses amounted to Rp14,226,290 had been eliminated as a result of quasi-reorganization as of May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN LABA RUGI DAN
PENGHASILAN KOMPREHENSIF LAIN
Untuk Tahun yang Berakhir Pada Tanggal
31 Desember 2016
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the Year Ended
December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31			
	2016	Catatan/ Notes	2015	
PENDAPATAN DAN BEBAN OPERASIONAL				INCOME AND EXPENSES FROM OPERATIONS
Pendapatan Bunga dan Bagi Hasil				Interest Income and Income from Profit Sharing
Bunga	16.501.472	2w,28	14.455.136	Interest
Bagi hasil secara syariah	637.347	2y	511.073	Income from sharia
Total Pendapatan Bunga dan Bagi Hasil	17.138.819		14.966.209	Total Interest Income and Income from Profit Sharing
Beban Bunga dan Bonus				Interest and Bonus Expenses
Bunga	(8.870.675)	2w,29	(8.073.584)	Interest
Beban pendanaan lainnya	(90.952)		(70.383)	Other financing expenses
Bonus	(13.647)	2y	(11.166)	Bonus
Total Beban Bunga dan Bonus	(8.975.274)		(8.155.133)	Total Interest and Bonus Expenses
Pendapatan Bunga dan Bagi Hasil - Neto	8.163.545		6.811.076	Interest Income and Income from Profit Sharing - Net
Pendapatan Operasional Lainnya				Other Operating Income
Pungutan administrasi dan Denda atas simpanan dan kredit yang diberikan	591.244		533.688	Administration fees and penalties on deposits and loans
Pendapatan dari penerimaan kredit yang dihapusbukukan	178.427		210.996	Income from recovery of loans written-off
Keuntungan dari penjualan efek-efek - neto	218.091	2h,8	147.558	Gain on sale of securities - net
Keuntungan dari penjualan obligasi pemerintah - neto	54.430	2h,9	19.495	Gain on sale of government bonds - net
Keuntungan yang belum direalisasi dari perubahan nilai wajar efek-efek - neto	6.443	2h,8	-	Unrealized gain on changes in fair value of securities - net
Keuntungan yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto	3.507	2h,9	-	Unrealized gain on changes in fair value of Government Bonds - net
Lain-lain	230.680	30	194.789	Others
Total Pendapatan Operasional Lainnya	1.282.822		1.106.526	Total Other Operating Income
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(707.531)	2e,2l,31	(901.008)	Provision for Impairment Losses on Financial and Non-financial Assets
Pembalikan (beban) estimasi penyisihan penurunan nilai komitmen dan kontinjensi	-	2l,2ag,24	7.198	Reversal of impairment losses on commitments and contingencies

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN LABA RUGI DAN
PENGHASILAN KOMPREHENSIF LAIN (lanjutan)
Untuk Tahun Yang Berakhir Pada Tanggal
31 Desember 2016
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (continued)
For The Year Ended
December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)**

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31			
	2016	Catatan/ Notes	2015	
Beban Operasional Lainnya				<i>Other Operating Expenses</i>
Umum dan administrasi	(2.465.706)	32	(2.151.266)	<i>General and administrative</i>
Gaji dan tunjangan karyawan	(2.121.653)	2z,33,38	(1.929.346)	<i>Salaries and employee benefits</i>
Premi program penjaminan Pemerintah	(285.344)	40	(229.549)	<i>Premium on Government's guarantee program</i>
Kerugian yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto	-	2h,9	(193)	<i>Unrealized loss on changes in fair value of Government Bonds- net</i>
Lain-lain	(513.901)	34	(179.833)	<i>Others</i>
Total Beban Operasional Lainnya	(5.386.604)		(4.490.187)	Total Other Operating Expenses
LABA OPERASIONAL	3.352.232		2.533.605	INCOME FROM OPERATIONS
PENDAPATAN BUKAN OPERASIONAL - NETO	(22.148)	35	8.281	NON-OPERATING INCOME - NET
LABA SEBELUM BEBAN PAJAK	3.330.084		2.541.886	INCOME BEFORE TAX EXPENSE
BEBAN PAJAK	(711.179)	2ab,36	(690.979)	TAX EXPENSE
LABA TAHUN BERJALAN	2.618.905		1.850.907	INCOME FOR THE YEAR
Pendapatan Komprehensif Lain:				Other Comprehensive Income
Akun-akun yang tidak akan direklasifikasi ke laba rugi				Items that will not be reclassified to profit or loss
Revaluasi aset tetap	3.042.739	2k, 11	-	<i>Revaluation of fixed assets</i>
Pengukuran kembali program imbalan pasti	36.797	2z, 38	5.476	<i>Remeasurement of defined benefit plan</i>
Pajak penghasilan terkait akun-akun yang tidak akan direklasifikasi ke laba rugi	(84.947)		(1.369)	<i>Income tax related to items that will not be reclassified to profit or loss</i>
Akun-akun yang akan direklasifikasi ke laba rugi				Items that may be reclassified to profit or loss
Keuntungan (kerugian) neto yang belum direalisasi atas perubahan nilai efek-efek dan obligasi pemerintah yang tersedia untuk dijual	24.164	2h,8,9	(58.236)	<i>Unrealized net gain (loss) on changes in value of available-for-sale securities and government bonds -</i>
Pajak penghasilan terkait akun-akun yang akan direklasifikasi ke laba rugi	(6.041)		14.559	<i>Income tax related to items that may be reclassified to profit or loss</i>
Total laba komprehensif tahun berjalan – setelah pajak	5.631.617		1.811.337	Total Comprehensive Income for the year – net of tax
LABA PER SAHAM				EARNINGS PER SHARE
Dasar (nilai penuh)	247	2ad,27,46	175	<i>Basic (full amount)</i>
Dilusi (nilai penuh)	247		175	<i>Diluted (full amount)</i>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN PERUBAHAN EKUITAS
Untuk Tahun yang Berakhir Pada Tanggal 31 Desember 2016
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

Catatan/ Notes	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid Capital Stock	Tambah modal/ disetor/ Additional paid-in capital	Opsi Saham/ Stock Option	Keuntungan (kerugian) Yang Belum Direalisasi Atas Efek-efek Pemerintah dan Obligasi Yang Tersedia Untuk Dijual - Neto/ Unrealized Gain (Loss) on Available-for-sale Securities and Government Bonds - Net	Pengukuran Kembali Program Imbalan Pasti - Neto/ Remeasurement of Defined Benefit Plan - Net	Surplus Revaluasi Aset Tetap/ Revaluation Surplus of Fixed Assets	Saldo Laba/Retained Earnings ¹⁾		Ekuitas Neto/ Net Equity	Balance as of December 31, 2014
							Telah Ditetapkan Penggunaannya/ Appropriated	Belum Ditetapkan Penggunaannya/ Unappropriated		
Saldo per 31 Desember 2014	5.283.848	2.028.136	9.483	(90.013)	(110.251)	-	3.859.360	1.267.538	12.248.101	12.248.101
Dampak penyesuaian atas penerapan PSAK 102 (Revisi 2013)	-	-	-	-	-	-	-	4.794	4.794	4.794
Saldo pada tanggal 1 Januari 2015 setelah penyesuaian	5.283.848	2.028.136	9.483	(90.013)	(110.251)	-	3.859.360	1.272.332	12.252.895	12.252.895
Total laba komprehensif tahun berjalan	-	-	-	(43.677)	4.107	-	-	1.850.907	1.811.337	1.811.337
Pembagian laba Dividen	-	-	-	-	-	-	-	(223.119)	(223.119)	(223.119)
Pembentukan cadangan umum dan cadangan luluhan	-	-	-	-	-	-	892.473	(892.473)	-	-
Eksekusi opsi saham	7.325	18.462	(6.793)	-	-	-	-	-	18.994	18.994
Saldo per 31 Desember 2015	5.291.173	2.046.598	2.690	(133.690)	(106.144)	-	4.751.833	2.007.647	13.860.107	13.860.107

¹⁾ Saldo defisit sebesar Rp14.226.290 telah dieliminasi akibat kuasi-reorganisasi pada tanggal 31 Mei 2007.

¹⁾ Accumulated losses amounted to Rp14,226,290 had been eliminated as a result of quasi-reorganization as of May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN PERUBAHAN EKUITAS (lanjutan)
Untuk Tahun yang Berakhir Pada Tanggal 31 Desember 2016
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF CHANGES IN EQUITY (continued)
For the Year Ended December 31, 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Keuntungan (kerugian) Yang Belum Direalisasi Atas Efek-efek Pemerintah dan Obligasi Yang Tersedia Untuk Dijual - Neto/ Unrealized Gain/(Loss) on Available-for-sale Securities and Government Bonds - Net	Pengukuran Kembali Program Imbalan Pasti - Net/ Remeasurement of Defined Benefit Plan - Net	Surplus Revaluasi Aset Tetap/ Revaluation Surplus of Fixed Assets	Saldo Laba/Retained Earnings ^{*)}	Ekuitas Neto/ Net Equity	
	Keuntungan (kerugian) Yang Belum Direalisasi Atas Efek-efek Pemerintah dan Obligasi Yang Tersedia Untuk Dijual - Neto/ Unrealized Gain/(Loss) on Available-for-sale Securities and Government Bonds - Net	Pengukuran Kembali Program Imbalan Pasti - Net/ Remeasurement of Defined Benefit Plan - Net	Surplus Revaluasi Aset Tetap/ Revaluation Surplus of Fixed Assets	Telah Ditetapkan Penggunaan/ Approved	Belum Ditetapkan Pengunaannya/ Unappropriated	Ekuitas Neto/ Net Equity
Saldo per 31 Desember 2015	5.291.173	(106.144)	-	4.751.833	2.007.647	13.860.107
Total laba komprehensif tahun berjalan	2h.8.9	27.598	2.966.991	-	2.618.905	5.631.617
Pembagian laba Dividen	28c	-	-	-	(370.181)	(370.181)
Pembentukan cadangan umum dan cadangan tujuan		-	-	1.480.726	(1.480.726)	-
Ekskusi opsi saham	26a,26b,27	-	-	-	-	8.993
Saldo per 31 Desember 2016	5.295.000	(78.546)	2.966.991	6.232.559	2.775.645	19.130.536
						<i>Total comprehensive income for the year</i>
						<i>Distribution of income Dividends</i>
						<i>Appropriation for general and special reserves</i>
						<i>Stock options exercised</i>
						Balance as of December 31, 2015
						Balance as of December 31, 2016

^{*)} Saldo defisit sebesar Rp14.226.290 telah dieliminasi akibat kuasi-reorganisasi pada tanggal 31 Mei 2007.

^{*)} Accumulated losses amounted to Rp14,226,290 had been eliminated as a result of quasi-reorganization as of May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN ARUS KAS
 Untuk Tahun yang Berakhir Pada Tanggal
 31 Desember 2016
 (Disajikan dalam jutaan Rupiah,
 kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF CASH FLOWS
 For the Year Ended
 December 31, 2016
 (Expressed in millions of Rupiah,
 unless otherwise stated)

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31		
	2016	Catatan/ Notes	2015
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan bunga dan bagi hasil	16.822.384		14.603.342
Penerimaan kredit yang telah dihapusbukukan	197.916		227.272
Pembayaran bunga dan bonus, provisi dan komisi	(8.950.086)		(8.119.236)
Pembayaran pajak penghasilan badan	(938.172)		(647.413)
Beban operasional lainnya - neto	(4.051.884)		(3.448.993)
Pendapatan bukan operasional lainnya - neto	(22.148)		8.281
Penerimaan kas sebelum perubahan aset dan liabilitas operasi	3.058.010		2.623.253
Perubahan dalam aset dan liabilitas operasi:			Changes in operating assets and liabilities:
Penurunan (kenaikan) dalam aset operasi:			Decrease (increase) in operating assets:
Efek-efek yang diukur pada nilai wajar melalui laporan laba rugi	(542.078)		-
Obligasi pemerintah untuk nilai wajar melalui laporan laba rugi	(1.107.805)		572.465
Pembiayaan/piutang syariah	(3.063.288)		(1.657.894)
Kredit yang diberikan	(23.086.511)		(21.816.707)
Aset lain-lain	(414.285)		(349.149)
Kenaikan (penurunan) dalam Liabilitas operasi:			Increase (decrease) in operating liabilities:
Liabilitas segera	224.818		(21.579)
Simpanan dari nasabah			Current liabilities
Giro	13.491.520		Deposits from customer
Giro <i>Wadiah</i>	986.092		Demand deposits
Tabungan	3.374.101		Wadiah demand deposits
Tabungan <i>Wadiah</i> dan <i>Mudharabah</i>	694.426		Savings deposits
Deposito berjangka	11.487.713		Wadiah and Mudharabah savings deposits
Deposito berjangka <i>Mudharabah</i>	2.245.195		Time deposits
Simpanan dari bank lain	1.931.537		Mudharabah time deposits
Liabilitas lain-lain	504.480		Deposits from other banks
			Other liabilities
Kas Neto Diperoleh Dari Aktivitas Operasi	9.783.925		1.707.579
			Net Cash Provided by Operating Activities

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN ARUS KAS (lanjutan)
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STATEMENT OF CASH FLOWS (continued)
For the Year Ended
December 31, 2016
(Expressed in millions of Rupiah,
unless otherwise stated)

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31			
	2016	Catatan/ Notes	2015	
ARUS KAS DARI AKTIVITAS INVESTASI				CASH FLOWS FROM INVESTING ACTIVITIES
Penerimaan (saat jatuh tempo) dari efek-efek yang dimiliki hingga jatuh tempo	80.326		92.019	Proceeds (at maturity) from held-to-maturity securities
Pembelian efek-efek yang dimiliki hingga jatuh tempo	(20.000)		(6.003)	Purchase of held-to-maturity securities
Pembelian aset tetap	(285.604)	11	(262.524)	Acquisitions of premises and equipment
Penurunan (pendapatan) efek-efek tersedia untuk dijual	(1.880.992)		3.399.053	Decrease (income) available -for-sale securities
Penurunan obligasi pemerintah tersedia untuk dijual	61.595		873.070	Decrease in available for-sale government bonds
Penerimaan dari obligasi pemerintah yang dimiliki hingga jatuh tempo	135.785		-	Proceeds from maturity of held-to-maturity of government bonds
Pembelian obligasi pemerintah yang dimiliki hingga jatuh tempo	(65.252)		(1.451.880)	Purchase of held-to-maturity government bonds
Kas Neto diperoleh dari (digunakan untuk) Aktivitas Investasi	(1.974.142)		2.643.735	Net Cash provided by (used in) Investing Activities
ARUS KAS DARI AKTIVITAS PENDANAAN				CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan dari surat-surat berharga yang diterbitkan	3.430.667		3.990.008	Proceeds from issuance of securities
Pembayaran biaya emisi dari surat-surat berharga yang diterbitkan	(2.959)		(5.218)	Payment of issuance cost from securities issued
Pembayaran atas jatuh tempo surat-surat berharga yang diterbitkan	(1.000.000)		-	Payment of matured securities issued
Penerimaan dari efek-efek yang dijual dengan janji dibeli kembali	-		2.772.233	Proceeds from securities sold under repurchase agreements
Pembayaran atas jatuh tempo efek-efek yang dijual dengan janji dibeli kembali	(750.091)		(4.454.745)	Payments of matured securities sold under repurchase agreements
Eksekusi opsi saham karyawan	8.993		18.994	Employee stock option exercise
Pembayaran dividen (Pembayaran) penerimaan pinjaman yang diterima	(370.181)	26c	(223.119)	Payments of dividends (Payment of) proceeds from fund borrowings
Penerimaan pinjaman subordinasi	(2.727.112)		728.515	Proceeds from subordinated loans
	2.999.118		-	
Kas Neto diperoleh dari Aktivitas Pendanaan	1.588.435		2.826.668	Net Cash Provided by Financing Activities
KENAIKAN NETO KAS DAN SETARA KAS	9.398.218		7.177.982	NET INCREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS AWAL TAHUN	20.209.980		13.031.998	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS AKHIR TAHUN	29.608.198		20.209.980	CASH AND CASH EQUIVALENTS AT END OF YEAR

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN ARUS KAS (lanjutan)
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PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF CASH FLOWS (continued)
For the Year Ended
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	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31			
	2016	Catatan/ Notes	2015	
Rincian kas dan setara kas akhir tahun adalah sebagai berikut:				The details of cash and cash equivalents at end of year are as follows:
Kas	1.006.682	2a,4	1.181.219	Cash
Giro pada Bank Indonesia	10.697.378	2f,5	10.986.351	Current accounts with Bank Indonesia
Giro pada bank lain	322.788	2f,6	202.933	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain - jangka waktu jatuh tempo tiga bulan atau kurang sejak tanggal perolehan	17.581.350	2g,7	7.839.477	Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date
Total	29.608.198		20.209.980	Total

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
CATATAN ATAS LAPORAN KEUANGAN
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**PT BANK TABUNGAN NEGARA (PERSERO) TBK
NOTES TO THE FINANCIAL STATEMENTS
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1. UMUM

a. Pendirian Bank

PT Bank Tabungan Negara (Persero) Tbk ("Bank") didirikan sebagai bank milik negara, semula dengan nama "Bank Tabungan Pos" berdasarkan Undang-undang Darurat No. 9 Tahun 1950 tanggal 9 Februari 1950. Selanjutnya, berdasarkan Peraturan Pemerintah Pengganti Undang-undang No. 4 tahun 1963, nama Bank Tabungan Pos diubah menjadi "Bank Tabungan Negara". Pada tanggal 29 April 1989, Bank mulai beroperasi sebagai bank umum milik negara.

Berdasarkan Peraturan Pemerintah No. 24 Tahun 1992, status Bank diubah menjadi perseroan terbatas milik negara (Persero). Akta pendirian Bank sebagai Persero dibuat dihadapan Notaris Muhani Salim, S.H., No. 136 tanggal 31 Juli 1992 dan telah disahkan oleh Menteri Kehakiman dengan Surat Keputusan No. C2-6587.HT.01.01. TH.92 tanggal 12 Agustus 1992, serta diumumkan dalam Berita Negara No. 73 tanggal 11 September 1992 Tambahan No. 6A.

Berdasarkan surat keputusan Direksi Bank Indonesia No. 27/55/KEP/DIR tanggal 23 September 1994, Bank memperoleh status sebagai bank devisa.

Bank telah mendapatkan persetujuan dari Bank Indonesia untuk melakukan kegiatan umum perbankan berdasarkan prinsip syariah melalui surat No. 6/1350/DPbS tanggal 15 Desember 2004.

Bank mulai melakukan kegiatannya berdasarkan prinsip syariah pada tanggal 14 Februari 2005 dengan mulai beroperasinya cabang syariah pertama di Jakarta - Harmoni.

Pernyataan keputusan Rapat Umum Pemegang Saham Luar Biasa yang menyetujui perubahan seluruh Anggaran Dasar PT Bank Tabungan Negara (Persero) menjadi Perseroan Terbuka telah diaktakan dengan akta notaris No. 7 tanggal 12 Oktober 2009 dari notaris Fathiah Helmi, S.H. Perubahan anggaran dasar tersebut mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui surat No. AHU-49309.AH 01.02. tahun 2009.

1. GENERAL

a. Bank's establishment

PT Bank Tabungan Negara (Persero) Tbk ("the Bank") was originally established as a state-owned bank under the name "Bank Tabungan Pos" based on Martial Law No. 9 of 1950 dated February 9, 1950. Subsequently, the name of the Bank was changed to "Bank Tabungan Negara" based on Government Regulation Amendment of Law No. 4 of 1963. The Bank started operating as a state-owned commercial bank on April 29, 1989.

Based on Government Regulation No. 24 of 1992, the status of the Bank was changed to a state-owned limited liability corporation (Persero). The Bank's deed of establishment as a limited liability corporation was documented under deed No. 136 dated July 31, 1992 of Notary Muhani Salim, S.H. and was approved by the Ministry of Justice in its Decision Letter No. C2-6587.HT.01.01. TH.92 dated August 12, 1992 and was published in Supplement No. 6A of State Gazette No. 73 dated September 11, 1992.

Based on the Decision Letter No. 27/55/KEP/DIR dated September 23, 1994 of the directors of Bank Indonesia, the Bank obtained the status of a foreign exchange bank.

The Bank obtained approval from Bank Indonesia to conduct commercial banking activities based on sharia principles through letter No. 6/1350/DPbS dated December 15, 2004.

The Bank started its activities based on sharia principles on February 14, 2005 with the operation of its first sharia branch in Jakarta - Harmoni.

The decision of the Extraordinary General Stockholders' Meeting to amend all of the Bank's Articles of Association to become a public company was notarized under notarial deed No. 7 dated October 12, 2009 of Fathiah Helmi, S.H. The amendment was approved by the Ministry of Laws and Human Rights in its letter No. AHU-49309.AH.01.02. of 2009.

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1. UMUM (lanjutan)

a. Pendirian Bank (lanjutan)

Anggaran Dasar Bank telah mengalami beberapa kali perubahan. Perubahan terakhir didokumentasikan dalam akta notaris No. 11 tanggal 8 Desember 2015 dari notaris Fathiah Helmi, S.H. mengenai perubahan Direksi dan Komisaris. Perubahan anggaran dasar tersebut telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui surat No.AHU-AH.01.03-0986454 tanggal 8 Desember 2015.

Berdasarkan pasal 3 Anggaran Dasar Bank, ruang lingkup kegiatan Bank adalah menjalankan kegiatan umum perbankan sesuai dengan undang-undang dan peraturan yang berlaku, termasuk melakukan kegiatan Bank berdasarkan prinsip syariah.

Bank berdomisili di Jakarta dan kantor pusat Bank berlokasi di Jalan Gajah Mada No. 1, Jakarta Pusat.

Pada tanggal 31 Desember 2016, Bank memiliki 88 kantor cabang (termasuk 23 kantor cabang syariah), 279 kantor cabang pembantu (termasuk 36 kantor cabang pembantu syariah), 483 kantor kas (termasuk 6 Kantor Kas Syariah), dan 2.951 SOPP (System on-line Payment Point/Kantor Pos on-line) (tidak diaudit).

Pada tanggal 31 Desember 2015, Bank memiliki 87 kantor cabang (termasuk 22 kantor cabang syariah), 244 kantor cabang pembantu (termasuk 21 kantor cabang pembantu syariah), 486 kantor kas (termasuk 7 Kantor Kas Syariah), dan 2.951 SOPP (System on-line Payment Point/Kantor Pos on-line) (tidak diaudit).

1. GENERAL (continued)

a. Bank's establishment (continued)

The Articles of Association of the Bank has been amended several times. The last amendment was documented under notarial deed No. 11 dated December 8, 2015 of Notary Fathiah Helmi, S.H. regarding Board of Directors and Commissioners. This amendment was approved by the Ministry of Laws and Human Rights in its Decision Letter No.AHU-AH.01.03-0986454 dated December 8, 2015.

According to Article 3 of the Bank's Articles of Association, the scope of the Bank's activities is to conduct commercial banking activities in accordance with the prevailing laws and regulations, including the Bank's activities based on sharia principles.

The Bank is domiciled in Jakarta and its head office is located at Jalan Gajah Mada No. 1, Central Jakarta.

As of December 31, 2016, the Bank has 88 branch offices (including 23 sharia branch offices), 279 sub-branch offices (including 36 sharia sub-branch offices), 483 cash offices (including 6 sharia cash offices), and 2,951 SOPPs (System on-line Payment Point/on-line Post office) (unaudited).

As of December 31, 2015, the Bank has 87 branch offices (including 22 sharia branch offices), 244 sub-branch offices (including 21 sharia sub-branch offices), 486 cash offices (including 7 sharia cash offices), and 2,951 SOPPs (System on-line Payment Point/on-line Post office) (unaudited).

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1. UMUM (lanjutan)

b. Rekapitalisasi

Pada tanggal 28 Mei 1999, Pemerintah mengeluarkan Peraturan Pemerintah No. 52 Tahun 1999 tentang penambahan penyertaan Pemerintah pada Bank dalam rangka Program Rekapitalisasi yang dijalankan oleh Pemerintah dengan nilai setinggi-tingginya sebesar Rp11.200.000. Pada tanggal 21 Agustus 2000, Pemerintah mengeluarkan Peraturan Pemerintah No. 68 Tahun 2000 tentang penambahan modal Pemerintah pada Bank dalam rangka Program Rekapitalisasi yang dijalankan oleh Pemerintah dengan nilai setinggi-tingginya sebesar Rp2.805.000, sehingga tambahan penyertaan Pemerintah keseluruhan menjadi sebesar Rp14.005.000. Penambahan modal tersebut dilakukan melalui penerbitan obligasi rekapitalisasi Pemerintah untuk Bank sebesar Rp9.803.500 dan Rp4.201.500 masing-masing pada tanggal 25 Juli 2000 dan 31 Oktober 2000.

Pada tanggal 28 Februari 2001, Direksi Bank dan Menteri Keuangan menandatangani Kontrak Manajemen yang berisikan antara lain bahwa jumlah kebutuhan rekapitalisasi akhir Bank adalah sebesar Rp13.843.540 dan kelebihan obligasi rekapitalisasi sebesar Rp161.460 harus dikembalikan kepada Pemerintah. Pada tanggal 5 November 2001, kelebihan obligasi rekapitalisasi tersebut dikembalikan kepada Pemerintah.

Sebagai tindak lanjut dari Kontrak Manajemen tersebut, Menteri Keuangan Republik Indonesia mengeluarkan Peraturan Menteri Keuangan No. 40/PMK.06/2008 tanggal 29 Februari 2008 tentang penetapan nilai akhir kebutuhan rekapitalisasi Bank sebesar Rp13.843.540 dan pelaksanaan hak-hak pemerintah yang timbul sebagai akibat penambahan penyertaan modal negara Republik Indonesia ke dalam modal Perusahaan Perseroan (Persero) PT Bank Tabungan Negara dalam rangka program rekapitalisasi bank umum dengan mengkonversi menjadi 13.843.540 lembar saham yang diterbitkan oleh Bank dengan nominal Rp1.000.000 (Rupiah penuh) per lembar. Peraturan ini berdaya laku surut sejak tanggal 31 Mei 2007.

1. GENERAL (continued)

b. Recapitalization

On May 28, 1999, the Government issued Government Regulation No. 52 of 1999 regarding the increase in the Government's capital participation in the Bank within the framework of the Government's Recapitalization Program for a maximum amount of Rp11,200,000. On August 21, 2000, the Government issued Government Regulation No. 68 of 2000 regarding the increase in the Government's capital participation in the Bank within the framework of the Government's Recapitalization Program for a maximum amount of Rp2,805,000 so that the additional Government capital participation would become Rp14,005,000. The increase in the Government participation was settled through the issuance to the Bank of the government's recapitalization bonds amounting to Rp9,803,500 and Rp4,201,500 on July 25, 2000 and October 31, 2000, respectively.

On February 28, 2001, the Bank's directors and the Ministry of Finance entered into a Management Contract which includes, among others, the total final recapitalization requirement of the Bank of Rp13,843,540 and the excess recapitalization bonds of Rp161,460 should be returned to the Government. On November 5, 2001, the Bank returned such excess recapitalization bonds to the government.

As a result of the Management Contract, the Ministry of Finance issued Regulation No. 40/PMK.06/2008 dated February 29, 2008 regarding the determination of the final amount of the Government's required capital contribution to the Bank amounting to Rp13,843,540 and implementation of the Government's rights as a result of the additional contributed capital by the Republic of Indonesia to the capital of PT Bank Tabungan Negara (Persero) Tbk, as a limited liability company, in relation to the commercial banks' recapitalization program through conversion of additional capital to 13,843,540 shares of stock, which were issued by the Bank with a par value (full Rupiah) of Rp1,000,000 per share. This regulation was applied retroactively since May 31, 2007.

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1. UMUM (lanjutan)

c. Penawaran umum obligasi Bank

Bank telah menerbitkan obligasi sebanyak 21 (dua puluh satu) kali penerbitan dan 1 kali penerbitan instrumen obligasi subordinasi sejak tanggal 25 Juli 1989 sampai dengan tanggal 31 Desember 2016 dengan rincian sebagai berikut:

Nama Obligasi/ Name of Bonds	Jumlah Nominal/ Nominal Amount	Jangka Waktu/ Term	Jatuh Tempo/ Maturity Date	Tingkat Bunga/ Interest
Obligasi BTN I/ BTN Bonds I	50.000	5 tahun/years	25 Juli/ July 25, 1994*)	18,75% tetap/ fixed
Obligasi BTN II/ BTN Bonds II	50.000	5 tahun/years	1 Juni/ June 1, 1995*)	16,25% tetap/ fixed
Obligasi BTN III/ BTN Bonds III	50.000	5 tahun/years	11 November/ November 11, 1996*)	20,00% tetap/ fixed
Obligasi BTN IV/ BTN Bonds IV	100.000	5 tahun/years	23 Januari, January 23, 1996*)	17,00% tetap/ fixed
Obligasi BTN V/ BTN Bonds V	150.000	5 tahun/years	31 Juli/ July 31, 1998*)	15,25% tetap untuk tahun pertama dan kedua, mengambang untuk tahun berikutnya hingga jatuh tempo/ 15.25% fixed for first and second years, floating for remaining years until maturity
Obligasi BTN VI/ BTN Bonds VI	350.000	5 tahun/years	21 Desember/ December 21, 2000*)	17,25% tetap untuk tahun pertama, mengambang untuk tahun berikutnya hingga jatuh tempo/ 17.25% fixed for first year, floating for remaining years until maturity
Obligasi BTN VII/ BTN Bonds VII	200.000	5 tahun/years	22 Juli/ July 22, 2001*)	17,125% tetap untuk tahun pertama, mengambang untuk tahun berikutnya hingga jatuh tempo/ 17.125% fixed for first year, floating for remaining years until maturity
Obligasi BTN VIII/ BTN Bonds VIII	400.000	5 tahun/years	18 Juli/ July 18, 2002*)	14,15% tetap/ fixed
Obligasi BTN IX/ BTN Bonds IX	750.000	5 tahun/years	2 Oktober/ October 2, 2008*)	12,50% tetap/ fixed
Obligasi BTN X/ BTN Bonds X	750.000	5 tahun/years	25 Mei/ May 25, 2009*)	12,20% tetap/ fixed
Obligasi BTN XI/ BTN Bonds XI	750.000	5 tahun/years	6 Juli/ July 6, 2010*)	12,00% tetap/ fixed
Obligasi BTN XII/ BTN Bonds XII	1.000.000	10 tahun/years	19 September/ September 19, 2016*)	12,75% tetap/ fixed
Obligasi BTN XIII A/ BTN Bonds XIII A	300.000	3 tahun/years	29 Mei/ May 29, 2012*)	11,75% tetap/ fixed

^{*)} Bank telah melakukan pelunasan obligasi yang diterbitkan pada tanggal jatuh temponya.

1. GENERAL (continued)

c. Public offering of Bank's bonds

The Bank issued 21 (twenty-one) series of bonds and 1 series of subordinated bond instruments from July 25, 1989 to December 31, 2016, with the details as follows:

^{*)} The Bank has made the repayment of bonds issued on maturity date.

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1. UMUM (lanjutan)

c. Penawaran umum obligasi Bank (lanjutan)

Bank telah menerbitkan obligasi sebanyak 21 (dua puluh satu) kali penerbitan dan 1 kali penerbitan instrumen obligasi subordinasi sejak tanggal 25 Juli 1989 sampai dengan tanggal 31 Desember 2016 dengan rincian sebagai berikut: (lanjutan)

Nama Obligasi/ Name of Bonds	Jumlah Nominal/ Nominal Amount	Jangka Waktu/ Term	Jatuh Tempo/ Maturity Date	Tingkat Bunga/ Interest
Obligasi BTN XIII B/ BTN Bonds XIII B	300.000	4 tahun/years	29 Mei/ May 29, 2013*)	12,00% tetap/ fixed
Obligasi BTN XIII C/ BTN Bonds XIII C	900.000	5 tahun/years	29 Mei/ May 29, 2014*)	12,25% tetap/ fixed
Obligasi BTN XIV/ BTN Bonds XIV	1.650.000	10 tahun/years	11 Juni/ June 11, 2020	10,25% tetap/ fixed
Obligasi BTN XV/ BTN Bonds XV	1.300.000	10 tahun/years	28 Juni/ June 28, 2021	9,50% tetap/ fixed
Obligasi Berkelanjutan I Tahap I BTN/ Shelf Registration Bonds I Phase I BTN	2.000.000	10 tahun/years	5 Juni/ June 5, 2022	7,90% tetap/ fixed
Obligasi Berkelanjutan I Tahap II BTN/ Shelf Registration Bonds I Phase II BTN	2.000.000	10 tahun/years	27 Maret/ March 27, 2023	7,90% tetap/ fixed
Obligasi Berkelanjutan II Tahap I BTN/ Shelf Registration Bonds II Phase I BTN				
Seri A/A Series	900.000	3 tahun/years	8 Juli/ July 8, 2018	9,63% tetap/ fixed
Seri B/B Series	500.000	5 tahun/years	8 Juli/ July 8, 2020	9,88% tetap/ fixed
Seri C/C Series	800.000	7 tahun/years	8 Juli/ July 8, 2022	10,00% tetap/ fixed
Seri D/D Series	800.000	10 tahun/years	8 Juli/ July 8, 2025	10,50% tetap/ fixed
Obligasi Berkelanjutan II Tahap II BTN/ Shelf Registration Bonds II Phase II BTN				
Seri A/A Series	1.347.000	3 tahun/years	30 Agustus/ August 30, 2019	8,20% tetap/ fixed
Seri B/B Series	1.653.000	5 tahun/years	30 Agustus/ August 30, 2021	8,75% tetap/ fixed
Obligasi Subordinasi BTN I/ Subordinated Bonds BTN I	250.000	10 tahun/years	25 Mei/ May 25, 2014**)	12,60% tetap untuk tahun pertama sampai tahun kelima, 22,60% tetap untuk tahun keenam sampai tahun kesepuluh jika Bank tidak melakukan opsi beli pada tahun kelima sejak tanggal penerbitan/ 12.60% fixed for first year until fifth year, 22.60% fixed for sixth year until tenth year if the Bank does not exercise its option to buyback on the fifth year since the issuance date

*) Bank telah melakukan pelunasan obligasi yang diterbitkan pada tanggal jatuh temponya.

**) Bank telah melakukan opsi beli kembali pada 25 Mei 2009

1. GENERAL (continued)

c. Public offering of Bank's bonds (continued)

The Bank issued 21 (twenty-one) series of bonds and 1 series of subordinated bond instruments from July 25, 1989 to December 31, 2016, with the details as follows: (continued)

*) The Bank has made the repayment of bonds issued on maturity date.

**) The Bank has exercised the call options on May 25, 2009

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1. UMUM (lanjutan)

d. Penawaran Umum Saham Perdana (IPO)

Bank telah memperoleh izin untuk melakukan Penawaran Umum sesuai dengan persetujuan Dewan Perwakilan Rakyat Republik Indonesia yang tertuang dalam Surat Ketua Dewan Perwakilan Rakyat Republik Indonesia No. PW.01/3104/DPRRI/V/2009 tanggal 29 Mei 2009, serta penetapan dari Pemerintah sebagaimana tertuang dalam Peraturan Pemerintah Republik Indonesia No. 66 tahun 2009 dan diundangkan dalam Lembaran Negara No.167 tanggal 16 November 2009 tentang Perubahan Struktur Kepemilikan Saham Negara Melalui Penerbitan dan Penjualan Saham Baru Pada PT Bank Tabungan Negara (Persero).

Berdasarkan Surat Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM-LK) No. S-10523/BL/2009 tanggal 8 Desember 2009, pernyataan pendaftaran yang diajukan Bank dalam rangka IPO sejumlah 6.353.999.999 lembar Saham Biasa Atas Nama Seri B milik Negara Republik Indonesia dan 2.360.057.000 lembar Saham Biasa Atas Nama Seri B baru, dengan nilai nominal sebesar Rp500 (Rupiah penuh) setiap saham kepada masyarakat telah menjadi efektif pada tanggal 8 Desember 2009. Saham yang ditawarkan tersebut dicatatkan dan mulai diperdagangkan di Bursa Efek Indonesia pada tanggal 17 Desember 2009 dengan harga jual Rp800 (Rupiah penuh) per saham.

Berkaitan dengan penawaran umum saham perdana, Bank telah mengimplementasikan program kepemilikan saham oleh Manajemen dan Karyawan (*Management and Employee Stock Allocation/MESA*). Program MESA diberikan maksimal 9,62% dari saham baru yang diterbitkan kepada karyawan yang tercatat pada tanggal 30 September 2009. Program MESA tersebut telah efektif pada tanggal 17 September 2009 dan seluruh karyawan yang memiliki kualifikasi telah mengambil program tersebut dengan jumlah lembar saham biasa atas nama Seri B sebanyak 226.928.500 lembar (nilai nominal Rp500 per lembar saham) dengan harga beli Rp640 per lembar saham (setelah diskon 20% dari harga penawaran perdana sebesar Rp800 per lembar saham) dengan masa *lockup* selama enam bulan.

1. GENERAL (continued)

d. Initial Public Offering (IPO)

The Bank obtained a permit to undertake a Public Offering based on the approval of the House of Representatives of the Republic of Indonesia in its Chairman letter No. PW.01/3104/DPRRI/V/2009 dated May 29, 2009 and was enacted by the Government as stipulated by the Republic of Indonesia Government Regulation No. 66 of 2009 and circulated in State Gazette No. 167 dated November 16, 2009 regarding the amendment of the stock ownership structure of the State through Initial Public Offering of the shares of PT Bank Tabungan Negara (Persero).

Based on Letter No. S-10523/BL/2009 of the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) dated December 8, 2009, the Registration Statement submitted by the Bank relating to the IPO of 6,353,999,999 ordinary shares Series B of the Republic of Indonesia and 2,360,057,000 new ordinary shares Series B, at par value of Rp500 (full Rupiah) per share to the public, became effective on December 8, 2009. The shares which were offered to the public, were listed and traded on the Indonesia Stock Exchange on December 17, 2009, with the selling price of Rp800 (full Rupiah) per share.

In relation to the Initial Public Offering of the shares, the Bank implemented the Management and Employee Stock Allocation (MESA) program. MESA program is allocated with a maximum of 9.62% of the newly issued shares for registered employees as of September 30, 2009. The MESA Program became effective on September 17, 2009 and all qualified employees availed of the program consisting of 226,928,500 Series B shares (with par value of Rp500 per share) with a purchase price of Rp640 per share (after share price discount of 20% from the initial public offering price of Rp800 per share) and a lock up period until six months.

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d. Penawaran Umum Saham Perdana (IPO) (lanjutan)

Diskon harga saham untuk program MESA menjadi beban Bank di tahun 2009, yaitu sebesar 20% atau Rp41.353, yang termasuk beban pajak penghasilan.

e. Penerapan kuasi reorganisasi

Kondisi ekonomi yang buruk yang terjadi sejak pertengahan tahun 1997 sampai dengan tahun 1999, yang disebabkan terutama oleh melemahnya kurs mata uang Rupiah terhadap mata uang asing, seperti dolar Amerika Serikat dan tingkat suku bunga yang tidak stabil, sangat langkanya likuiditas serta menurunnya tingkat kepercayaan investor, telah memberikan dampak yang buruk bagi industri perbankan di Indonesia. Kondisi tersebut juga berdampak pada para debitur Bank dalam memenuhi kewajibannya, sehingga Bank mengalami defisit yang cukup besar.

Untuk memperoleh awal yang baik (fresh start) dengan laporan posisi keuangan yang menunjukkan nilai sekarang dan tidak dibebani oleh defisit, maka Bank melaksanakan Kuasi-Reorganisasi per 31 Mei 2007 (Catatan 2b). Kuasi-Reorganisasi dilakukan Bank sebagai langkah penting untuk bisa meneruskan usaha secara lebih baik.

Dalam Rapat Umum Pemegang Saham (RUPS) Bank tentang Pengesahan Rencana Kerja dan Anggaran Perusahaan tanggal 19 Januari 2006, pemegang saham Bank memutuskan antara lain bahwa pemegang saham mendukung rencana Bank untuk melakukan Kuasi-Reorganisasi dalam rangka menetapkan besarnya nilai akhir Penyertaan Modal Negara dalam Bank dan perbaikan struktur modal Bank, dan agar dilaksanakan sesuai dengan ketentuan yang berlaku.

Sebagai hasil dari Kuasi-Reorganisasi, saldo defisit Bank sebesar Rp14.226.290 dieliminasi ke akun saldo laba.

1. GENERAL (continued)

d. Initial Public Offering (IPO) (continued)

In relation to the Initial Public Offering of the share price discount for MESA program was recognized as the Bank's expense in 2009, amounting to 20% or Rp41,353 including the income tax expense.

e. Implementation of quasi - reorganization

The unfavorable economic condition starting in mid-1997 until 1999, which was caused mainly by the weakening of the rupiah in relation to other foreign currencies such as the United States dollar, the instability of interest rates, liquidity problem and the low level of trust by investors, had an adverse impact to the banking industry in Indonesia. This condition also affected the Bank debtors in fulfilling their obligations. As a result, the Bank suffered a significant amount of deficit.

In order to make a fresh start with a statement of financial position showing present values without the burden of deficit, the Bank conducted a Quasi-Reorganization on May 31, 2007 (Note 2b). The Quasi-Reorganization was recognized by the Bank as a necessary step to positively continue its business.

In the Bank's General Stockholders' Meeting held on January 19, 2006 regarding the Approval of the Bank's Budget and Work Plan, the stockholders approved, among others, the Bank's plan to conduct the Quasi-Reorganization in order to determine the final amount of the Government's capital contribution and to restructure the Bank's capital, which should be implemented according to the prevailing regulations.

As a result of the quasi-reorganization, the Bank's deficit balance amounting to Rp14,226,290 was eliminated against the net amount of the retained earnings.

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1. UMUM (lanjutan)

f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan

Berdasarkan Rapat Umum Pemegang Saham Tahunan (RUPST) Bank tanggal 12 April 2016, dengan berita acara No. 41 yang dibuat oleh Notaris Fathiah Helmi, S.H., susunan Dewan Komisaris Bank adalah sebagai berikut:

31 Desember 2016

Komisaris Utama/Independen	I Wayan Agus Mertayasa
Komisaris Independen	Kamaruddin Sjam
Komisaris Independen	Arie Coerniadi
Komisaris Independen	Lucky Fathul Aziz H.*
Komisaris	Sumiyati
Komisaris	Maurin Sitorus
Komisaris	Iman Sugema**

* Dialihkan menjadi Komisaris Independen berdasarkan hasil keputusan RUPS Luar Biasa Perseroan berita acara No. 1 yang dibuat oleh Notaris Fathiah Helmi, S.H., tanggal 7 Januari 2016 dan berlaku efektif setelah mendapatkan persetujuan dari Otoritas Jasa Keuangan (OJK) atas Penilaian Kemampuan dan Kepatutan (Fit & Proper Test) dan memenuhi peraturan perundang-undangan yang berlaku.

** Diangkat sebagai anggota Dewan Komisaris PT Bank Tabungan Negara (Persero) Tbk berdasarkan hasil keputusan RUPS Tahunan Perseroan tanggal 12 April 2016 dan berlaku efektif setelah mendapatkan persetujuan dari Otoritas Jasa Keuangan (OJK) atas penilaian Kemampuan dan Kepatutan (Fit & Proper Test) dan memenuhi peraturan perundang-undangan yang berlaku.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) Tahunan Bank tanggal 2 September 2015 yang berita acaranya dibuat oleh Dina Chozie, S.H., C.N., No. 1, susunan Dewan Komisaris Bank adalah sebagai berikut:

31 Desember 2015

Komisaris Utama/Independen	Chandra M. Hamzah*
Komisaris Independen	Kamaruddin Sjam
Komisaris Independen	Arie Coerniadi
Komisaris Independen	Catherinawati Hadiman
Komisaris	Sumiyati**
Komisaris	Fajar Harry Sampurno***
Komisaris	Lucky Fathul Aziz H.

* Mengundurkan diri sebagai Komisaris Utama/Independen PT Bank Tabungan Negara (Persero) Tbk melalui surat yang disampaikan kepada Menteri BUMN tanggal 9 Oktober 2015.

** Diangkat sebagai anggota Dewan Komisaris PT Bank Tabungan Negara (Persero) Tbk berdasarkan hasil keputusan RUPS Luar Biasa Perseroan berita acara No. 1 yang dibuat oleh Notaris Fathiah Helmi, S.H., tanggal 2 September 2015 dan berlaku efektif sejak tanggal 22 Februari 2016.

*** Diberhentikan dengan hormat pada RUPS Tahunan tanggal 12 April 2016 sebagaimana tercantum berita acara No. 41 yang dibuat oleh Notaris Fathiah Helmi, S.H.,

1. GENERAL (continued)

f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees

Based on the Bank's General Stockholders' Meeting held on April 12, 2016, as stated under the notarial No. 41 by notary Fathiah Helmi, S.H., the composition of the Bank's Board of Commissioners are as follows:

December 31, 2016

President/Independent Commissioner
Independent Commissioner
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner
Commissioner

* Become the Independent Commissioner of PT Bank Tabungan Negara (Persero) Tbk, previously as the Commissioner, based on the Extraordinary General Meeting of Shareholder stated under the notarial No. 1 by notary Fathiah Helmi, S.H., dated January 7, 2016 and will be effective upon approval from the Financial Services Authority (OJK) on Fit and Proper Test and in compliance with the prevailing laws and regulations.

** Appointed as a member of Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk based on the Annual General Meeting of Shareholders dated April 12, 2016 and will be effective upon approval from the Financial Services Authority (OJK) on Fit and Proper Test and in compliance with the prevailing laws and regulations.

Based on the Bank's Extraordinary General Stockholders' Meeting held on September 2, 2015, as recorded under the notarial No. 1 signed by Dina Chozie, S.H., C.N., the composition of the Bank's Board of Commissioners are as follows:

December 31, 2015

President/Independent Commissioner
Independent Commissioner
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner
Commissioner

* Resignation of president and independent commissioner was based on the letter to the ministry of state owned companies (BUMN) on October 9, 2015.

** Appointed as a member of Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk based on the Bank's Extraordinary General Stockholders' Meeting stated under the notarial No. 1 by notary Fathiah Helmi, S.H., dated September 2, 2015 and effective since February 22, 2016.

*** Honorably discharged at the annual general meeting of shareholder dated April 12, 2016, as stated under the notarial act No. 41 by notary Fathiah Helmi, S.H.,

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1. UMUM (lanjutan)

f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)

Berdasarkan Rapat Umum Pemegang Saham Tahunan (RUPST) Bank tanggal 12 April 2016, dengan berita acara No. 50 yang dibuat oleh Notaris Fathiah Helmi, S.H., susunan Direksi Bank adalah sebagai berikut:

31 Desember 2016

Direktur Utama	Maryono
Direktur	Mansyur Syamsuri Nasution
Direktur	Iman Nugroho Soeko
Direktur	Adi Setianto
Direktur	Sulis Usdoko
Direktur	Oni Febriarto Rahardjo
Direktur	Handayani
Direktur	Catur Budi Harto

Berdasarkan Rapat Umum Pemegang Saham Tahunan (RUPS) Bank tanggal 24 Maret 2015, dengan berita acara No. 50 yang dibuat oleh Notaris Fathiah Helmi, S.H., susunan Direksi Bank adalah sebagai berikut:

31 Desember 2015

Direktur Utama	Maryono
Direktur	Irman Alvian Zahiruddin
Direktur	Mansyur Syamsuri Nasution
Direktur	Iman Nugroho Soeko
Direktur	Adi Setianto
Direktur	Sis Apik Wijayanto
Direktur	Sulis Usdoko
Direktur	Oni Febriarto Rahardjo

Gaji dan kompensasi lainnya yang dibayarkan kepada dewan komisaris adalah sebesar Rp20.785 dan Rp16.292 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015 (Catatan 41b). Gaji dan kompensasi lainnya yang dibayarkan kepada direksi adalah sebesar Rp52.767 dan Rp37.216 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015 (Catatan 41b).

Pada Rapat Umum Pemegang Saham Bank yang diadakan pada tanggal 12 April 2016 dan 24 Maret 2015, Bank membagikan tantiem masing-masing sebesar Rp35.215 dan Rp23.449 bagi Dewan Komisaris dan Direksi yang dialokasikan dari laba tahun berjalan yang dibayarkan masing-masing pada tanggal 29 Juni 2016 dan 10 Juni 2015.

Sekretaris Perusahaan dan Kepala Divisi Audit Internal Bank adalah sebagai berikut:

1. GENERAL (continued)

f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)

Based on the Bank's General Stockholders' Meeting held on April 12, 2016, as stated under the notarial No. 50 by notary Fathiah Helmi, S.H., the composition of the Bank's Board of Directors are as follows:

December 31, 2016

President Director
Director
Director
Director
Director
Director
Director
Director

Based on the Bank's General Stockholders' Meeting held on March 24, 2015, as stated under the notarial No. 50 by notary Fathiah Helmi, S.H., the composition of the Bank's Board of Directors are as follows:

December 31, 2015

President Director
Director
Director
Director
Director
Director
Director
Director

Salaries and other compensation benefits paid to the Board of Commissioners of the Bank amounted to Rp20,785 and Rp16,292 for the year ended December 31, 2016 and 2015, respectively (Note 41b). Salaries and other compensation benefits paid to Directors of the Bank amounted to Rp52,767 and Rp37,216 for the year ended December 31, 2016 and 2015, respectively (Note 41b).

During the Bank's Stockholders' General Meetings held on April 12, 2016 and March 24, 2015, the Bank distributed tantiem to the Directors and Commissioners amounting to Rp35,215 and Rp23,449, respectively, which were allocated from current year income and paid on June 29, 2016 and June 10, 2015, respectively.

The Bank's Corporate Secretary and the Head of Internal Audit Division are as follows:

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1. UMUM (lanjutan)

f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)

Sekretaris Perusahaan dan Kepala Divisi Audit Internal Bank adalah sebagai berikut: (lanjutan)

31 Desember 2016

Sekretaris Perusahaan
Kepala Divisi Audit Internal

Eko Waluyo
Adi Suharto Atmadja*

* Diangkat berdasarkan Surat Keputusan Direksi Bank No. 235/DIR/2016 tanggal 7 Juni 2016 dan bertindak sebagai pejabat sejak tanggal 01 April 2016.

Sekretaris Perusahaan dan Kepala Divisi Audit Internal Bank adalah sebagai berikut:

31 Desember 2015

Sekretaris Perusahaan
Kepala Divisi Audit Internal

Eko Waluyo
Dadang Eka Jatnika

Susunan Dewan Pengawas Syariah Bank, berdasarkan Surat Keputusan Direksi Bank No.379/DIR/2015 adalah sebagai berikut:

31 Desember 2016 dan 2015

Ketua
Anggota
Anggota

Ahmad Nazri Adlani
Mohamad Hidayat
Muhammad Syakir Sula

Susunan Dewan Komite Audit Bank pada tanggal 31 Desember 2016 berdasarkan Surat Keputusan Direksi Bank No.38/DIR/2016 tanggal 22 Januari 2016 (menindaklanjuti Ketetapan Komisaris melalui Surat No.8/KOM/BTN//2016 tanggal 20 Januari 2016) adalah sebagai berikut:

31 Desember 2016

Ketua
Anggota
Anggota
Anggota
Anggota
Anggota

Kamaruddin Sjam***
I Wayan Agus Mertayasa****
Sumiyati****
Maurin Sitorus*
Waldy Gutama
Sondang Gayatri
Rachmat Supratman**

* Diangkat sebagai anggota Dewan Komite Audit PT Bank Tabungan Negara (Persero) Tbk berdasarkan Surat Keputusan Direksi Bank No. 474/DIR/ 2016 tanggal 1 November 2016 dan efektif sebagai anggota Komite Audit Bank tanggal 1 November 2016.

** Diangkat sebagai anggota Dewan Komite Audit PT Bank Tabungan Negara (Persero) Tbk berdasarkan Surat Keputusan Direksi Bank No. 474/DIR/ 2016 tanggal 1 November 2016 dan efektif sebagai anggota Komite Audit Bank tanggal 8 November 2016.

*** Diangkat sebagai Ketua Komite Audit PT Bank Tabungan Negara (Persero) Tbk terhitung sejak tanggal 9 September 2016 berdasarkan Surat Keputusan Direksi Bank No. 161/DIR/2016 tanggal 25 April 2016

**** Diangkat sebagai anggota Komite Audit PT Bank Tabungan Negara (Persero) Tbk terhitung sejak tanggal 25 April 2016 berdasarkan Surat Keputusan Direksi Bank No. 161/DIR/2016 tanggal 25 April 2016

1. GENERAL (continued)

f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)

The Bank's Corporate Secretary and the Head of Internal Audit Division are as follows: (continued)

December 31, 2016

Corporate Secretary
Head of Internal Audit Division

* Appointed based on the Bank's Board of Directors' Decision Letter No.235/DIR/2016 dated June 7, 2016 and Head of Internal Audit Division since April 01, 2016.

The Bank's Corporate Secretary and the Head of Internal Audit Division are as follows:

December 31, 2015

Corporate Secretary
Head of Internal Audit Division

The composition of the Bank's Sharia Supervisory Board based on the Bank's Board of Directors' Decision Letter No.379/DIR/2015 are as follows:

December 31, 2016 and 2015

Chairman
Member
Member

The composition of the Bank's Audit Committee as of December 31, 2016, based on the Board of Directors' Decision Letter No.38/DIR/2016 dated January 22, 2016 (followed up of the Bank's Board of Commissioners' Decision No.8/KOM/BTN// 2016 dated January 20, 2016) are as follows:

December 31, 2016

Chairman
Member
Member
Member
Member
Member

* Appointed as a member of the Bank's Audit Committee PT Bank Tabungan Negara (Persero) Tbk based on the Board of Director's Decision Letter No.474/DIR/2016 dated November 1, 2016 and effective since November 1, 2016.

** Appointed as a member of the Bank's Audit Committee PT Bank Tabungan Negara (Persero) Tbk based on the Board of Director's Decision Letter No.474/DIR/2016 dated November 1, 2016 and effective since November 8, 2016

*** Appointed as the Chairman of Audit Committee PT Bank Tabungan Negara (Persero) Tbk effective since September 9th, 2016 based on the Board of Director's Decision Letter No. 161/DIR/2016 dated April 25, 2016

**** Appointed as the member of Audit Committee PT Bank Tabungan Negara (Persero) Tbk effective since April 25, 2016 based on the Board of Director's Decision Letter No. 161/DIR/2016 dated April 25, 2016

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1. UMUM (lanjutan)

f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)

Susunan Dewan Komite Audit Bank pada tanggal 31 Desember 2015 berdasarkan Surat Keputusan Direksi Bank No. 507/DIR/2015, tanggal 4 September 2015 (menindaklanjuti Ketetapan Komisaris melalui Surat No.85/KOM/BTN/XI/2015 tanggal 2 September 2015) adalah sebagai berikut:

31 Desember 2015

Ketua
Anggota
Anggota
Anggota
Anggota

Kamaruddin Sjam
Chatherinawati Hadiman*
Sondang Gayatri
Waldy Gutama
Deddy Effendi Ridwan**

* Diberhentikan dengan hormat pada RUPS Luar Biasa tanggal 7 Januari 2016 sebagaimana tercantum berita acara No. 1 yang dibuat oleh Notaris Fathiah Helmi, SH.

** Mengundurkan diri sebagai anggota Dewan Komite Audit PT Bank Tabungan Negara (Persero) Tbk dan ditetapkan dalam Surat Dewan Komisaris No.106/KOM/BTN/IX/2016 tanggal 29 September 2016.

Berdasarkan ketentuan internal Bank, manajemen kunci Bank cakupannya adalah Dewan Komisaris, Komite Audit, Direksi, Kepala Kantor Wilayah, Kepala Divisi, dan Kepala Cabang. Jumlah karyawan tetap Bank pada tanggal 31 Desember 2016 dan 2015 masing-masing adalah 8.561 dan 8.186 orang (tidak diaudit).

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

a. Dasar Penyajian Laporan Keuangan

Pernyataan Kepatuhan

Laporan keuangan pada tanggal dan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2016 dan 2015 disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia dan peraturan Bapepam-LK No. VIII.G.7 lampiran keputusan Ketua Bapepam-LK No. KEP-347/BL/2012 tanggal 25 Juni 2012 tentang "Penyajian dan Pengungkapan Laporan Keuangan Emiten atau Perusahaan Publik".

1. GENERAL (continued)

f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)

The composition of the Bank's Audit Committee as of December 31, 2015, based on the Board of Directors' Decision Letter No. 507/DIR/2015 dated September 4, 2015 (followed up of the Bank's Board of Commissioners' Decision No. 85/KOM/BTN/XI/2015 dated September 2, 2015) are as follows:

December 31, 2015

Chairman
Member
Member
Member

* Honorably discharged at the extraordinary general meeting of shareholder dated January 7, 2016, as stated under the notarial act No. 1 by notary Fathiah Helmi, SH.

** Resignation as a member the Bank's Audit Committee of PT Bank Tabungan Negara (Persero) Tbk and approved by Letter of Board of Commissioners No.106/KOM/BTN/IX/2016 date September 29, 2016.

Based on Bank's internal regulation, scope of the Bank's key management consist of board of commissioners, audit committee, board of directors, regional office head, division head, and branch manager. The Bank has permanent employees as of December 31, 2016 and 2015 of 8,561 and 8,186 employees, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Financial Statements

Statement of Compliance

The financial statements as of and for the years ended December 31, 2016 and 2015 were prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies".

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

a. Dasar Penyajian Laporan Keuangan (lanjutan)

Pernyataan Kepatuhan (lanjutan)

Laporan keuangan disusun sesuai dengan Pernyataan Standar Akuntansi Keuangan (PSAK) No.1 (Revisi 2013), "Penyajian Laporan Keuangan".

Laporan keuangan Bank cabang syariah yang didasarkan pada prinsip syariah disajikan sesuai dengan Pernyataan Standar Akuntansi Keuangan (PSAK) No. 101 tentang "Penyajian Laporan Keuangan Syariah", PSAK No. 102 (Revisi 2013) tentang "Akuntansi Murabahah", PSAK No. 104 tentang "Akuntansi Istishna", PSAK No. 105 tentang "Akuntansi Mudharabah", PSAK No. 106 tentang "Akuntansi Musyarakah" dan PSAK No. 107 tentang "Akuntansi Ijarah" yang menggantikan PSAK No. 59 tentang "Akuntansi Perbankan Syariah" yang berkaitan dengan pengukuran, penyajian dan pengungkapan untuk topik tersebut, PSAK No. 110 tentang "Akuntansi Sukuk" dan Pedoman Akuntansi Perbankan Syariah Indonesia (PAPSI) yang diterbitkan oleh Bank Indonesia dan Ikatan Akuntan Indonesia (IAI).

Laporan keuangan telah disajikan berdasarkan nilai historis, kecuali untuk beberapa akun yang dinilai menggunakan dasar pengukuran lain sebagaimana dijelaskan pada kebijakan akuntansi dari akun tersebut. Laporan keuangan disusun dengan dasar akrual, kecuali pendapatan dari *istishna* dan bagi hasil dari pembiayaan *mudharabah* dan *musyarakah* serta laporan arus kas. Laporan arus kas disusun menggunakan metode langsung dan arus kas dikelompokkan atas dasar aktivitas operasi, investasi dan pendanaan. Kas dan setara kas terdiri dari kas, giro pada Bank Indonesia dan giro pada bank lain, penempatan pada Bank Indonesia dan bank lain, Sertifikat Bank Indonesia dan Sertifikat Deposito Bank Indonesia, yang jatuh tempo dalam waktu 3 (tiga) bulan sejak tanggal perolehan, sepanjang tidak digunakan sebagai jaminan atas pinjaman yang diterima serta tidak dibatasi penggunaannya.

Mata uang penyajian yang digunakan dalam laporan keuangan adalah Rupiah, yang merupakan mata uang fungsional Bank. Angka-angka yang disajikan dalam laporan keuangan, kecuali dinyatakan lain dibulatkan dalam jutaan Rupiah.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Financial Statements (continued)

Statement of Compliance (continued)

The financial statements is presented in conformity with the Statement of Financial Accounting Standards ("SFAS") No.1 (Revised 2013), "Presentation of Financial Statements".

The financial statements of the Bank's sharia branches have been presented in conformity with the Statement of Financial Accounting Standards ("SFAS") No. 101 on "Sharia Financial Statements Presentation", SFAS No. 102 (Revised 2013) on "Accounting for Murabahah", SFAS No. 104 on "Accounting for Istishna", SFAS No. 105 on "Accounting for Mudharabah", SFAS No. 106 on "Accounting for Musyarakah" and SFAS 107 on "Accounting for Ijarah", which supersede SFAS No. 59 on "Accounting for Sharia Banking" associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No.110 on "Accounting for Sukuk" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and Indonesian Institute of Accountants (IAI).

The financial statements have been prepared on a historical cost basis, except for some accounts that were assessed using another measurement basis as explained in the accounting policies of the account. The financial statements have been prepared on accrual basis, except for the revenue from *istishna* and the profit sharing from the *mudharabah* and *musyarakah* financing and the statement of cash flow. The statement of cash flows have been prepared using direct method and the cash flows have been classified on the basis of operating, investing and financing activities. Cash and cash equivalents consists of cash, current accounts with Bank Indonesia and current accounts with other banks, placements with Bank Indonesia and other banks, Bank Indonesia Certificates and Deposits Certificates of Bank Indonesia maturing within 3 (three) months or less from the acquisition date provided they are not used as collateral for borrowings nor restricted.

The presentations currency used in the financial statement is the Indonesian Rupiah, which is the Bank's functional currency. Unless otherwise stated, all figures presented in the financial statement are rounded off to millions of Rupiah.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Kuasi-Reorganisasi

Berdasarkan PSAK No. 51 (Revisi 2003) tentang "Akuntansi Kuasi-Reorganisasi", kuasi-reorganisasi merupakan prosedur akuntansi yang mengatur perusahaan merestrukturisasi ekuitasnya dengan menghilangkan defisit dan menilai kembali seluruh aset dan liabilitasnya berdasarkan nilai wajar. Dengan kuasi-reorganisasi, perusahaan mendapatkan awal yang baik (fresh start) dengan laporan posisi keuangan yang menunjukkan nilai sekarang dan tanpa dibebani defisit karena defisit dieliminasi menjadi nihil.

Estimasi nilai wajar aset dan liabilitas dalam rangka kuasi-reorganisasi ditentukan berdasarkan informasi terbaik sesuai dengan karakteristik aset dan liabilitas yang bersangkutan atau nilai pasar aset dan liabilitas yang bersangkutan. Apabila nilai pasar tidak tersedia, estimasi nilai wajar dilakukan dengan mempertimbangkan harga aset sejenis, estimasi nilai sekarang atau arus kas yang didiskontokan. Untuk aset dan liabilitas tertentu, penilaian dilakukan sesuai PSAK terkait.

c. Transaksi dengan pihak-pihak berelasi

Dalam menjalankan usahanya, Bank melakukan transaksi dengan pihak-pihak berelasi seperti yang didefinisikan dalam PSAK No. 7 (Revisi 2010) tentang "Pengungkapan Pihak-pihak Berelasi".

Suatu pihak dianggap berelasi dengan Bank jika:

- a) suatu pihak yang secara langsung, atau tidak langsung yang melalui satu atau lebih perantara, suatu pihak (i) mengendalikan, atau dikendalikan oleh, atau berada di bawah pengendalian bersama, dengan Bank; (ii) memiliki pengaruh signifikan atas Bank; atau (iii) memiliki pengendalian bersama atas Bank;
- b) suatu pihak yang berada dalam kelompok usaha yang sama dengan Bank;
- c) suatu pihak yang merupakan ventura bersama di mana Bank sebagai *venturer*;
- d) suatu pihak adalah anggota dari personil manajemen kunci Bank;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Quasi-Reorganization

Based on SFAS No. 51 (Revised 2003), "Accounting for Quasi-Reorganization", a quasi-reorganization is an accounting procedure that enables a company to restructure its equity by eliminating its deficit and revaluing all its assets and liabilities based on their fair values. Under a quasi-reorganization, a company will have a fresh start with its statement of financial position showing figures that represent present values and without the burden of a deficit because the deficit has been eliminated.

The fair value estimate for assets and liabilities under a quasi-reorganization is determined based on the best available information according to the characteristics of the related assets and liabilities or the market value for the related assets and liabilities. If the market value is not available, the fair value estimation is conducted by considering the value of similar assets, present value estimation, or discounted cash flows. For certain assets and liabilities, the valuation is conducted according to the related SFAS.

c. Transactions with related parties

In the normal course of its business, the Bank enters into transactions with related parties which are defined under SFAS No. 7 (Revised 2010), "Related Party Disclosures".

The Bank considers the following as its related parties:

- a) a person who, directly or indirectly through one or more intermediaries, (i) controls, or is controlled by, or under common control with the Bank, (ii) has significant influence over the Bank or (iii) has joint control over the Bank;
- b) an entity which is a member of the same group as the Bank;
- c) an entity which is a joint venture of a third party in which the Bank has ventured in;
- d) a member of key management personnel of the Bank;

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c. Transaksi dengan pihak-pihak berelasi (lanjutan)

Suatu pihak dianggap berelasi dengan Bank jika (lanjutan):

- e) suatu pihak adalah anggota keluarga dekat dari individu yang diuraikan dalam butir (a) atau (d);
- f) suatu pihak adalah entitas yang dikendalikan, dikendalikan bersama atau dipengaruhi signifikan oleh beberapa entitas, langsung maupun tidak langsung, individu seperti diuraikan dalam butir (d) atau (e);
- g) suatu pihak adalah suatu program imbalan pasca kerja untuk imbalan kerja dari Bank atau entitas terkait Bank.

Transaksi dengan pihak-pihak berelasi dilakukan dengan syarat dan kondisi yang sama dengan transaksi-transaksi dengan pihak ketiga. Transaksi yang dilakukan Bank telah memenuhi peraturan Badan Pengawas Pasar Modal dan Lembaga Keuangan No. IX.E.1 tentang "Transaksi Afiliasi dan Benturan Kepentingan Transaksi Tertentu", pada saat transaksi-transaksi tersebut dilakukan. Seluruh transaksi dan saldo yang material dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan yang relevan dan rinciannya telah disajikan dalam Catatan 41 atas laporan keuangan. Selanjutnya, saldo dan transaksi yang material antara Bank dan Pemerintah Negara Republik Indonesia (RI) dan entitas lain yang berelasi dengan Bank diungkapkan juga pada Catatan 41 tersebut.

d. Aset keuangan dan liabilitas keuangan

Efektif sejak tanggal 1 Januari 2015, Bank menerapkan PSAK No. 55 (Revisi 2014), "Instrumen Keuangan: Pengakuan dan Pengukuran". Penerapan PSAK ini tidak menimbulkan perubahan yang signifikan terhadap pelaporan keuangan dan pengungkapan dalam laporan keuangan.

Efektif sejak tanggal 1 Januari 2015, Bank menerapkan PSAK No. 50 (Revisi 2014), "Instrumen Keuangan: Penyajian". Penerapan PSAK ini tidak menimbulkan perubahan yang signifikan terhadap pelaporan keuangan dan penyajian dalam laporan keuangan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Transactions with related parties (continued)

The Bank considers the following as its related parties (continued):

- e) a close family member of the person described in clause (a) or (d);
- f) an entity that is controlled, jointly controlled or significantly influenced, directly or indirectly by the person described in clause (d) or (e);
- g) an entity which is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.

Transactions with related parties are made on the same term and conditions as those transactions with third parties. All transaction done by Bank have complied with Bapepam-LK Regulation No. IX.E.1 regarding "The affiliate transactions and conflict of interest of certain transactions", at the time the transaction were made. All material transactions and balances with related parties are disclosed in the relevant notes to the financial statements and the details have been presented in Note 41 of the financial statements. Furthermore, material transactions and balances between Bank and the Government of the Republic of Indonesia (RI) and other entities related to the Bank are also disclosed in Note 41.

d. Financial assets and liabilities

Effective since January 1, 2015, the Bank's implemented SFAS No. 55 (Revised 2014), "Financial Instruments: Recognition and Measurement". The Implementation of this SFAS does not cause significant changes to the financial reporting and disclosures in the financial statements.

Effective since January 1, 2015, The Bank's implemented SFAS No. 50 (Revised 2014), "Financial Instruments: Presentation". The Implementation of this SFAS does not cause significant changes to the financial reporting and disclosures in the financial statements.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

Efektif sejak tanggal 1 Januari 2015, Bank menerapkan PSAK No. 60 (Revisi 2014), "Instrumen Keuangan: Pengungkapan". Penerapan PSAK ini tidak menimbulkan perubahan yang signifikan terhadap pelaporan keuangan dan pengungkapan dalam laporan keuangan.

Efektif sejak tanggal 1 Januari 2015, Bank menerapkan PSAK No. 68, "Pengukuran Nilai Wajar". Penerapan PSAK ini mendefinisikan nilai wajar, menetapkan dalam satu pernyataan, suatu kerangka pengukuran nilai wajar dan mensyaratkan pengungkapan mengenai pengukuran nilai wajar.

Aset keuangan Bank terdiri dari kas, giro pada Bank Indonesia, giro pada bank lain, penempatan pada Bank Indonesia dan bank lain, efek-efek, obligasi Pemerintah, kredit yang diberikan dan pembiayaan/piutang syariah, bunga yang masih akan diterima dan aset lain-lain (tagihan kepada pihak ketiga).

Liabilitas keuangan Bank terdiri dari liabilitas segera, simpanan dari nasabah, simpanan dari bank lain, surat-surat berharga yang diterbitkan, pinjaman yang diterima, pinjaman subordinasi, efek-efek yang dijual dengan janji dibeli kembali, bunga yang masih harus dibayar dan liabilitas lain-lain (setoran jaminan dan dana jaminan pengembang).

(i) Klasifikasi

Bank mengklasifikasi aset keuangannya berdasarkan kategori sebagai berikut pada saat pengakuan awal:

- Aset keuangan yang diukur pada nilai wajar melalui laba rugi, yang memiliki dua sub-klasifikasi, yaitu aset keuangan yang ditetapkan demikian pada saat pengakuan awal dan aset keuangan yang diklasifikasi dalam kelompok yang diperdagangkan;
- Kredit yang diberikan dan piutang;
- Investasi dalam kelompok dimiliki hingga jatuh tempo;
- Investasi tersedia untuk dijual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

Effective since January 1, 2015, The Bank's implemented SFAS No. 60 (Revised 2014), "Financial Instruments: Disclosures". The implementation of this SFAS does not cause significant changes to the financial reporting and disclosures in the financial statements.

Effective since January 1, 2015, The Bank's implemented SFAS No. 68, "Fair Value Measurement". The implementation of this SFAS defines fair value, establishes in a statement, a framework for measuring fair value and requires disclosures concerning fair value measurements.

The Bank's financial assets consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, securities, Government bonds, loans and sharia financing/receivables, interest receivable and other assets (third party receivables).

The Bank's financial liabilities consist of current liabilities, deposits from customers, deposits from other banks, securities issued, fund borrowings, subordinated loan, securities sold under repurchase agreements, interest payable and other liabilities (guarantee deposits and developers' security deposits).

(i) Classification

The Bank classifies its financial assets in the following categories at initial recognition:

- Financial assets at fair value through profit or loss, which have two sub-classifications, i.e. financial assets designated as such upon initial recognition and financial assets classified as held-for-trading;
- Loans and receivables;
- Held-to-maturity investments;
- Available-for-sale investments.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(i) Klasifikasi (lanjutan)

(i) Classification (continued)

Liabilitas keuangan diklasifikasikan ke dalam kategori sebagai berikut pada saat pengakuan awal:

Financial liabilities are classified into the following categories at initial recognition:

- Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, yang memiliki dua sub-klasifikasi, yaitu liabilitas keuangan yang ditetapkan demikian pada saat pengakuan awal dan liabilitas keuangan yang telah diklasifikasikan dalam kelompok diperdagangkan;
- Liabilitas keuangan lain yang tidak diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi dikategorikan dan diukur dengan biaya perolehan diamortisasi.

- *Financial liabilities at fair value through profit or loss, which have two sub-classifications, i.e. those designated as such upon initial recognition and those classified as held-for-trading;*
- *Other financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost.*

Kelompok aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi terdiri dari aset dan liabilitas keuangan yang diperoleh atau dimiliki Bank terutama untuk tujuan dijual atau dibeli kembali dalam waktu dekat, atau dimiliki sebagai bagian dari portofolio instrumen keuangan tertentu yang dikelola bersama untuk memperoleh laba jangka pendek atau *position taking*.

The sub-classification of financial assets and liabilities at fair value through profit or loss consists of financial assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a financial instrument portfolio that is managed together for short-term profit or position taking.

Kredit yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif, kecuali:

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market, except:

- yang dimaksudkan oleh Bank untuk dijual segera dalam waktu dekat, yang diklasifikasikan dalam kelompok diperdagangkan, serta yang pada saat pengakuan awal ditetapkan diukur pada nilai wajar melalui laba rugi;
- yang pada saat pengakuan awal ditetapkan dalam kelompok investasi tersedia untuk dijual; atau
- dalam hal Bank tidak akan memperoleh kembali seluruh investasi awal kecuali yang disebabkan oleh penurunan kualitas kredit yang diberikan dan piutang, yang diklasifikasikan dalam kelompok tersedia untuk dijual.

- *those that the Bank intends to sell immediately or in the short term, which are classified as held-for-trading, and those that the Bank upon initial recognition designates at fair value through profit or loss;*
- *those that upon initial recognition are designated as available-for-sale investments; or*
- *those for which the Bank may not recover substantially all of its initial investment, other than because of loans and receivable deterioration, which are classified as available-for-sale.*

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(i) Klasifikasi (lanjutan)

(i) Classification (continued)

Investasi dalam kategori dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif yang dapat dikuotasikan dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan dimana Bank mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo. Investasi yang dimiliki untuk periode yang tidak dapat ditentukan tidak dikategorikan dalam klasifikasi ini.

Held-to-maturity investments consist of quoted non-derivative financial assets with fixed or determinable payments and fixed maturity which the Bank has the positive intention and ability to hold until maturity. Investments intended to be held for an undetermined period of time are not included in this classification.

Kategori tersedia untuk dijual terdiri dari aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak dikelompokkan ke dalam salah satu kategori aset keuangan lainnya.

The available-for-sale category consists of non-derivative financial assets that are designated as available-for-sale or are not classified in one of the other categories of financial assets.

Setelah pengukuran awal, investasi tersedia untuk dijual diukur menggunakan nilai wajar dengan laba atau rugi yang diakui sebagai bagian dari ekuitas sampai dengan investasi dihentikan pengakuannya atau sampai investasi dinyatakan mengalami penurunan nilai dimana akumulasi laba atau rugi sebelumnya dilaporkan dalam ekuitas dilaporkan dalam laporan laba rugi dan penghasilan komprehensif lain.

After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognized in equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gains or losses previously reported in equity is included in the statement of profit or loss and other comprehensive income.

Hasil efektif dan (bila dapat diaplikasikan) hasil dari nilai tukar dinyatakan kembali untuk investasi tersedia dijual dan dilaporkan pada laporan laba rugi dan penghasilan komprehensif lain.

The effective yield and (where applicable) results of foreign exchange restatement for available-for-sale investments are reported in the statement of profit or loss and comprehensive income.

Liabilitas keuangan lainnya merupakan liabilitas keuangan yang tidak dimiliki untuk dijual atau ditentukan sebagai nilai wajar melalui laporan laba rugi saat pengakuan liabilitas.

Other financial liabilities represent financial liabilities that are neither held for trading nor designated at fair value through profit or loss upon the recognition of the liability.

(ii) Pengakuan awal

(ii) Initial recognition

a. Pembelian atau penjualan aset keuangan yang memerlukan penyerahan aset dalam kurun waktu yang telah ditetapkan oleh peraturan dan kebiasaan yang berlaku di pasar (pembelian secara reguler) diakui pada tanggal penyelesaian.

a. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognized on the settlement date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(ii) Pengakuan awal (lanjutan)

(ii) Initial recognition (continued)

- b. Aset keuangan dan liabilitas keuangan pada awalnya diukur pada nilai wajarnya. Dalam hal aset keuangan atau liabilitas keuangan tidak diukur pada nilai wajar melalui laba rugi, nilai wajar tersebut ditambah/dikurangkan biaya transaksi yang dapat diatribusikan secara langsung. Pengukuran aset keuangan dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasinya.

- b. Financial assets and liabilities are initially recognised at fair value plus/less, for those financial assets not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial assets and liabilities depends on their classification.

Biaya transaksi hanya meliputi biaya-biaya yang dapat diatribusikan secara langsung untuk perolehan suatu aset keuangan atau penerbitan suatu liabilitas keuangan dan merupakan biaya tambahan yang tidak akan terjadi apabila instrumen keuangan tersebut tidak diperoleh atau diterbitkan. Untuk aset keuangan, biaya transaksi ditambahkan pada jumlah yang diakui pada awal pengakuan aset, sedangkan untuk liabilitas keuangan, biaya transaksi dikurangkan dari jumlah utang yang diakui pada pengakuan awal liabilitas. Biaya transaksi tersebut diamortisasi selama umur instrumen berdasarkan metode suku bunga efektif dan dicatat sebagai bagian dari pendapatan bunga untuk biaya transaksi sehubungan dengan aset keuangan atau sebagai bagian dari beban bunga untuk biaya transaksi sehubungan dengan liabilitas keuangan.

Transaction costs only include costs that are directly attributable to the acquisition of a financial asset or issuance of a financial liability and an additional charge that would not occur if the instrument is not acquired or issued. For financial assets, transaction costs are added to the amount recognized in the initial recognition of the asset, while for financial liabilities, transaction costs are deducted from the amount of debt recognized on initial recognition of a liability. The transaction costs are amortized over the terms of the instrument based on the effective interest rate method and recorded as part of interest income for transaction costs related to the financial asset or as part of interest expense for transaction costs related to financial liabilities.

Bank, pada pengakuan awal, dapat menetapkan aset keuangan dan liabilitas keuangan tertentu sebagai nilai wajar melalui laba rugi (opsi nilai wajar). Opsi nilai wajar dapat digunakan hanya bila memenuhi ketentuan sebagai berikut:

The Bank, upon initial recognition, may designate certain financial assets and liabilities, at fair value through profit or loss (fair value option). The fair value option is only applied when the following conditions are met:

- penetapan sebagai opsi nilai wajar mengurangi atau mengeliminasi ketidak-konsistenan pengukuran dan pengakuan (accounting mismatch) yang dapat timbul; atau

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(ii) Pengakuan awal (lanjutan)

(ii) Initial recognition (continued)

Bank, pada pengakuan awal, dapat menetapkan aset keuangan dan liabilitas keuangan tertentu sebagai nilai wajar melalui laba rugi (opsi nilai wajar). Opsi nilai wajar dapat digunakan hanya bila memenuhi ketentuan sebagai berikut (lanjutan):

The Bank, upon initial recognition, may designate certain financial assets and liabilities, at fair value through profit or loss (fair value option). The fair value option is only applied when the following conditions are met (continued):

- aset keuangan dan liabilitas keuangan merupakan bagian dari portofolio instrumen keuangan yang risikonya dikelola dan dilaporkan kepada manajemen kunci berdasarkan nilai wajar; atau
- aset keuangan dan liabilitas keuangan terdiri dari kontrak utama dan derivatif melekat yang harus dipisahkan.

- the financial assets and liabilities are part of a portfolio of financial instruments, the risks of which are managed and reported to key management on a fair value basis; or

- the financial assets and liabilities consist of a host contract and an embedded derivative that must be bifurcated.

(iii) Pengukuran setelah pengakuan awal

(iii) Subsequent measurement

Aset keuangan dalam kelompok tersedia untuk dijual dan aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi diukur pada nilai wajarnya.

Available-for-sale financial assets and financial assets and liabilities measured at fair value through profit or loss are subsequently measured at fair value.

Kredit yang diberikan dan piutang serta investasi dimiliki hingga jatuh tempo dan liabilitas keuangan yang diukur pada biaya perolehan diamortisasi diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Loans and receivables and held-to-maturity investments and other financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

(iv) Penghentian pengakuan

(iv) Derecognition

a. Aset keuangan dihentikan pengakuannya jika:

a. Financial assets are derecognized when:

- Hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau
- Bank telah mentransfer haknya untuk menerima arus kas yang berasal dari aset keuangan atau menanggung liabilitas untuk membayarkan arus kas yang diterima tersebut secara penuh tanpa penundaan berarti kepada pihak ketiga di bawah kesepakatan pelepasan (pass through arrangement); dan

- The contractual rights to receive cash flows from the financial assets have expired; or
- The Bank has transferred its rights to receive cash flows from the financial assets or has assumed an obligation to pay the cash flows in full without material delay to a third party under a 'pass through arrangement'; and

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(iv) Penghentian pengakuan (lanjutan)

(iv) Derecognition (continued)

- a. Aset keuangan dihentikan pengakuannya jika (lanjutan):
- dan antara (a) Bank telah mentransfer secara substansial seluruh risiko dan manfaat atas aset, atau (b) Bank tidak mentransfer maupun tidak memiliki secara substansial seluruh risiko dan manfaat atas aset, namun telah mentransfer pengendalian atas aset.

- a. Financial assets are derecognized when (continued):
- Either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Ketika Bank telah mentransfer hak untuk menerima arus kas dari aset atau telah memasuki *pass through arrangement* dan tidak mentransfer serta tidak mempertahankan secara substansial seluruh risiko dan manfaat atas aset atau tidak mentransfer kendali atas aset, aset diakui sebesar keterlibatan Bank yang berkelanjutan atas aset tersebut.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a *pass through arrangement*, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset.

Kredit yang diberikan atau aset keuangan lain dihapusbukukan ketika tidak terdapat prospek yang realistis mengenai pengembalian kredit dalam waktu dekat atau hubungan normal antara Bank dan debitur telah berakhir. Kredit yang tidak dapat dilunasi dihapusbukukan dengan mendebit cadangan kerugian penurunan nilai. Penerimaan kemudian atas kredit yang telah dihapusbukukan sebelumnya, jika pada periode berjalan dikreditkan ke dalam akun cadangan kerugian penurunan nilai atas kredit yang diberikan di laporan posisi keuangan, sedangkan jika setelah tanggal laporan posisi keuangan dikreditkan sebagai pendapatan operasional lainnya dalam laporan laba rugi dan penghasilan komprehensif lain.

Loans or other financial assets are written off when there is no realistic prospect of collection in the near future or the normal relationship between the Bank and the borrowers has ceased to exist. When a loan is deemed uncollectible, it is written off against the related allowance for impairment losses. Subsequent recoveries from loans previously written off, are added to the allowance for impairment losses account in the statement of financial position, if recovered in the current year and are recognized in the statements of profit or loss and comprehensive income as other operating income, if recovered after the statement of financial position dates.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(iv) Penghentian pengakuan (lanjutan)

(iv) Derecognition (continued)

- b. Liabilitas keuangan dihentikan pengakuannya jika liabilitas keuangan tersebut berakhir, yaitu ketika liabilitas yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluwarsa.

- b. Financial liabilities are derecognized when they are extinguished, i.e. liabilities stated in the contract are discharged, cancelled or expired.

Jika suatu liabilitas keuangan yang ada digantikan dengan yang lain oleh pemberi pinjaman yang sama pada keadaan yang secara substansial berbeda, atau berdasarkan suatu liabilitas yang ada yang secara substansial telah diubah, seperti pertukaran atau modifikasi yang diperlakukan sebagai penghentian pengakuan liabilitas awal dan pengakuan liabilitas baru dan perbedaan nilai tercatat masing-masing diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(v) Pengakuan pendapatan dan beban

(v) Income and expense recognition

- a. Pendapatan dan beban bunga atas aset tersedia untuk dijual, serta aset keuangan dan liabilitas keuangan yang dicatat berdasarkan biaya perolehan diamortisasi diakui pada laporan laba rugi dan penghasilan komprehensif lain dengan menggunakan metode suku bunga efektif.

- a. Interest income and expense on available-for-sale assets and financial assets and liabilities measured at amortized cost are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

- b. Keuntungan dan kerugian yang belum terealisasi yang timbul dari perubahan nilai wajar aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi diakui pada laporan laba rugi dan penghasilan komprehensif lain.

- b. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities measured at fair value through profit or loss are included in the statement profit or loss and other comprehensive income.

Keuntungan dan kerugian yang belum direalisasi yang timbul dari perubahan nilai wajar aset keuangan yang diklasifikasikan dalam kelompok tersedia untuk dijual, kecuali keuntungan dan kerugian nilai tukar, diakui secara langsung dalam laba setelah pajak dalam ekuitas, sampai aset keuangan tersebut dihentikan pengakuannya atau adanya penurunan nilai.

Unrealized gains and losses arising from changes in fair value of available-for-sale, except financial assets other than foreign exchange gains and losses are recognized, net of tax, in equity, until the financial assets are derecognized or impaired.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(v) Pengakuan pendapatan dan beban (lanjutan)

(v) *Income and expense recognition (continued)*

Pada saat aset keuangan dihentikan pengakuannya atau mengalami penurunan nilai, keuntungan atau kerugian kumulatif yang sebelumnya diakui dalam ekuitas harus diakui pada laporan laba rugi dan penghasilan komprehensif lain.

When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity is recognized in the statement of profit or loss and other comprehensive income.

(vi) Reklasifikasi aset keuangan

(vi) *Reclassification of financial assets*

Bank tidak diperkenankan untuk mereklasifikasi setiap instrumen keuangan dari diukur pada nilai wajar melalui laba rugi, jika pada pengakuan awal instrumen keuangan tersebut ditetapkan oleh Bank sebagai diukur pada nilai wajar melalui laba rugi.

Bank is not allowed to reclassify any financial instrument out of or into the fair value through profit or loss, if the initial recognition of financial instruments is determined by Bank as measured at fair value through profit or loss.

Bank tidak boleh mengklasifikasikan aset keuangan sebagai investasi dimiliki hingga jatuh tempo, jika dalam tahun berjalan atau dalam kurun waktu dua tahun sebelumnya, telah menjual atau mereklasifikasi investasi dimiliki hingga jatuh tempo dalam jumlah yang lebih dari jumlah yang tidak signifikan sebelum jatuh tempo (lebih dari jumlah yang tidak signifikan dibandingkan dengan jumlah nilai investasi dimiliki hingga jatuh tempo), kecuali penjualan atau reklasifikasi tersebut:

The Bank can not classify financial assets as held-to-maturity investments, if the Bank during the current year or in the two preceeding years, sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity (more than an insignificant amount in relation to the total amount of held-to-maturity investments), other than sales or reclassifications:

- a. dilakukan ketika aset keuangan sudah mendekati jatuh tempo atau tanggal pembelian kembali di mana perubahan suku bunga tidak akan berpengaruh secara signifikan terhadap nilai wajar aset keuangan tersebut;
- b. terjadi setelah Bank telah memperoleh secara substansial seluruh jumlah pokok aset keuangan tersebut sesuai jadwal pembayaran atau Bank telah memperoleh pelunasan dipercepat; atau
- c. terkait dengan kejadian tertentu yang berada di luar kendali Bank, tidak berulang, dan tidak dapat diantisipasi secara wajar oleh Bank.

- a. *are so close to maturity or repurchase date that changes in the market rate of interest would not have a significant effect on the financial assets' fair value;*
- b. *occur after the Bank has collected substantially all of the original principal of the financial assets through scheduled payments or prepayments; or*
- c. *are attributable to an isolated event, that is beyond the Bank's control, is non-recurring, and could not have been reasonably anticipated by the Bank.*

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(vi) Reklasifikasi aset keuangan (lanjutan)

(vi) *Reclassification of financial assets (continued)*

Reklasifikasi aset keuangan dari kelompok dimiliki hingga jatuh tempo ke kelompok tersedia untuk dijual dicatat sebesar nilai wajarnya. Keuntungan atau kerugian yang belum direalisasi tetap dilaporkan dalam ekuitas dan diamortisasi menggunakan metode suku bunga efektif selama sisa umur aset keuangan tersebut.

Reclassification of financial assets from held-to-maturity to available-for-sale category is recorded at fair value. Unrealized gains or losses are reported in equity and are amortized using effective interest method over the remaining life of the financial assets.

(vii) Saling hapus

(vii) *Offsetting*

Aset keuangan dan liabilitas keuangan dilakukan saling hapus dan nilai bersihnya disajikan dalam laporan posisi keuangan jika, dan hanya jika Bank memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut dan adanya maksud untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Bank has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Hal yang berkekuatan hukum harus tidak kontingen atas peristiwa di masa depan dan harus dapat dipaksakan di dalam situasi bisnis yang normal, peristiwa kegagalan atau kebangkrutan dari entitas atas seluruh pihak lawan.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Pendapatan dan beban disajikan dalam jumlah neto hanya jika diperkenankan oleh Standar Akuntansi Keuangan.

Income and expenses are presented on a net basis only when permitted by the Financial Accounting Standards.

(viii) Pengukuran nilai wajar

(viii) *Fair value measurement*

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar pada tanggal pengukuran.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Pengukuran nilai wajar mengasumsikan bahwa transaksi untuk menjual aset atau mengalihkan liabilitas terjadi:

Fair value measurement assumes the transaction to sell assets or transfer liabilities occurs:

- Di pasar utama untuk aset dan liabilitas tersebut; atau
- Jika tidak terdapat pasar utama, dipasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

- *In the primary market for such assets and liabilities; or*
- *If there is no primary market, in the most profitable market for these assets or liabilities.*

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d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(viii) Pengukuran nilai wajar (lanjutan)

(viii) Fair value measurement (continued)

Nilai wajar suatu aset atau liabilitas diukur menggunakan asumsi yang akan digunakan pelaku pasar ketika menentukan harga aset dan liabilitas tersebut dengan asumsi bahwa pelaku pasar bertindak dalam kepentingan ekonomik terbaiknya.

The fair value of an asset or liability is measured using the assumptions that would be used by market participants in determining the price of the asset and the liability assuming that market participants act in their best economic interests.

Pengukuran nilai wajar aset non keuangan memperhitungkan kemampuan pelaku pasar untuk menghasilkan manfaat ekonomik dengan menggunakan aset dalam penggunaan tertinggi dan terbaiknya atau dengan menjualnya kepada pelaku pasar lain yang akan menggunakan aset tersebut dalam penggunaan tertinggi dan terbaiknya.

The measurement of the fair value of non-financial assets takes into account the ability of market participants to generate economic benefits by using the asset in the highest and best use or by selling them to other market participants that would use the asset in the highest and best use.

Bank menggunakan teknik penilaian yang sesuai dalam keadaan dan dimana data yang memadai tersedia untuk mengukur nilai wajar, mengoptimalkan penggunaan input yang dapat diobservasi yang relevan dan meminimalkan penggunaan input yang tidak dapat diobservasi.

Bank uses suitable valuation techniques in the circumstances and where sufficient data are available to measure fair value, optimizing the use of relevant observable inputs and minimize the use of inputs that are not observable.

Semua aset dan liabilitas dimana nilai wajar diukur atau diungkapkan dalam laporan keuangan dapat dikategorikan pada level hirarki nilai wajar, berdasarkan tingkatan input terendah yang signifikan atas pengukuran nilai wajar secara keseluruhan:

All assets and liabilities which fair value is measured or disclosed in the financial statements can be classified in fair value hierarchy levels, based on the lowest level of input that is significant to the overall fair value measurement:

- Tingkat 1 : harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran.
- Tingkat 2 : input selain harga kuotasian yang termasuk dalam level 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung atau tidak langsung.
- Tingkat 3 : input yang tidak dapat diobservasi untuk aset dan liabilitas.

- *Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible at the measurement date.*
- *Level 2: inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly or indirectly.*
- *Level 3: inputs that are not observable for the assets and liabilities.*

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d. Financial assets and liabilities (continued)

(viii) Pengukuran nilai wajar (lanjutan)

(viii) Fair value measurement (continued)

Untuk aset dan liabilitas yang diakui pada laporan keuangan secara berulang, Bank menentukan apakah terjadi transfer antara level di dalam hirarki dengan cara mengevaluasi kategori (berdasarkan input level terendah yang signifikan dalam pengukuran nilai wajar) setiap akhir periode pelaporan.

For assets and liabilities that are recognized in the financial statements on recurring basis, the Bank determines whether there is a transfer between levels in the hierarchy by evaluating categories (based on the lowest level input that is significant to the fair value measurement) at the end of each reporting period.

Bank, untuk tujuan pengungkapan nilai wajar, telah menentukan kelas aset dan liabilitas berdasarkan sifat, karakteristik, risiko aset dan liabilitas, dan level hirarki nilai wajar (Catatan 45)

The Bank, for purposes of disclosing the fair value, has determined the classes of assets and liabilities based on the nature, characteristics, risk of assets and liabilities, and the fair value hierarchy levels (Note 45).

(ix) Pengukuran biaya diamortisasi

(ix) Amortized cost measurement

Biaya perolehan diamortisasi dari aset keuangan atau liabilitas keuangan adalah jumlah aset keuangan atau liabilitas keuangan yang diukur pada saat pengakuan awal dikurangi pembayaran pokok pinjaman, ditambah atau dikurangi amortisasi kumulatif menggunakan metode suku bunga efektif yang dihitung dari selisih antara nilai pengakuan awal dan nilai jatuh temponya, dan dikurangi penurunan nilai.

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(x) Aset keuangan sukuk

(x) Sukuk Financial Asset

Sejak 1 Januari 2016, saat pengakuan awal, Bank menentukan investasi pada sukuk *ijarah* dan *mudharabah* sebagai diukur pada biaya perolehan, diukur pada nilai wajar melalui penghasilan komprehensif lain atau diukur pada nilai wajar melalui laba rugi.

Since January 1, 2016, at initial recognition, the entity determines the classification of investments in sukuk *ijarah* and *mudharabah* either measured at cost, fair value through other comprehensive income or fair value through profit or loss.

Sebelum 1 Januari 2016, Bank menentukan klasifikasi investasi pada sukuk sebagai diukur pada biaya perolehan atau diukur pada nilai wajar melalui laba rugi.

Before January 1, 2016, at initial recognition, the entity determines the classification of investments in sukuk either measured at cost or fair value through profit or loss.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(x) Aset keuangan sukuk (lanjutan)

(x) Sukuk Financial Asset (continued)

Investasi pada sukuk *ijarah* dan sukuk *mudharabah* setelah pengakuan awal, diukur sebagai berikut:

After the initial recognition, investment in *ijarah* sukuk and *mudharabah* sukuk is measured as follows:

a. Diukur pada biaya perolehan

a. Measured at cost

- Investasi tersebut dimiliki dalam suatu model usaha yang bertujuan utama untuk memperoleh arus kas kontraktual dan terdapat persyaratan kontraktual dalam menentukan tanggal tertentu atas pembayaran pokok dan atau hasilnya.
- Biaya perolehan sukuk termasuk biaya transaksi, dan selisih antara biaya perolehan dan nilai nominal diamortisasi secara garis lurus selama jangka waktu sukuk dan diakui dalam laba rugi.

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and has contractual terms in determining the specific date of principal payments and or the results.

b. Diukur pada nilai wajar melalui penghasilan komprehensif lain

b. Measured at fair value through other comprehensive income

- Investasi tersebut dimiliki dalam suatu model usaha yang bertujuan utama untuk memperoleh arus kas kontraktual dan melakukan penjualan sukuk, terdapat persyaratan kontraktual dalam menentukan tanggal tertentu atas pembayaran pokok dan atau hasilnya.
- Biaya perolehan sukuk termasuk biaya transaksi, dan selisih antara biaya perolehan dan nilai nominal diamortisasi secara garis lurus selama jangka waktu sukuk dan diakui dalam laba rugi.

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and sell sukuk, has contractual terms in determining the specific date of principal payments and or the results.

- Sukuk acquisition cost includes transaction cost, and difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the sukuk and recognized to profit or loss.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

d. Financial assets and liabilities (continued)

(x) Aset keuangan sukuk (lanjutan)

(x) Sukuk Financial Asset (continued)

b. Diukur pada nilai wajar melalui penghasilan komprehensif lain (lanjutan)

b. Measured at fair value through other comprehensive income (continued)

- Keuntungan atau kerugian dari perubahan nilai wajar diakui dalam penghasilan komprehensif lain setelah memperhitungkan saldo selisih biaya perolehan dan nilai nominal yang belum diamortisasi dan saldo akumulasi keuntungan atau kerugian nilai wajar yang telah diakui dalam penghasilan komprehensif lain sebelumnya. Ketika investasi sukuk dihentikan pengakuannya, akumulasi keuntungan atau kerugian yang sebelumnya diakui dalam penghasilan komprehensif lain direklasifikasi ke laba rugi.

- Gain or loss from changes of fair value is recognized in other comprehensive income after considering unamortized difference of acquisition cost and nominal value and accumulated gain or loss of fair value which has previously recognized in other comprehensive income. When sukuk is derecognized, accumulated gain or loss which has previously recognized in other comprehensive income is reclassified to profit or loss.

c. Diukur pada nilai wajar melalui laba rugi

c. Measured at fair value through profit or loss

- Biaya perolehan sukuk tidak termasuk biaya transaksi, dan selisih antara nilai wajar dan jumlah tercatat diakui dalam laba rugi

- Sukuk acquisition cost excludes transaction cost and the difference between fair value and the carrying value is recognized in profit or loss.

e. Cadangan kerugian penurunan nilai atas aset keuangan

e. Allowance for impairment losses on financial assets

Pada setiap tanggal laporan posisi keuangan, Bank mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan yang tidak dicatat pada nilai wajar melalui laporan laba rugi telah mengalami penurunan nilai.

On each statement of financial position reporting date, Bank assesses whether there is an objective evidence that financial assets not carried at fair value through profit or loss are impaired.

Aset keuangan mengalami penurunan nilai jika bukti obyektif menunjukkan bahwa peristiwa yang merugikan telah terjadi setelah pengakuan awal aset keuangan dan peristiwa tersebut berdampak pada arus kas masa datang atas aset keuangan yang dapat diestimasi secara handal.

Financial assets are impaired when an objective evidence demonstrate that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the financial asset that can be estimated reliably.

Kriteria yang digunakan oleh Bank untuk menentukan bukti obyektif dari penurunan nilai adalah sebagai berikut:

The criteria used by the Bank to determine objective evidence of impairment are as follows:

- a. kesulitan keuangan signifikan yang dialami penerbit atau pihak peminjam;

- a. significant financial difficulties by the issuer or debtor;

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

Kriteria yang digunakan oleh Bank untuk menentukan bukti obyektif dari penurunan nilai adalah sebagai berikut (lanjutan):

- b. pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok atau bunga;
- c. pihak pemberi pinjaman, dengan alasan ekonomi atau hukum sehubungan dengan kesulitan keuangan yang dialami pihak peminjam, memberikan keringanan (konsesi) pada pihak peminjam yang tidak mungkin diberikan jika pihak peminjam tidak mengalami kesulitan tersebut;
- d. terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya;
- e. hilangnya pasar aktif dari aset keuangan akibat kesulitan keuangan; atau
- f. data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa datang dari kelompok aset keuangan sejak pengakuan awal aset dimaksud, meskipun penurunannya belum dapat diidentifikasi terhadap aset keuangan secara individual dalam kelompok aset tersebut, termasuk:
 1. memburuknya status pembayaran pihak peminjam dalam kelompok tersebut; dan
 2. kondisi ekonomi nasional atau lokal yang berkorelasi dengan wanprestasi atas aset dalam kelompok tersebut.

Estimasi periode antara terjadinya peristiwa dan teridentifikasinya kerugian ditentukan oleh manajemen untuk setiap portofolio yang diidentifikasi. Pada umumnya, periode tersebut bervariasi antara 3 (tiga) dan 12 (dua belas) bulan dan untuk kasus tertentu diperlukan periode yang lebih lama.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

The criteria used by the Bank to determine objective evidence of impairment are as follows (continued):

- b. breach of contract, like defaults or deferred principal or interest payments;
- c. the creditor, for economic or legal reasons relating to the financial difficulties of the debtor, provides relief (concession) to the debtor that the creditor would not otherwise consider;
- d. it becomes probable that the debtor will enter into bankruptcy or other financial reorganization;
- e. the loss of an active market for that financial asset due to financial difficulties; or
- f. observable data has indicated that there is measurable decrease in the estimated future cash flows of the financial assets since the initial measurement, although the decrease can not be identified to the individual financial assets in the portfolio, including:
 1. adverse changes in the payment status of borrowers in the portfolio; and
 2. national or local economic condition related to defaults on the assets in the portfolio.

The estimated period between the occurrence of events and identification of loss are determined by management for every identified portfolio. Generally, the period varies between 3 (three) and 12 (twelve) months and for specific cases, it may need longer period.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

Bank pertama kali menentukan apakah terdapat bukti obyektif penurunan nilai secara individual atas aset keuangan yang signifikan secara individual atau kolektif untuk aset keuangan yang tidak signifikan secara individual. Jika Bank menentukan tidak terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Bank memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset keuangan yang penurunan nilainya dilakukan secara individual, dan untuk itu kerugian penurunan nilai telah diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

Bank menetapkan kredit yang harus dievaluasi penurunan nilainya secara individual, jika memenuhi salah satu kriteria di bawah ini:

1. Kredit yang secara individual memiliki nilai signifikan dan memiliki bukti obyektif penurunan nilai;
2. Kredit yang direstrukturisasi yang secara individual memiliki nilai signifikan.

Berdasarkan kriteria diatas, Bank melakukan penilaian secara individual untuk: (a) Kredit yang diberikan dengan plafond sama dengan atau lebih besar dari Rp5.000 dengan kolektibilitas kurang lancar, diragukan dan macet; atau (b) Kredit yang diberikan dengan plafond sama dengan atau lebih besar dari Rp5.000 yang direstrukturisasi.

Bank menetapkan kredit yang harus dievaluasi penurunan nilainya secara kolektif, jika memenuhi salah satu kriteria di bawah ini:

1. Kredit yang secara individual memiliki nilai signifikan namun tidak memiliki bukti obyektif penurunan nilai;
2. Kredit yang secara individual memiliki nilai tidak signifikan;
3. Kredit yang direstrukturisasi yang secara individual memiliki nilai tidak signifikan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

The Bank determines loans to be evaluated for impairment through individual evaluation if one of the following criteria is met:

1. *Loans which individually have significant value with objective evidence of impairment;*
2. *Restructured loans which individually have significant value.*

Based on the above criteria, the Bank performs individual assessment for: (a) Loans with credit limit equal to or greater than Rp5,000 with collectibility classification of substandard, doubtful and loss; or (b) Restructured loans with credit limit equal to or greater than Rp5,000.

The Bank determines loans to be evaluated for impairment through collective assessment if one of the following criteria is met:

1. *Loans which individually have significant value with no objective evidence of impairment;*
2. *Loans which individually have insignificant value;*
3. *Restructured loans which individually have insignificant value.*

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e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

Berdasarkan kriteria di atas, penilaian secara kolektif dilakukan untuk: (a) Kredit yang diberikan dengan plafond sama dengan atau lebih besar dari Rp5.000 dengan kolektibilitas lancar dan dalam perhatian khusus serta tidak direstrukturisasi; atau (b) Kredit yang diberikan dengan plafond dibawah Rp5.000.

Perhitungan cadangan kerugian penurunan nilai atas aset keuangan yang dinilai secara kolektif berdasarkan pengalaman kerugian masa lalu (historical loss experience). Aset keuangan dikelompokkan berdasarkan karakteristik risiko kredit yang sama antara lain dengan mempertimbangkan segmentasi kredit dan tunggakan debitur.

Bank menggunakan metode *roll rate* analisis yang merupakan suatu metode analisis statistik, untuk menilai cadangan kerugian penurunan nilai atas kredit yang diberikan secara kolektif. Dengan metode ini, Bank menggunakan data historis 3 (tiga) tahun dalam menghitung *Probability of Default* (PD) dan *Loss Given Default* (LGD).

Bank menggunakan nilai wajar agunan sebagai dasar arus kas masa datang apabila memenuhi salah satu kondisi berikut:

1. Kredit bersifat *collateral dependent*, yaitu jika pelunasan kredit hanya bersumber dari agunan;
2. Pengambilalihan agunan kemungkinan besar terjadi dan didukung dengan perjanjian legal pengikatan agunan.

Kerugian penurunan nilai atas aset keuangan yang dicatat pada biaya perolehan diamortisasi diukur sebesar selisih antara nilai tercatat aset keuangan dengan nilai kini estimasi arus kas masa datang didiskonto menggunakan suku bunga efektif awal dari aset keuangan tersebut. Jika kredit yang diberikan atau surat-surat berharga yang dimiliki hingga jatuh tempo dan obligasi Pemerintah memiliki suku bunga variabel, maka tingkat diskonto yang digunakan untuk mengukur setiap kerugian penurunan nilai adalah suku bunga efektif yang berlaku yang ditetapkan dalam kontrak.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

Based on the above criteria, the Bank performs collective assessment for: (a) Loans with credit limit equal to or greater than Rp5,000 with collectibility classification of current and special mention, and have never been restructured; or (b) Loans with credit limit below Rp5,000.

The calculation of allowance for impairment losses on financial assets are collectively assessment on the basis of historical loss experience. Financial assets are grouped on the basis of similar credit risk characteristics by considering the credit segmentation and past due status of the debtors, among others.

The Bank uses the *roll rate* analysis method, which is a statistical model analysis method to collectively assess allowance for impairment losses on loans. Under this method, the Bank uses 3 (three) years of historical data to compute for the *Probability of Default* (PD) and *Loss Given Default* (LGD).

The Bank uses the fair value of collateral as the basis for future cash flow if one of the following conditions is met:

1. Loans are *collateral dependent*, i.e. if the source of loans repayment is only from the collateral;
2. Foreclosure of collateral is most likely to occur and supported by legally binding collateral agreement.

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of estimated future cash flows discounted at the financial assets' original effective interest rate. If loans and receivables or held-to-maturity securities and Government bonds have variable interest rate, the discount rate used to measure impairment loss is the current effective interest rate specified in the contract.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

Sebagai panduan praktis, Bank dapat mengukur penurunan nilai berdasarkan nilai wajar instrumen dengan menggunakan harga pasar yang dapat diobservasi, dimana perhitungan nilai kini dari estimasi arus kas masa datang atas aset keuangan dengan agunan (collateralised financial asset) mencerminkan arus kas yang dapat dihasilkan dari pengambilalihan agunan dikurangi biaya-biaya untuk memperoleh dan menjual agunan, terlepas apakah pengambilalihan tersebut berpeluang terjadi atau tidak.

Kerugian penurunan nilai yang terjadi diakui pada laporan laba rugi dan penghasilan komprehensif lain dan dicatat pada akun "Cadangan kerugian penurunan nilai" sebagai pengurang terhadap aset keuangan yang dicatat pada biaya perolehan diamortisasi.

Pendapatan bunga atas aset keuangan yang mengalami penurunan nilai tetap diakui atas dasar suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam pengukuran kerugian penurunan nilai. Ketika peristiwa yang terjadi setelah tanggal laporan posisi keuangan menyebabkan jumlah kerugian penurunan nilai berkurang, kerugian penurunan nilai yang sebelumnya diakui harus dipulihkan dan pemulihan tersebut diakui pada laporan laba rugi dan penghasilan komprehensif lain.

Untuk aset keuangan yang tersedia untuk dijual, pada setiap tanggal laporan posisi keuangan, Bank mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

As a practical guidance, the Bank may measure the impairment based on the instrument's fair value by using observable market price, where the calculation of the present value of estimated future cash flows on collateralized financial assets reflects the generated cash flow from the foreclosure of collateral net of costs to acquire and sell the collateral, regardless whether or not foreclosure is probable.

Impairment losses are recognized in the statements of profit or loss and other comprehensive income and reflected in an "Allowance for impairment losses" account as a deduction from financial assets carried at amortized cost.

Interest income on the impaired financial assets continues to be recognized using the original rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss previously recognized and the recovery is recognized in the statement of profit or loss and other comprehensive income.

For financial assets classified as available - for - sale, Bank assesses on each statement of financial position reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

Penurunan yang signifikan atau penurunan jangka panjang atas nilai wajar investasi dalam instrumen ekuitas dibawah biaya perolehannya merupakan bukti obyektif terjadinya penurunan nilai dan menyebabkan pengakuan kerugian penurunan nilai. Kerugian penurunan nilai atas efek-efek yang tersedia untuk dijual diakui dengan mengeluarkan kerugian kumulatif yang telah diakui secara langsung dalam ekuitas ke dalam laporan laba rugi dan penghasilan komprehensif lain. Jumlah kerugian kumulatif yang dikeluarkan dari ekuitas dan diakui pada laporan laba rugi dan penghasilan komprehensif lain merupakan selisih antara biaya perolehan (setelah dikurangi dengan nilai pelunasan pokok dan amortisasi) dengan nilai wajar kini, dikurangi kerugian penurunan nilai aset keuangan yang sebelumnya telah diakui pada laporan laba rugi dan penghasilan komprehensif lain.

Jika pada periode berikutnya, nilai wajar efek-efek yang diklasifikasikan dalam kelompok tersedia untuk dijual dan obligasi Pemerintah yang mengalami penurunan nilai meningkat dan peningkatan tersebut dapat secara obyektif dihubungkan dengan peristiwa yang terjadi setelah pengakuan kerugian penurunan nilai pada laporan laba rugi dan penghasilan komprehensif lain, maka kerugian penurunan nilai tersebut harus dipulihkan dan pemulihan tersebut diakui pada tahun terjadinya.

Jika persyaratan kredit yang diberikan, piutang atau efek-efek yang dimiliki hingga jatuh tempo dinegosiasi ulang atau dimodifikasi karena debitur atau penerbit mengalami kesulitan keuangan, maka penurunan nilai diukur dengan suku bunga efektif awal yang digunakan sebelum persyaratan diubah.

Jika pada suatu periode berikutnya, jumlah cadangan kerugian penurunan nilai berkurang dan pengurangan tersebut dapat dikaitkan secara obyektif pada peristiwa yang terjadi setelah penurunan nilai diakui (seperti meningkatnya peringkat kredit debitur atau penerbit), maka kerugian penurunan nilai yang sebelumnya diakui harus dipulihkan, dengan menyesuaikan akun cadangan. Jumlah yang terpulihkan diakui pada laporan laba rugi dan penghasilan komprehensif lain periode berjalan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

In the case of equity instruments, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. Impairment losses on available - for - sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the statements of profit or loss and other comprehensive income. The cumulative loss that has been removed from equity and recognized in the statement of profit or loss and other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the statement of profit or loss and other comprehensive income.

If in a subsequent period, the fair value of an impaired available-for-sale securities and Government bonds increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss and other comprehensive income, the impairment loss previously recognized must be recovered and the recovery is recognized in the year it occurred.

If the terms of the loans and receivables or held-to-maturity securities are renegotiated or modified since the debtor or issuer has financial difficulties, the impairment is measured using the original effective interest rate before the modification of terms.

If in the next period, the amount of allowance for impairment losses is decreased and the decrease can be related objectively to an event that occurred after the recognition of the impairment loss (i.e. upgrade debtor's or issuer's collectibility), the impairment loss that was previously recognized has to be reversed by adjusting the allowance account. The amount of reversal is recognized in the current period statement of profit or loss and other comprehensive income.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

Penerimaan kembali atas aset keuangan yang telah dihapusbukukan pada tahun berjalan dikreditkan dengan menyesuaikan akun cadangan kerugian penurunan nilai. Penerimaan kembali atas kredit yang diberikan yang telah dihapusbukukan pada tahun-tahun sebelumnya dicatat sebagai pendapatan operasional lainnya. Penerimaan kembali pembayaran pembiayaan/piutang syariah yang telah dihapusbukukan dicatat sebagai penambahan cadangan kerugian selama tahun berjalan.

Sehubungan dengan kepatuhan terhadap Bank Indonesia (OJK), Bank menerapkan Peraturan Bank Indonesia No. 14/15/PBI/2012 tanggal 24 Oktober 2012 tentang "Penilaian Kualitas Aset Bank Umum" dan Peraturan Otoritas Jasa Keuangan (POJK) No. 11/POJK.03/2015 tanggal 21 Agustus 2015 tentang "Ketentuan Kehati-hatian dalam Rangka Stimulus Perekonomian Nasional bagi Bank Umum" yang berlaku sampai dengan 24 Agustus 2017.

Unit Usaha Syariah menerapkan Peraturan Otoritas Jasa Keuangan (POJK) No.16/POJK.03/2014 tanggal 18 November 2014 tentang "Penilaian Kualitas Aset Bank Umum Syariah dan Unit Usaha Syariah" yang berlaku efektif tanggal 1 Januari 2015 dan POJK No.12/POJK.03/2015 tanggal 21 Agustus 2015 tentang "Ketentuan Kehati-hatian dalam Rangka Stimulus Perekonomian Nasional bagi Bank Umum Syariah dan Unit Usaha Syariah" yang berlaku sampai dengan 24 Agustus 2017. Penilaian sebelum tanggal 1 Januari 2015 menggunakan PBI No. 13/13/PBI/2011 tanggal 24 Maret 2011 tentang "Penilaian Kualitas Aktiva bagi Bank Umum Syariah dan Unit Usaha Syariah".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

The recoveries of written-off financial assets in the current year are credited by adjusting the allowance for impairment losses account. Recoveries of written-off loans from previous years are recorded as other operating income. Recovery of Sharia Financing/Receivables previously written off is recorded as an addition to the allowance for impairment losses in the current year.

In compliance with Bank Indonesia (OJK), Bank implements Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 about "Assessment of Commercial Banks' Asset Quality" and Regulation of the Financial Services Authority (POJK) No.11/POJK.03/2015 dated August 21, 2015 on "Prudential Provisions in relation to the National Economic Stimulus for Commercial Banks" which is valid until August 24, 2017.

Sharia Business Unit implement (POJK) No.16/POJK.03/2014 dated November 18, 2014 regarding "Asset Quality Ratings for Sharia Bank and Sharia Business Unit" which was effective on January 1, 2015 and Regulation of the Financial Services Authority (POJK) No.12/POJK.03/2015 dated August 21, 2015 on "Prudential Provisions in relation to the National Economic Stimulus for Sharia Bank and Sharia Business Unit" which is valid until August 24, 2017. Assessment prior to January 1, 2015 is using PBI No.13/13/PBI/2011 dated March 24, 2011 regarding "Asset Quality Rating for Sharia Bank and Sharia Business Units".

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e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

Cadangan kerugian minimum yang harus dibentuk sesuai dengan Peraturan Bank Indonesia (OJK) adalah sebagai berikut:

- a. 1% dari aset produktif yang digolongkan Lancar, di luar penempatan pada Bank Indonesia, obligasi pemerintah, instrumen hutang lain yang diterbitkan oleh Pemerintah Republik Indonesia dan aktiva produktif yang dijamin dengan agunan tunai;
- b. 5% dari aset produktif yang digolongkan Dalam Perhatian Khusus setelah dikurangi agunan;
- c. 15% dari aset produktif yang digolongkan Kurang Lancar setelah dikurangi agunan;
- d. 50% dari aset produktif yang digolongkan Diragukan setelah dikurangi agunan; dan
- e. 100% dari aset produktif yang digolongkan Macet setelah dikurangi agunan.

Kriteria penilaian nilai agunan yang dapat dikurangkan dalam pembentukan cadangan kerugian penurunan nilai sesuai dengan Peraturan Bank Indonesia (OJK).

f. Giro pada Bank Indonesia dan bank lain

Giro pada Bank Indonesia dan bank lain dinyatakan sebesar biaya perolehan diamortisasi menggunakan metode suku bunga efektif dikurangi cadangan kerugian penurunan nilai. Giro pada Bank Indonesia dan Bank lain diklasifikasikan sebagai kredit yang diberikan dan piutang.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

The minimum allowance to be provided in accordance with Bank Indonesia Regulation (OJK) is as follows:

- a. 1% of earning assets classified as Current, excluding placements with Bank Indonesia, government bonds, other debt instruments issued by the Government of the Republic of Indonesia and earning assets secured by cash collateral;
- b. 5% of earning assets classified as Special Mention, net of deductible collateral;
- c. 15% of earning assets classified as Sub-standard, net of deductible collateral;
- d. 50% of earning assets classified as Doubtful, net of deductible collateral; and
- e. 100% of earning assets classified as Loss, net of deductible collateral.

The criterias for assessment of the value of collateral that can be deducted in the calculation of allowance for impairment losses are based on Bank Indonesia Regulations (OJK).

f. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are stated at amortized cost using the effective interest method less allowance for impairment losses. Current accounts with Bank Indonesia and other banks are classified under loans and receivables.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

g. Penempatan pada Bank Indonesia dan bank lain

Penempatan pada Bank Indonesia dan bank lain merupakan penanaman dana pada Bank Indonesia berupa *deposit facility* dan *deposit facility syariah*, sedangkan penempatan pada bank lain berupa deposito berjangka dan *interbank call money*.

Penempatan pada Bank Indonesia dan bank lain dinyatakan sebesar biaya perolehan diamortisasi menggunakan metode suku bunga efektif dikurangi cadangan kerugian penurunan nilai. Penempatan pada Bank Indonesia dan bank lain diklasifikasikan sebagai kredit yang diberikan dan piutang.

h. Efek-efek dan Obligasi Pemerintah

Efek-efek terdiri dari surat berharga yang diperdagangkan dalam pasar modal dan pasar uang, antara lain Sertifikat Bank Indonesia (SBI), Sertifikat Deposito Bank Indonesia (SDBI), obligasi, NCD, dan penyertaan reksadana.

Obligasi Pemerintah adalah obligasi yang diterbitkan oleh Pemerintah Indonesia termasuk obligasi rekapitalisasi yang merupakan obligasi yang diterbitkan oleh Pemerintah dalam rangka rekapitalisasi bank umum.

Efek-efek syariah diklasifikasikan sebagai dimiliki hingga jatuh tempo dan efek-efek yang tersedia untuk dijual.

Efek-efek dan obligasi Pemerintah pada awalnya disajikan sebesar nilai wajar. Setelah pengakuan awal, efek-efek dan obligasi Pemerintah dicatat sesuai kategorinya, yaitu dimiliki hingga jatuh tempo, tersedia untuk dijual atau nilai wajar melalui laba rugi.

Pengukuran efek-efek dan obligasi Pemerintah didasarkan atas klasifikasinya sebagai berikut:

1. Efek-efek dan obligasi Pemerintah yang dimiliki hingga jatuh tempo dicatat pada biaya perolehan yang diamortisasi menggunakan metode suku bunga efektif.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks represent placements of funds in Bank Indonesia in the form of deposit facility and sharia deposit facility, whereas placement with other banks is in the form of time deposit and interbank call money.

Placements with Bank Indonesia and other banks are stated at amortized cost using the effective interest method less allowance for impairment losses. Placements with Bank Indonesia and other banks are classified as loans and receivables.

h. Securities and Government Bonds

Securities consist of securities traded in the capital market and money market, such as Bank Indonesia Certificates (SBI), Deposits Certificates of Bank Indonesia (SDBI), bonds, NCDs, and mutual funds.

Government bonds are bonds issued by the Indonesian Government including recapitalization bonds that are issued by the Government for general bank recapitalization.

Sharia securities are classified as held-to-maturity investments and securities available-for-sale.

Securities and Government bonds are initially measured at fair value. Subsequently, securities and Government bonds are accounted for depending on their classification as held-to-maturity, available-for-sale or fair value through profit or loss.

The measurement of securities and Government bonds are based on the classification of the securities as follows:

1. *Held-to-maturity securities and Government bonds are carried at amortized cost using the effective interest method.*

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

h. Efek-efek dan Obligasi Pemerintah (lanjutan)

Pengukuran efek-efek dan obligasi Pemerintah didasarkan atas klasifikasinya sebagai berikut (lanjutan):

Bank tidak mengklasifikasikan efek-efek dan obligasi Pemerintah sebagai aset keuangan dimiliki hingga jatuh tempo, jika dalam tahun berjalan atau dalam kurun waktu dua tahun sebelumnya Bank telah menjual atau mereklasifikasi efek-efek dan obligasi Pemerintah dimiliki hingga jatuh tempo dalam jumlah yang lebih dari jumlah yang tidak signifikan (more than insignificant) sebelum jatuh tempo selain dari pada penjualan atau reklasifikasi yang telah dijelaskan dalam PSAK No. 55 (Revisi 2014) yang dapat diaplikasikan dalam periode yang relevan.

2. Efek-efek dan obligasi Pemerintah yang diklasifikasikan sebagai investasi tersedia untuk dijual dinyatakan pada nilai wajar. Pendapatan bunga diakui dalam laporan laba rugi dan penghasilan komprehensif lain menggunakan metode suku bunga efektif. Laba atau rugi selisih kurs atas efek-efek dan obligasi Pemerintah yang tersedia untuk dijual diakui pada laporan laba rugi dan penghasilan komprehensif lain. Perubahan nilai wajar lainnya diakui langsung dalam ekuitas sampai efek-efek dan obligasi Pemerintah dijual atau mengalami penurunan nilai, dimana akumulasi keuntungan dan kerugian yang sebelumnya diakui dalam ekuitas diakui dalam laporan laba rugi penghasilan komprehensif lain.

3. Efek-efek dan obligasi Pemerintah dalam kategori nilai wajar melalui laba rugi dinyatakan pada nilai wajar.

Keuntungan atau kerugian yang belum direalisasi akibat kenaikan atau penurunan nilai wajarnya disajikan dalam laporan laba rugi dan penghasilan komprehensif lain pada tahun berjalan. Pendapatan bunga dari efek-efek dan obligasi Pemerintah dalam kategori nilai wajar melalui laba rugi dicatat dalam laporan laba rugi dan penghasilan komprehensif lain sesuai dengan persyaratan dalam kontrak.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Securities and Government Bonds (continued)

The measurement of securities and Government bonds are based on the classification of the securities as follows (continued):

The Bank does not classify securities and Government bonds as held-to-maturity financial assets if the bank has, during the current financial year or during the two preceding years, sold or reclassified more than an insignificant amount of held-to-maturity securities or Government bonds prior to maturity other than sales or reclassifications defined in SFAS No. 55 (Revised 2014) applicable in the relevant period.

2. Securities and Government bonds which are classified under available-for-sale investments are stated at fair value. Interest income is recognized in the statement of profit or loss and other comprehensive income using the effective interest method. Foreign exchange gains or losses on available-for-sale securities and Government bonds are recognized in the statement of profit or loss and other comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in the equity are recognized in the statement of profit or loss and other comprehensive income.

3. Fair value through profit or loss securities and Government bonds are carried at fair value.

Unrealized gains or losses resulting from changes in fair values are recognized in the current year statement of profit or loss and other comprehensive income. The interest income from securities and Government bonds is recorded in the statement of profit or loss and other comprehensive income according to the terms of the contract.

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h. Efek-efek dan Obligasi Pemerintah (lanjutan)

3. Efek-efek dan obligasi Pemerintah dalam kategori nilai wajar melalui laba rugi dinyatakan pada nilai wajar. (lanjutan)

Atas penjualan portofolio efek-efek dan obligasi Pemerintah untuk nilai wajar melalui laba rugi, perbedaan antara harga jual dengan nilai pasar wajar diakui sebagai keuntungan atau kerugian penjualan pada tahun dimana efek-efek dan obligasi Pemerintah tersebut dijual.

Efek-efek dan obligasi Pemerintah yang diperdagangkan secara aktif di pasar keuangan yang terorganisasi, nilai wajar tersebut umumnya ditentukan dengan mengacu pada harga penawaran pasar yang terjadi di bursa efek pada tanggal yang terdekat dengan tanggal laporan posisi keuangan, kemudian disesuaikan dengan biaya-biaya yang akan dikeluarkan untuk memperoleh aset tersebut. Untuk efek-efek dan obligasi Pemerintah yang tidak mempunyai harga penawaran pasar, estimasi atas nilai wajar efek-efek dan obligasi Pemerintah ditetapkan dengan mengacu pada nilai wajar instrumen lain yang substansinya adalah sama atau dihitung berdasarkan arus kas yang diharapkan terhadap aset bersih efek-efek dan obligasi Pemerintah tersebut.

i. Kredit yang diberikan

Kredit yang diberikan merupakan penyediaan uang atau tagihan yang dapat disamakan dengan itu, berdasarkan kesepakatan dengan pihak penerima kredit dan mewajibkan pihak penerima kredit untuk melunasi setelah jangka waktu tertentu dengan imbalan bunga.

Kredit yang diberikan (termasuk kredit yang diberikan dalam pinjaman sindikasi) pada awalnya diukur pada nilai wajar ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung dan biaya tambahan untuk memperoleh aset keuangan tersebut. Setelah pengakuan awal kredit yang diberikan diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif dikurangi dengan cadangan kerugian penurunan nilai.

Kredit yang diberikan diklasifikasikan sebagai kredit yang diberikan dan piutang.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Securities and Government Bonds (continued)

3. Fair value through profit or loss securities and Government bonds are carried at fair value. (continued)

Upon sale of portfolio of fair value through profit or loss securities and Government bonds, the difference between the selling price and the fair value is recognized as a gain or loss in the year when the securities and Government bonds are sold.

Securities and Government bonds that are actively traded in organized financial markets, fair value is generally determined by reference to quoted market bid prices by the stock exchange at the date close to the statement of financial position date, adjusted for transaction costs necessary to realize the assets. For securities and Government bonds where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of securities and Government bonds.

i. Loans

Loans represent the lending of money or equivalent receivables under contracts with borrowers, where the borrowers are required to repay their debts with interest after a specified period of time.

Loans (including loans under syndication) are initially measured at fair value plus transaction costs that are directly attributable to obtaining the financial asset. After initial recognition, loans are measured at amortized cost using the effective interest method, net of allowance for impairment losses.

Loans are classified under loans and receivables.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

i. Kredit yang diberikan (lanjutan)

Kredit yang diberikan dalam pinjaman sindikasi ataupun penerusan kredit dinyatakan sebesar pokok kredit sesuai dengan porsi risiko yang ditanggung oleh Bank.

Restrukturisasi kredit

Restrukturisasi kredit meliputi adanya perpanjangan jangka waktu pembayaran dan ketentuan kredit yang baru.

Kredit yang direstrukturisasi disajikan sebesar nilai yang lebih rendah antara nilai tercatat kredit pada tanggal restrukturisasi atau nilai tunai penerimaan kas masa depan setelah restrukturisasi. Kerugian akibat selisih antara nilai tercatat kredit pada tanggal restrukturisasi dengan nilai tunai penerimaan kas masa depan setelah restrukturisasi diakui dalam laporan laba rugi dan penghasilan komprehensif lain. Setelah restrukturisasi, semua penerimaan kas masa depan yang ditetapkan dalam persyaratan baru dicatat sebagai pengembalian pokok kredit yang diberikan dan pendapatan bunga sesuai dengan syarat-syarat restrukturisasi.

Penjualan Kredit Pemilikan Rumah (KPR)

Bank telah melakukan penjualan atas KPR kepada pihak ketiga.

Atas penjualan tersebut, Bank telah memindahkan risiko dan manfaat atas kepemilikan KPR kepada pihak lawan. Oleh karena itu, pada tanggal efektif penjualan, Bank menghentikan pengakuan atas KPR tersebut.

Penjualan tersebut telah memenuhi kriteria jual putus seperti yang tertuang dalam PBI No.7/4/PBI/2005 tanggal 20 Januari 2005.

j. Pembiayaan/piutang syariah

Pembiayaan/piutang syariah adalah penyediaan uang atau tagihan yang dapat disamakan dengan itu, yang timbul dari transaksi berdasarkan prinsip jual beli dan bagi hasil antara Bank dengan pihak lain selama jangka waktu tertentu. Piutang tersebut meliputi piutang *murabahah*, piutang *istishna* dan *rahn*, untuk pembiayaan meliputi pembiayaan *mudharabah* dan pembiayaan *musyarakah*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Loans (continued)

Loans under syndication or channelling are stated at the principal amount equal to the risk portion assumed by the Bank.

Loan restructuring

Loan restructuring may involve extending the payment arrangements and new loan conditions.

Restructured loans are stated at the lower of carrying value on the date of restructuring or value of the future cash receipts after the restructuring. Losses resulting from the difference between the carrying value on the date of restructuring the present value of future cash receipts after the restructuring is recognized in the statement of profit or loss and other comprehensive income. After the restructuring, all future cash receipts specified by the new terms are recorded as a return of principal loans and interest income in accordance with the terms of the restructuring.

Sales of Housing Loans (KPR)

The Bank sold its KPR to third parties.

In relation with the, the Bank has transferred the risk and rewards of ownership of the KPR to counterparty. Hence, at the effective date of the sale, the Bank derecognized the KPR.

The sale has fulfill the criteria of true sale according to Bank Indonesia regulation No. 7/4/PBI/2005 dated January 20, 2005.

j. Sharia financing/receivables

*Financing/receivables based on Sharia principles is receivables from providing funds or other similar form of receivables arising from transactions carried out based on sale or purchase arrangements and profit sharing between Bank and other parties for a certain period of time. Such receivables consist of receivables arising from *murabahah* transactions, *istishna* transactions and *rahn* transactions, for financing consist of *mudharabah* and *musyarakah* financing.*

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j. Pembiayaan/piutang berdasarkan prinsip syariah (lanjutan)

Murabahah adalah akad jual beli antara nasabah dengan Bank, dimana Bank membiayai kebutuhan konsumsi, investasi dan modal kerja nasabah yang dijual dengan harga pokok ditambah dengan keuntungan yang diketahui dan disepakati bersama. Pembayaran atas pembiayaan ini dilakukan dengan cara mengangsur dalam jangka waktu yang ditentukan.

Piutang *murabahah* pada awalnya diukur pada nilai wajar ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung dan merupakan biaya tambahan untuk memperoleh aset keuangan tersebut dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi menggunakan metode margin efektif dikurangi dengan cadangan kerugian penurunan nilai.

Mudharabah merupakan pembiayaan kerjasama antara Bank sebagai pemilik dana (*shahibul maal*) dengan nasabah sebagai pelaksana usaha (*mudharib*) selama jangka waktu tertentu. Pembagian hasil keuntungan dari proyek atau usaha tersebut ditentukan sesuai dengan *nisbah* (pre-determined ratio) yang telah disepakati bersama. Pada tanggal laporan posisi keuangan, pembiayaan *mudharabah* dinyatakan sebesar saldo pembiayaan dikurangi dengan saldo cadangan kerugian penurunan nilai yang dibentuk berdasarkan hasil revidu oleh manajemen terhadap kualitas pembiayaan yang ada.

Musyarakah adalah akad kerjasama yang terjadi diantara para pemilik modal (*mitra musyarakah*) untuk menggabungkan modal dan melakukan usaha secara bersama dalam suatu kemitraan dengan *nisbah* pembagian hasil sesuai dengan kesepakatan, sedangkan kerugian ditanggung secara proporsional sesuai dengan kontribusi modal. Pada tanggal laporan posisi keuangan, pembiayaan *musyarakah* dinyatakan sebesar saldo pembiayaan dikurangi dengan saldo cadangan kerugian penurunan nilai yang dibentuk berdasarkan hasil revidu oleh manajemen terhadap kualitas pembiayaan yang ada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Sharia financing/receivables (continued)

Murabahah is a sale and purchase contract between the customer and Bank, whereby Bank finances the consumption, investment and working capital needs of the customer sold with a principle price plus a certain margin that is mutually informed and agreed. Repayment on this financing is made in installments within a specified period.

Murabahah receivables are initially measured at fair value plus direct attributable transaction costs and is an additional cost to obtain the respected financial assets and after the initial recognition are measured at amortized cost using the effective margin method less any allowance for impairment losses value.

Mudharabah financing is a joint financing made between Bank as the owner of the funds (*shahibul maal*) and the customer as a business executor (*mudharib*) during a certain period. The profit sharing from the project or the business is determined in accordance with the mutually agreed *nisbah* (pre-determined ratio). On the statement of financial position date, *mudharabah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review of the financing quality.

Musyarakah is a partnership contract among fund's owners (*musyarakah* partners) to contribute funds and conduct a business on a joint basis through partnership with the profit sharing based on a predetermined ratio, while the losses are borne proportionally based on the capital contribution. On the statement of financial position date, *Musyarakah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review on the financing quality.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

j. Pembiayaan/piutang berdasarkan prinsip syariah (lanjutan)

Istishna adalah akad penjualan antara *al-mustashni* (pembeli) dan *al-shani* (produsen yang juga bertindak sebagai penjual). Berdasarkan akad tersebut, pembeli menugasi produsen untuk membuat atau mengadakan *al-mashnu* (barang pesanan) sesuai spesifikasi yang diisyaratkan pembeli dan menjualnya dengan harga yang disepakati. Piutang *istishna* disajikan sebesar tagihan termin kepada pembeli akhir dikurangi cadangan kerugian penurunan nilai.

Rahn merupakan transaksi menggadaikan barang atau harta dari nasabah kepada Bank dengan uang sebagai gantinya. Barang atau harta yang digadaikan tersebut dinilai sesuai harga pasar dikurangi persentase tertentu dan sebagai imbalannya Bank mendapatkan *ujrah* (imbalan) dan diakui berdasarkan basis akrual.

k. Aset tetap

Aset tetap awalnya diakui sebesar biaya perolehan, yang terdiri atas harga perolehan dan biaya-biaya tambahan yang dapat diatribusikan langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan supaya aset tersebut siap digunakan sesuai dengan maksud manajemen.

Setelah pengakuan awal, aset tetap selain tanah dinyatakan pada biaya perolehan dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai.

Aset tetap yang diperoleh dalam pertukaran aset non-moneter atau kombinasi aset moneter dan non-moneter diukur pada nilai wajar, kecuali:

- (i) transaksi pertukaran tidak memiliki substansi komersial, atau
- (ii) nilai wajar dari aset yang diterima dan diserahkan tidak dapat diukur secara andal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Sharia financing/receivables (continued)

Istishna is a sale and purchase contract between *al-mustashni* (buyer) and *al-shani* (manufacturer also acting as the seller). Based on the contract, the buyer orders the manufacturer to produce or to supply *al-mashnu* (goods ordered) according to the specifications required by the buyer and to sell them at agreed price. *Istishna* receivables are stated at outstanding billings to final buyer less allowance for impairment losses.

Rahn is the pawn of goods or assets by customers to the Bank with the money as compensation. Goods or assets being pawned are valued in accordance with the market price less a certain percentage and the Bank gets *ujrah* (benefits) in return which are recognized on an accrual basis.

k. Premises and equipment

All premises and equipment are initially recognized at cost, which comprises its purchase price and any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial recognition, premises and equipment besides lands are carried at cost less any subsequent accumulated depreciation and impairment losses.

Premises and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair values, unless:

- (i) the exchange transaction lacks commercial substance, or
- (ii) the fair value of neither the assets received nor the assets given up can be measured reliably.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Aset tetap (lanjutan)

Penyusutan bangunan dihitung dengan menggunakan metode garis lurus (straight-line method) sedangkan peralatan kantor dan kendaraan bermotor dihitung dengan menggunakan metode saldo menurun ganda (double-declining balance method) berdasarkan taksiran masa manfaat aset tetap sebagai berikut:

	Tahun/Years
Bangunan	10 - 20
Peralatan kantor dan kendaraan bermotor	4 - 8

Penilaian aset tetap dilakukan atas penurunan dan kemungkinan penurunan nilai wajar aset jika terjadi peristiwa atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat mungkin tidak dapat seluruhnya terealisasi.

Pada setiap akhir tahun buku, manajemen melakukan pengkajian ulang atas nilai residu, masa manfaat dan metode penyusutan dan disesuaikan secara prospektif, jika diperlukan.

Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) diperhitungkan dalam laporan laba rugi dan penghasilan komprehensif lain pada periode aset tersebut dihentikan pengakuannya.

Tanah awalnya dinyatakan sebesar biaya perolehan dan tidak disusutkan. Setelah pengakuan awal, tanah diukur pada nilai wajar pada tanggal revaluasi dikurangi akumulasi rugi penurunan nilai setelah tanggal revaluasi. Penilaian terhadap tanah dilakukan oleh penilai yang memiliki kualifikasi profesional, dan dilakukan secara berkala untuk memastikan bahwa jumlah tercatat tanah tidak berbeda secara material dengan jumlah yang ditentukan dengan menggunakan nilai wajarnya pada akhir periode pelaporan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Premises and equipment (continued)

Depreciation of buildings is computed using the straight-line method while depreciation of office furniture and fixtures, and motor vehicles is computed using the double-declining balance method, based on the estimated useful lives of the assets as follows:

	Tahun/Years	
Bangunan	10 - 20	Buildings
Peralatan kantor dan kendaraan bermotor	4 - 8	Office furniture and fixtures, and motor vehicles

The carrying amounts of premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

The residual values, useful lives and methods of depreciation of premises and equipment are reviewed by the management and adjusted prospectively, if appropriate, at the end of each year, if necessary.

An item of premises and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the period such asset is derecognized.

Land are initially recognized at cost and not depreciated. Subsequent to initial recognition, land is measured at fair value at the revaluation date less any subsequent accumulated impairment losses. Valuation of land are performed by appraisers with professional qualification, and is done in regular basis to ensure that the carrying amount does not differ materially from its fair value at the end of reporting period.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

k. Aset tetap (lanjutan)

Kenaikan nilai tercatat yang timbul dari revaluasi dicatat sebagai "Surplus Revaluasi Aset Tetap", dan disajikan dalam penghasilan komprehensif lain. Namun, kenaikan tersebut diakui dalam laba rugi hingga sebesar jumlah penurunan nilai aset yang sama akibat revaluasi yang pernah dilakukan sebelumnya dalam laba rugi. Penurunan nilai tercatat yang timbul dari revaluasi diakui dalam laba rugi.

Beban pemeliharaan dan perbaikan dibebankan pada operasi pada saat terjadinya. Beban pemugaran dan penambahan dalam jumlah besar dikapitalisasi kepada jumlah tercatat aset tetap terkait bila besar kemungkinan bagi Kelompok Usaha manfaat ekonomi masa depan menjadi lebih besar dari standar kinerja awal yang ditetapkan sebelumnya dan disusutkan sepanjang sisa masa manfaat aset tetap terkait.

Aset tetap dalam penyelesaian dicatat sebesar biaya perolehan, yang mencakup kapitalisasi beban pinjaman dan biaya-biaya lainnya yang terjadi sehubungan dengan pendanaan aset tetap dalam penyelesaian tersebut. Akumulasi biaya perolehan akan direklasifikasi ke akun "Aset Tetap" yang bersangkutan pada saat aset tetap tersebut telah selesai dikerjakan dan siap untuk digunakan. Aset tetap dalam penyelesaian tidak disusutkan karena belum tersedia untuk digunakan.

Biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Usaha ("HGU"), Hak Guna Bangunan ("HGB") dan Hak Pakai ("HP") ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan tanah pada akun "Aset Tetap". Biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tidak berwujud dan diamortisasi sepanjang umur hak hukum atau umur ekonomi tanah, mana yang lebih pendek.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Premises and equipment (continued)

Increase in the carrying amount arising from revaluation is recorded in "Fixed Asset Revaluation Surplus" of and presented in other comprehensive income. However, the increase is recognized in profit or loss, up to the amount of impairment of the same assets due to revaluation previously recognised in profit or loss. A decrease in carrying value arising as a result of a revaluation should be recognised in profit or loss.

Repairs and maintenance is charged to the profit or loss as incurred. The cost of major renovation and restoration is capitalized to the carrying amount of the related premises and equipment when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset and is depreciated over the remaining useful life of the related asset.

Constructions in-progress are stated at cost, including capitalized borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Premises and Equipment" account when the construction is completed and available for intended use. Assets under construction are not depreciated as these are not yet available for use.

The legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right ("Hak Guna Bangunan" or "HGB") and Usage Rights ("Hak Pakai" or "HP") when the land was initially acquired are recognized as part of the cost of the land under the "Premises and Equipment". The extension or the legal renewal costs of land rights were recognized as intangible assets and were amortized over the shorter of the rights' legal life and land's economic life.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

I. Penurunan nilai aset non-keuangan

Efektif sejak tanggal 1 Januari 2015, Bank menerapkan PSAK No. 48 (Revisi 2014), "Penurunan Nilai Aset". Penerapan PSAK ini tidak menimbulkan perubahan yang besar terhadap pelaporan keuangan dan pengungkapan dalam laporan keuangan.

Pada setiap akhir periode pelaporan, Bank menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut, maka Bank akan membuat estimasi atas jumlah terpulihkan aset tersebut.

Jumlah terpulihkan yang ditentukan untuk aset individual adalah jumlah yang lebih tinggi antara nilai wajar aset atau Unit Penghasil Kas (UPK) dikurangi biaya pelepasan dengan nilai pakainya, kecuali aset tersebut tidak menghasilkan arus kas masuk yang sebagian besar independen dari aset atau kelompok aset lain. Jika nilai tercatat aset lebih besar daripada nilai terpulihkannya, maka aset tersebut dianggap mengalami penurunan nilai dan nilai tercatat aset diturunkan menjadi sebesar nilai terpulihkannya. Rugi penurunan nilai dari operasi yang berkelanjutan diakui pada laporan laba rugi dan penghasilan komprehensif lain sebagai "rugi penurunan nilai".

Dalam menghitung nilai pakai, estimasi arus kas masa depan neto didiskontokan ke nilai kini dengan menggunakan tingkat diskonto sebelum pajak yang menggambarkan penilaian pasar kini atas nilai waktu uang dan risiko spesifik aset.

Dalam menentukan nilai wajar dikurangi biaya pelepasan, mengacu pada PSAK 68: "Pengukuran Nilai Wajar" (Catatan 2d).

Kerugian penurunan nilai dari operasi yang berkelanjutan, jika ada, diakui pada laporan laba rugi dan penghasilan komprehensif lain sesuai dengan kategori biaya yang konsisten dengan fungsi aset yang diturunkan nilainya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Impairment of non-financial assets

Effective on January 1, 2015, Bank implemented SFAS No. 48 (Revised 2014), "Impairment of Assets". The adoption of the SFAS has no significant impact on the financial reporting and disclosures in the financial statements.

The Bank assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, Bank makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income as "impairment losses".

In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, refers to SFAS 68, "Fair Value Measurements" (Note 2d).

Impairment losses of continuing operations, if any, are recognized in the statements of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

m. Biaya dibayar di muka

Biaya dibayar di muka diamortisasi selama masa manfaat dengan menggunakan metode garis lurus (straight-line method).

n. Liabilitas segera

Liabilitas segera dicatat pada saat timbulnya kewajiban atau diterimanya perintah pemindahbukuan dari nasabah maupun dari bank lain.

Liabilitas segera dicatat berdasarkan biaya perolehan diamortisasi dan diklasifikasikan sebagai liabilitas keuangan lainnya.

o. Simpanan

Giro merupakan simpanan nasabah yang dapat digunakan sebagai alat pembayaran dan penarikannya dapat dilakukan setiap saat melalui cek atau pemindahbukuan dengan bilyet giro dan sarana perintah pembayaran lainnya. Giro dinyatakan sebesar nilai titipan pemegang giro di Bank.

Giro *Wadiah* merupakan titipan dana pihak ketiga yang setiap saat tersedia untuk dikembalikan dan dapat diberikan bonus sesuai kebijakan Bank. Giro *Wadiah* dinyatakan sebesar nilai titipan pemegang giro di Bank.

Tabungan merupakan simpanan nasabah yang penarikannya hanya dapat dilakukan nasabah sesuai dengan persyaratan tertentu yang disepakati. Tabungan dinyatakan sebesar nilai kewajiban pada pemilik tabungan.

Tabungan *Wadiah* merupakan simpanan pihak lain yang mendapatkan bonus berdasarkan kebijaksanaan Bank. Tabungan *Mudharabah* merupakan dana pihak ketiga yang mendapatkan imbalan bagi hasil dari pendapatan Bank atas penggunaan dana tersebut sesuai dengan *nisbah* yang telah disepakati. Tabungan *Wadiah* dan *Mudharabah* dinyatakan sebesar nilai investasi pemegang tabungan di Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Prepaid expenses

Prepaid expenses are amortized over the periods benefited using the straight-line method.

n. Current liabilities

This account is recorded at the time the obligations occur or upon receipt of transfer orders from customers or other banks.

Current liabilities are stated at amortized cost and classified as other financial liabilities.

o. Deposits

Demand deposits represent customer funds which can be used as payment instruments, and can be withdrawn at any time through cheque, or transferred through current account drafts and other transfer instruction media. Demand deposits are stated at the amounts entrusted to the Bank by the depositors.

Wadiah demand deposits represent entrusted third party funds which are available for withdrawal at any time and earn bonus based on the Bank's policy. Wadiah demand deposits are stated at the amounts invested by the depositors in the Bank.

Savings deposits represent customer funds which can be withdrawn by the depositors only under certain conditions. Savings deposits are stated at the agreed amounts due to the depositors.

Wadiah savings deposits represent third party funds which earn bonus based on the Bank's policy. Mudharabah savings deposits represent third party funds which earn profit sharing from the Bank's revenue for the use of funds in accordance with the agreed nisbah. Wadiah and Mudharabah savings deposits are stated at the amounts invested by the depositors in the Bank.

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o. Simpanan (lanjutan)

Deposito berjangka merupakan simpanan nasabah yang penarikannya hanya dapat dilakukan nasabah pada waktu tertentu sesuai dengan perjanjian antara pemegang deposito berjangka dengan Bank. Deposito berjangka dinyatakan sebesar nilai nominal yang tercantum dalam sertifikat yang diterbitkan oleh Bank, sesuai dengan perjanjian antara pemegang deposito berjangka dengan Bank.

Deposito berjangka *Mudharabah* merupakan simpanan pihak ketiga dengan bagi hasil sesuai dengan *nisbah* yang telah disepakati di muka. Pemegang deposito hanya bisa menarik deposito tersebut pada waktu tertentu sesuai dengan perjanjian antara pemegang deposito dengan Bank. Deposito berjangka *Mudharabah* dinyatakan sebesar nilai nominal yang tercantum dalam sertifikat yang diterbitkan oleh Bank, sesuai dengan perjanjian antara pemegang deposito dengan Bank.

Simpanan nasabah diklasifikasikan sebagai liabilitas keuangan lainnya dan diukur pada biaya perolehan diamortisasi menggunakan suku bunga efektif, kecuali simpanan yang didasarkan pada prinsip perbankan syariah dan dana *syirkah* temporer yang dinyatakan sebesar kewajiban Bank kepada nasabah. Biaya tambahan yang dapat diatribusikan secara langsung kepada perolehan simpanan nasabah, dikurangkan dari jumlah simpanan yang diterima.

p. Simpanan dari bank lain

Simpanan dari bank lain merupakan kewajiban kepada bank lain, dalam bentuk tabungan, giro, deposito berjangka dan *inter-bank call money*.

Simpanan dari bank lain diklasifikasikan sebagai liabilitas keuangan lain dan diukur pada biaya perolehan diamortisasi menggunakan suku bunga efektif kecuali simpanan syariah yang dinyatakan sebesar nilai kewajiban Bank kepada nasabah. Biaya tambahan yang dapat diatribusikan secara langsung kepada perolehan simpanan dari bank lain dikurangkan dari jumlah simpanan yang diterima.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Deposits (continued)

Time deposits represent customer funds which can be withdrawn by the depositors only on specific maturity dates based on the agreements between the depositors and the Bank. Time deposits are stated at the nominal amounts stated in the certificates issued by the Bank in accordance with the agreements between the depositors and the Bank.

Mudharabah time deposits represent third party placements in which the profit sharing is in accordance with the nisbah as determined and agreed in advance. Depositors are entitled to withdraw the funds at specific dates in accordance with agreements between the depositors and the Bank. Mudharabah time deposits are stated at the amounts stated in the certificates issued by the Bank in accordance with the agreements between the depositors and the Bank.

Deposits from customers are classified as other financial liabilities and measured at amortized cost using the effective interest method, except for sharia deposits and temporary syirkah fund which are stated at the Bank's liability to the customers. Incremental costs that can be attributed directly to the acquisition of deposits from customers are deducted from total deposits received.

p. Deposits from other banks

Deposits from other banks represent liabilities to other banks, in the form of savings deposits, demand deposits, time deposits and inter-bank call money.

Deposits from other banks are classified as other financial liabilities and measured at amortized cost using the effective interest method except for sharia deposits which are stated at the Bank's liability amount to the customer. Incremental costs that can be attributed directly to the acquisition of deposits from other banks are deducted from the total deposits received.

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q. Efek-efek yang dijual dengan janji untuk dibeli kembali

Efek-efek yang dijual dengan janji untuk dibeli kembali disajikan sebagai liabilitas dalam laporan posisi keuangan sebesar jumlah pembelian kembali, dikurangi dengan bunga dibayar di muka yang belum diamortisasi. Selisih antara harga jual dan harga beli kembali diperlakukan sebagai biaya dibayar di muka dan diakui sebagai beban selama jangka waktu sejak efek-efek tersebut dijual hingga dibeli kembali menggunakan metode suku bunga efektif. Efek-efek yang dijual dengan janji untuk dibeli kembali diklasifikasikan sebagai liabilitas keuangan lainnya yang diukur dengan biaya perolehan diamortisasi.

r. Surat-surat berharga yang diterbitkan

Surat-surat berharga yang diterbitkan Bank adalah Obligasi dan *Negotiable Certificate of Deposit* (NCD).

Surat berharga yang diterbitkan diakui sebesar nilai wajar pada awalnya dan selanjutnya diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif (EIR). Biaya perolehan diamortisasi dihitung dengan memperhitungkan adanya diskonto atau premi terkait dengan pengakuan awal dan biaya transaksi yang tidak terpisah dari suku bunga efektif.

s. Pinjaman yang diterima

Pinjaman yang diterima merupakan dana yang diterima oleh Bank dari Bank Indonesia, Pemerintah dan lembaga pembiayaan lain dengan kewajiban pembayaran berdasarkan perjanjian pinjaman.

Pinjaman yang diterima diakui sebesar nilai wajar pada awalnya dan selanjutnya diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif (EIR). Biaya perolehan diamortisasi dihitung dengan memperhitungkan adanya diskonto atau premi terkait dengan pengakuan awal dan biaya transaksi yang tidak terpisah dari suku bunga efektif.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Securities sold under repurchase agreements

Securities sold under agreements to repurchase are presented as liabilities in the statement of financial position, at the repurchase price, net of unamortized prepaid interest. The difference between the selling price and the repurchase price is treated as prepaid expenses and recognized as expense over the period starting from when those securities are sold until they are repurchased using the effective interest method. Securities sold under agreements to repurchase are classified as other financial liabilities measured at amortized cost.

r. Securities issued

Securities issued by Bank consist of Bonds and Negotiable Certificate of Deposit (NCD).

The securities issued are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

s. Fund borrowings

Fund borrowings are funds received by the Bank from Bank Indonesia, the Government and other financing institutions with payment obligation based on borrowing agreements.

Fund borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

t. Pinjaman subordinasi

Pinjaman subordinasi diakui sebesar nilai wajar pada awalnya dan selanjutnya diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif. Biaya perolehan diamortisasi dihitung dengan memperhitungkan adanya diskonto atau premi terkait dengan pengakuan awal dan biaya transaksi yang tidak terpisah dari suku bunga efektif.

u. Modal saham

Modal saham diukur pada nilai nominal untuk semua saham yang diterbitkan.

v. Saldo laba

Saldo laba merupakan saldo kumulatif dari hasil operasi Bank, pembagian dividen, penyesuaian periode sebelumnya, efek dari perubahan kebijakan akuntansi dan penyesuaian modal lainnya.

w. Pendapatan dan beban bunga

Pendapatan dan beban bunga diakui pada laporan laba rugi dan penghasilan komprehensif lain dengan menggunakan metode suku bunga efektif. Suku bunga efektif adalah suku bunga yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa datang selama perkiraan umur dari aset keuangan atau liabilitas keuangan (atau, jika lebih tepat, digunakan periode yang lebih singkat) untuk memperoleh nilai tercatat bersih dari aset keuangan atau liabilitas keuangan.

Pada saat menghitung suku bunga efektif, Bank mengestimasi arus kas di masa datang dengan mempertimbangkan seluruh persyaratan kontraktual dalam instrumen keuangan tersebut, tetapi tidak mempertimbangkan kerugian kredit di masa mendatang. Perhitungan ini mencakup seluruh komisi, provisi, dan bentuk lain yang diterima oleh para pihak dalam kontrak yang merupakan bagian tidak terpisahkan dari suku bunga efektif.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Subordinated Loans

Subordinated loans are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

u. Capital stock

Capital stock is measured at par value for all shares issued.

v. Retained earnings

Retained earnings represent the cumulative balance of the Bank's results of operations, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

w. Interest income and expense

Interest income and expenses are recognized in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument (or, where appropriate, a shorter period) to obtain the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses. This calculation includes all commissions, fees, and other forms received by the parties in the contract that are an integral part of the effective interest rate.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Pendapatan dan beban bunga (lanjutan)

w. Interest income and expense (continued)

Jika aset keuangan atau nilai kelompok aset keuangan serupa telah diturunkan sebagai akibat kerugian penurunan nilai, maka pendapatan bunga yang diperoleh setelahnya diakui berdasarkan suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam menghitung kerugian penurunan nilai.

If a financial asset or group of similar financial assets' value has diminished as a result of impairment losses, interest income subsequently obtained is recognized based on the interest rate used to discount future cash flows in calculating impairment losses.

x. Pendapatan provisi dan komisi

x. Fees and commissions

Pendapatan provisi dan komisi yang berkaitan langsung dengan kegiatan pinjaman, atau pendapatan provisi dan komisi yang berhubungan dengan jangka waktu tertentu, diamortisasi sesuai dengan jangka waktu kontrak menggunakan metode suku bunga efektif dan diklasifikasikan sebagai bagian dari pendapatan bunga pada laporan laba rugi dan penghasilan komprehensif lain.

Fees and commissions directly related to lending activities, or fee and commission income which relates to a specific period, is amortized over the term of the contract using the effective interest method and classified as part of interest income in the statement of profit or loss and other comprehensive income.

Pendapatan provisi dan komisi yang tidak berkaitan dengan kegiatan pemberian kredit atau suatu jangka waktu dan/atau terkait dengan pemberian suatu jasa, diakui sebagai pendapatan pada saat terjadinya transaksi dan dicatat pada akun pendapatan operasional lainnya.

Fees and commissions that are not related to the credit activity or a period of time and/or associated with the service provided, are recognized as revenue at the time of the transaction and recorded under other operating income.

y. Pendapatan bagi hasil dan beban bonus secara syariah

y. Sharia profit sharing income and bonus expense

Pendapatan bagi hasil secara syariah merupakan pendapatan *istishna*, margin *murabahah* dan bagi hasil pembiayaan *mudharabah* dan *musyarakah* serta aset produktif lainnya yang diakui dengan menggunakan metode akrual. Beban secara syariah merupakan distribusi bonus dan bagi hasil kepada pemilik dana yang diakui berdasarkan metode akrual.

Sharia profit sharing income represents income from istishna, margin from murabahah and profit-sharing on mudharabah and musyarakah financing and other earning assets which are recognized on the accrual basis. Sharia expense represents the bonus distribution and profit-sharing to fund owners which are recognized on an accrual basis.

Pendapatan *Istishna* diakui apabila telah terjadi penyerahan barang.

Income from istishna is recognized at the date of transfer of assets.

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y. Pendapatan bagi hasil dan beban bonus secara syariah (lanjutan)

Pendapatan atas piutang *murabahah* menggunakan metode setara tingkat imbal hasil efektif (margin efektif). Margin efektif adalah margin yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa datang selama perkiraan umur dari piutang *murabahah*. Pada saat menghitung margin efektif, Bank mengestimasi arus kas di masa datang dengan mempertimbangkan seluruh persyaratan kontraktual dalam instrumen keuangan tersebut, tetapi tidak mempertimbangkan kerugian piutang di masa mendatang. Perhitungan ini mencakup seluruh komisi, provisi dan bentuk lain yang diterima oleh para pihak dalam kontrak yang merupakan bagian tak terpisahkan dari margin efektif, biaya transaksi, dan seluruh premi atau diskon lainnya.

Pendapatan bagi hasil pembiayaan *mudharabah* dan *musyarakah* diakui pada saat diterima atau dalam periode terjadinya hak bagi hasil sesuai porsi bagi hasil (nisbah) yang disepakati.

z. Imbalan kerja

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek seperti upah, iuran jaminan sosial, cuti jangka pendek, bonus dan imbalan non-moneter lainnya diakui selama periode jasa diberikan. Imbalan kerja jangka pendek dihitung sebesar jumlah yang tidak didiskontokan.

Program pensiun iuran pasti

Iuran kepada dana pensiun sebesar persentase tertentu gaji pegawai yang menjadi peserta program pensiun iuran pasti Bank, dicadangkan dan diakui sebagai biaya ketika jasa telah diberikan oleh pegawai-pegawai tersebut. Pembayaran dikurangkan dari utang iuran. Iuran terutang dihitung berdasarkan jumlah yang tidak didiskontokan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Sharia profit sharing income and bonus expense (continued)

Income from murabahah receivables using the effective rate of return method (effective margin). Effective margin is the margin that precisely discounts the estimated future cash payments or receipts through the expected life of the murabahah receivables. When calculating the effective margin, Bank estimates the future cash flows considering all contractual terms of the financial instrument, but does not consider the loss of receivables in the future. This calculation includes all commissions, provision fees and other forms accepted by the parties in the contract that are an inseparable part of the effective margin, transaction costs and all other premiums or discounts.

Mudharabah and musyarakah income are recognized when cash is received or in a period where the right of revenue sharing is due based on agreed portion (nisbah).

z. Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages, social security contributions, short-term compensated leaves, bonuses and other non-monetary benefits are recognized during the period when services have been rendered. Short-term employee benefits are measured using undiscounted amounts.

Defined contribution plan

Contribution payable to a pension fund equivalent to a certain percentage of salaries for qualified employees under the Bank's defined contribution plan is accrued and recognized as expense when services have been rendered by qualified employees. Actual payments are deducted from the contribution payable. Contribution payable is measured using undiscounted amounts.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

z. Imbalan kerja (lanjutan)

Program imbalan pasti dan imbalan kerja jangka panjang lainnya

Imbalan pasca-kerja dicadangkan dan diakui sebagai biaya ketika jasa telah diberikan oleh pegawai yang menjadi peserta program pensiun Bank. Imbalan kerja ditentukan berdasarkan peraturan Bank dan persyaratan minimum Undang-undang Tenaga Kerja No. 13/2003, mana yang lebih tinggi.

Imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya secara aktuaris ditentukan berdasarkan metode *Projected Unit Credit*.

Pengukuran kembali atas liabilitas (aset) imbalan pasti neto, yang diakui sebagai penghasilan komprehensif lain, terdiri atas:

- (i) Keuntungan dan kerugian aktuarial.
- (ii) Imbal hasil atas aset program, tidak termasuk jumlah yang dimasukkan dalam bunga neto atas liabilitas (aset).
- (iii) Setiap perubahan dampak batas aset, tidak termasuk jumlah yang dimasukkan dalam bunga neto atas liabilitas (aset).

Pengukuran kembali atas liabilitas (aset) imbalan pasti neto, yang diakui sebagai penghasilan komprehensif lain tidak direklasifikasi ke laba rugi pada periode berikutnya.

Untuk imbalan kerja jangka panjang lain atas biaya jasa kini, biaya bunga neto atas liabilitas (aset) imbalan pasti neto, dan pengukuran kembali liabilitas (aset) imbalan pasti neto langsung diakui pada laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

Biaya jasa lalu diakui sebagai beban pada tanggal yang lebih awal antara ketika amandemen atau kurtailmen program terjadi, dan ketika biaya restrukturisasi atau pesangon diakui, sehingga biaya jasa lalu yang belum *vested* tidak lagi dapat ditangguhkan dan diakui selama periode *vesting* masa depan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Employee benefits (continued)

Defined benefit plan and other long-term employee benefits

The post-employment benefits are accrued and recognized as expense when services have been rendered by qualified employees. The benefits are determined based on the Bank's regulations and the minimum requirements of Labor Law No. 13/2003, whichever is higher.

The post-employment benefits and other long-term employee benefits are actuarially determined using the *Projected Unit Credit Method*.

Remeasurement of defined benefit liabilities (assets) net, which is recognized as other comprehensive income consist of:

- (i) Actuarial gain and losses.
- (ii) Return on plan assets, excluding amounts that is included in net interest on liabilities (assets).
- (iii) The effect of the asset ceiling, excluding amounts included in the net interest of liabilities (assets).

Remeasurement of defined benefit liabilities (assets) - net, which is recognized as other comprehensive income is not reclassified to profit or loss in the subsequent periods.

For other long-term employee benefits: current service cost, net interest expense of net defined benefit assets liabilities (assets), and re-measurement of liability (asset) is recognized immediately in the current year statement of profit or loss and other comprehensive income.

Past service costs are recognized as expense at the earlier date between the amendments or curtailment program occurs, and when the costs of restructuring or severance is recognized, therefore, unvested past service cost can no longer be deferred and recognized over the future vesting period.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Transaksi dan saldo dalam mata uang asing

aa. Foreign currency transactions and balances

Transaksi dalam mata uang asing dicatat berdasarkan kurs yang berlaku pada saat transaksi dilakukan. Pada tanggal laporan posisi keuangan, aset dan liabilitas moneter dalam mata uang asing dijabarkan ke dalam mata uang Rupiah berdasarkan kurs *spot* Reuters pada tanggal tersebut pukul 16.00 WIB. Laba atau rugi kurs yang terjadi diakui di dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At statement of financial position dates, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah based on Reuters' spot rates at 16.00 WIB (West Indonesian local time) on that date. The resulting gains or losses are recognized in the statement of profit or loss and other comprehensive income for the current year.

Pada tanggal-tanggal 31 Desember 2016 dan 2015, kurs yang digunakan untuk menjabarkan mata uang asing ke dalam Rupiah adalah sebagai berikut (Rupiah penuh):

As of December 31, 2016 and 2015, the exchange rates used in translating the foreign currencies into Rupiah are as follows (full Rupiah):

	2016	2015	
1 Dolar Amerika Serikat	13.472,50	13.785,00	1 United States Dollar
1 Dolar Australia	9.723,11	10.083,73	1 Australia Dollar
1 Poundsterling Inggris	16.555,01	20.439,02	1 British Poundsterling
1 Euro Eropa	14.175,77	15.056,67	1 European Euro
1 Yen Jepang	115,07	114,52	1 Japanese Yen
1 Ringgit Malaysia	3.003,23	3.210,67	1 Malaysian Ringgit
1 Dolar Hongkong	1.737,34	1.778,70	1 Hongkong Dollar
1 Saudi Riyal	3.581,84	3.672,48	1 Saudi Riyal
1 Renminbi	1.939,19	2.122,85	1 Renminbi
1 Dolar Singapura	9.311,93	9.758,95	1 Singapore Dollar

ab. Pajak penghasilan

ab. Income tax

Efektif sejak tanggal 1 Januari 2015, Bank menerapkan PSAK No. 46 (Revisi 2014), "Pajak Penghasilan". Penerapan PSAK ini tidak menimbulkan perubahan yang besar terhadap pelaporan keuangan dan pengungkapan dalam laporan keuangan.

Effective from January 1, 2015, Bank adopted SFAS No. 46 (Revised 2014), "Income Taxes". The adoption of the SFAS has no significant impact on the financial reporting and disclosures in the financial statement.

Beban pajak tahun berjalan ditetapkan berdasarkan taksiran penghasilan kena pajak tahun berjalan. Aset dan liabilitas pajak tangguhan diakui atas perbedaan temporer aset dan liabilitas antara pelaporan komersial dan pajak pada setiap tanggal pelaporan.

Current tax expense is provided based on the estimated taxable income for the current year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan dan saldo rugi fiskal yang belum dikompensasikan, sepanjang perbedaan temporer dan rugi fiskal yang belum dikompensasikan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of uncompensated tax losses to the extent that it is probable for temporary differences and carry forward of uncompensated tax losses to be utilized in deducting future taxable profit.

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ab. Pajak penghasilan (lanjutan)

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap tanggal posisi keuangan dan nilai tercatat aset pajak tangguhan tersebut diturunkan apabila tidak lagi terdapat kemungkinan besar bahwa laba fiskal yang memadai akan tersedia untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan.

Aset dan kewajiban pajak tangguhan diukur berdasarkan tarif pajak yang akan berlaku pada tahun saat aset direalisasikan atau liabilitas diselesaikan berdasarkan peraturan perpajakan yang berlaku atau yang telah secara substantif telah diberlakukan pada tanggal laporan posisi keuangan.

Pengaruh pajak terkait dengan penyisihan untuk dan/atau pembalikan seluruh perbedaan temporer selama tahun berjalan, termasuk pengaruh perubahan tarif pajak, diakui sebagai "Beban Pajak Penghasilan - Tangguhan" dan termasuk dalam laba atau rugi neto tahun berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Perubahan terhadap liabilitas pajak diakui pada saat surat ketetapan pajak diterima, atau apabila diajukan keberatan dan atau banding oleh Bank, pada saat telah ada keputusan atas banding dan atau keberatan tersebut.

Aset dan liabilitas atas pajak tangguhan dan pajak kini dapat saling hapus apabila terdapat hak yang berkekuatan hukum untuk melakukan saling hapus.

ac. Pelaporan segmen

Informasi segmen diungkapkan untuk memungkinkan pengguna laporan keuangan untuk mengevaluasi sifat dan dampak keuangan dari aktivitas bisnis yang mana Bank terlibat dalam lingkungan ekonomi dimana Bank beroperasi.

Segmen operasi adalah suatu komponen dari entitas:

- a) yang terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ab. Income tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the benefit of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as at statement financial position date.

The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as "Income Tax Expense - Deferred" and included in the determination of net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.

Amendment to tax obligation is recorded when an assessment letter is received or, if objected to or appealed against by the Bank, when the result of such appeal or objection is determined.

Assets and liabilities on deferred tax and current tax can be offset if there is a legal enforceable right to offset.

ac. Segment reporting

Segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Bank is involved in and the economic environment where the Bank operates.

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. Pelaporan segmen (lanjutan)

ac. Segment reporting (continued)

Segmen operasi adalah suatu komponen dari entitas (lanjutan):

An operating segment is a component of an entity (continued):

b) hasil operasinya dikaji ulang secara reguler oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan

b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

c) tersedia informasi keuangan yang dapat dipisahkan.

c) for which discrete financial information is available.

Bank telah mengidentifikasi dan mengungkapkan informasi keuangan berdasarkan kegiatan bisnis dimana Bank terlibat (segmen usaha). Segmen pendapatan, biaya, hasil, aset dan liabilitas, termasuk bagian yang dapat diatribusikan langsung kepada segmen, serta yang dapat dialokasikan dengan dasar yang memadai untuk segmen tersebut.

The Bank identifies and discloses financial information based on the business activities in which the Bank engages (business segments) in. Segment revenues, expenses, income, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

ad. Laba per saham dasar dan dilusian

ad. Basic and diluted earnings per share

Laba per saham dasar dihitung dengan membagi laba tahun berjalan dengan jumlah rata-rata tertimbang saham yang ditempatkan dan disetor penuh pada tahun yang bersangkutan.

Basic earnings per share is computed by dividing income for the year by the weighted average number of issued and fully paid shares during the related year.

Laba per saham dilusian dihitung setelah dilakukan penyesuaian terhadap jumlah rata-rata tertimbang saham biasa yang beredar dengan asumsi bahwa seluruh opsi saham karyawan dieksekusi pada harga yang telah ditentukan pada saat penerbitan opsi saham tersebut.

Diluted earnings per share is computed after making the necessary adjustments to the weighted average number of common shares outstanding assuming full exercise of employee stock options at the time of the issuance using the determined exercise price.

ae. Biaya emisi penerbitan saham

ae. Shares issuance costs

Biaya-biaya emisi efek yang terjadi sehubungan dengan penawaran saham kepada masyarakat (termasuk penerbitan hak memesan efek terlebih dahulu) dikurangkan langsung dari hasil emisi dan disajikan sebagai pengurang pada akun "Tambahkan Modal Disetor - Neto", sebagai bagian dari Ekuitas pada laporan posisi keuangan.

Costs related to the public offering of shares (including pre-emptive rights issue) are deducted from the proceeds and presented as a deduction from the "Additional Paid-in-Capital - Net" account, under Equity section in the statement of financial position.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Opsi Saham

Bank telah memberikan opsi saham kepada Direksi dan pekerja pada posisi dan jabatan tertentu berdasarkan persyaratan yang telah ditetapkan. Biaya kompensasi saham pada penerbitan dihitung dengan menggunakan nilai wajar dari opsi saham tersebut dan diakui dalam akun "Beban Tenaga Kerja dan Tunjangan" menggunakan metode garis lurus selama masa tunggu (vesting period). Akumulasi dari biaya kompensasi saham diakui sebagai "Opsi Saham" dalam bagian ekuitas. Penentuan nilai wajar dari opsi saham yang diberikan dihitung dengan menggunakan model penentuan harga opsi *Binomial-tree* (Binomial-tree option pricing model).

af. Stock Options

The Bank has granted stock options to Directors and employees of certain positions and levels based on established criteria. Cost of stock compensation at the issuance date is calculated using the fair value of the stock options and is recognized as part of "Salaries and Employee Benefits Expense" using the straight-line method over the vesting period. The accumulation of the stock compensation cost is recognized as "Stock Options" in the equity. The fair value of the stock options granted are calculated using the Binomial-tree option pricing model.

ag. Cadangan kerugian penurunan nilai aset non-produktif dan komitmen dan kontinjensi

Sesuai dengan Surat Edaran Bank Indonesia (SE-BI) No. 13/658/DPNP/DPnP tanggal 23 Desember 2011 dan POJK No.16/POJK.03/2014 tanggal 18 November 2014, Bank tidak diwajibkan lagi untuk membentuk cadangan kerugian penurunan nilai atas aset non-produktif dan transaksi rekening administratif (komitmen dan kontinjensi), namun Bank tetap harus menghitung cadangan kerugian penurunan nilai mengacu pada Pernyataan Standar Akuntansi Keuangan yang berlaku.

ag. Allowance for impairment losses on non-earning assets and commitments and contingencies

In accordance with Bank Indonesia Circular Letter (SE-BI) No. 13/658/DPNP/DPnP dated December 23, 2011 and POJK No.16/POJK.03/2014 dated November 18, 2014, the Bank is not required to provide an allowance for impairment losses on non-earning assets and administrative account transactions (commitments and contingencies), but the Bank should still calculate the allowance for impairment losses in accordance with the applicable statement of financial accounting standards.

ah. Provisi

Provisi diakui jika Bank memiliki kewajiban kini (baik bersifat hukum maupun bersifat konstruktif) yang akibat peristiwa masa lalu, besar kemungkinannya besar penyelesaian kewajiban tersebut mengakibatkan arus keluar sumber daya yang mengandung manfaat ekonomi dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

ah. Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisi ditelaah pada setiap tanggal pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik yang paling kini. Jika arus keluar sumber daya untuk menyelesaikan kewajiban kemungkinan besar tidak terjadi, maka provisi dibatalkan.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ai. Agunan yang diambil alih

Agunan yang diambil alih sehubungan dengan penyelesaian kredit (disajikan dalam akun "Aset Lain-lain") diakui sebesar nilai neto yang dapat direalisasi atau sebesar nilai tercatat dari kredit, mana yang lebih rendah. Nilai neto yang dapat direalisasi adalah nilai wajar agunan setelah dikurangi estimasi biaya pelepasan. Kelebihan saldo kredit yang diberikan, yang belum dilunasi oleh peminjam diatas nilai dari agunan yang diambil alih, dibebankan sebagai penyisihan penghapusan kredit yang diberikan pada tahun berjalan. Selisih antara nilai agunan yang diambil alih dengan hasil penjualannya diakui sebagai keuntungan atau kerugian pada saat penjualan agunan.

Manajemen mengevaluasi nilai agunan yang diambil alih secara berkala. Penyisihan kerugian agunan yang diambil alih dibentuk berdasarkan penurunan nilai agunan yang diambil alih.

Beban perbaikan (Reconditioning costs) yang timbul setelah pengambilalihan agunan dikapitalisasi dalam akun agunan yang diambil alih tersebut.

aj. Perubahan atas kebijakan akuntansi dan pengungkapan

Bank telah menerapkan standar akuntansi pada tanggal 1 Januari 2016, yang dianggap relevan dengan laporan keuangan Bank, yaitu:

- Amandemen PSAK No. 16, "Aset Tetap tentang Klarifikasi Metode yang Diterima untuk Penyusutan dan Amortisasi", memberikan tambahan penjelasan tentang indikasi perkiraan keusangan teknis atau komersial suatu aset. Amandemen PSAK 16 ini juga mengklarifikasi bahwa penggunaan metode penyusutan yang berdasarkan pada pendapatan adalah tidak tepat.
- Amandemen PSAK No. 24 (Revisi 2013), "Imbalan Kerja tentang Program Imbalan Pasti: Iuran Pekerja", menyederhanakan akuntansi untuk kontribusi iuran dari pekerja atau pihak ketiga yang tidak bergantung pada jumlah tahun jasa, misalnya iuran pekerja yang dihitung berdasarkan persentase tetap dari gaji.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Foreclosed collaterals

Foreclosed collaterals acquired in settlement of loans (included as part of "Other Assets") are recognized at net realizable values or loan carrying amount, whichever is lower. Net realizable value is the fair value of the collateral after deducting the estimated costs of disposal. The excess in loan balances which has not been paid by debtors over the value of foreclosed collaterals is charged to allowance for possible losses on loans in the current year. The difference between the value of the collateral and the proceeds from sale thereof is recognized as a gain or loss at the time of sale of the collateral.

Management evaluates the value of foreclosed collaterals periodically. Allowance for losses foreclosed collaterals is provided based on the impairment of foreclosed collaterals.

Reconditioning costs arising after foreclosure capitalized in the accounts of the foreclosed collaterals.

aj. Changes in accounting policy and disclosures

The Bank adopted the revised accounting standard on January 1, 2016, which is considered relevant to the Bank's financial statements, as follows:

- Amendment SFAS 16, "Acceptable amortization and depreciation method of fixed assets", added explanation for indication of technical or commercial obsolescence of an asset. Amendment SFAS 16 clarified that depreciation using income cash flow method is no longer viable.
- Amendment SFAS 24 (Revised 2013) "Employee Benefit: Defined Contribution Plans", simplify the accounting method for defined contribution plans for workers and third parties' contribution that does not rely on the total number of service years, for instance contribution plans that is measured using percentage of salary.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aj. Perubahan atas kebijakan akuntansi dan pengungkapan (lanjutan)

Bank telah menerapkan standar akuntansi pada tanggal 1 Januari 2016, yang dianggap relevan dengan laporan keuangan Bank, yaitu (lanjutan):

- PSAK No. 5 (Penyesuaian 2015), "Segmen Operasi", menambahkan pengungkapan deskripsi singkat segmen operasi yang telah digabungkan dan indikator ekonomik memiliki karakteristik yang serupa.
- PSAK No. 7 (Penyesuaian 2015), "Pengungkapan Pihak-pihak Berelasi", menambahkan persyaratan pihak-pihak berelasi dan mengklarifikasi pengungkapan imbalan yang dibayarkan oleh entitas manajemen.
- PSAK No. 16 (Penyesuaian 2015), "Aset Tetap", memberikan klarifikasi pada paragraf 35 terkait model revaluasi, bahwa ketika entitas menggunakan model revaluasi, jumlah tercatat aset disajikan kembali pada jumlah revaluasiannya.
- PSAK No. 25 (Penyesuaian 2015), "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan", memberikan koreksi editorial pada PSAK No. 25 paragraf 27 tentang keterbatasan penerapan retrospektif.
- PSAK No. 53 (Penyesuaian 2015), "Pembayaran Berbasis Saham", mengklarifikasi definisi kondisi *vesting* dan secara terpisah mendefinisikan kondisi kinerja dan kondisi jasa.
- PSAK No. 68 (Penyesuaian 2015), "Pengukuran Nilai Wajar", mengklarifikasi bahwa pengecualian portofolio, yang memperkenankan entitas mengukur nilai wajar kelompok aset keuangan dan liabilitas keuangan secara neto, diterapkan pada seluruh kontrak (termasuk kontrak non-keuangan) dalam ruang lingkup PSAK No. 55.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aj. Changes in accounting policy and disclosures (continued)

The Bank adopted the revised accounting standard on January 1, 2016, which is considered relevant to the Bank's financial statements, as follows (continued):

- SFAS 5 (Improvement 2015), "Operating Segments", added short disclosure on combined operating segment and economic indicators that have similar characteristics.
- SFAS 7 (Improvement 2015), "Related Party Disclosure", added criteria of related parties and clarify disclosure for payables that are given to the management entity.
- SFAS 16 (Improvement 2015), "Property, Plant and Equipment", have clarified in paragraph 35 relating revaluation model, that when an entity uses revaluation model, carrying amount of assets are presented in the revaluated value.
- SFAS 25 (Improvement 2015), "Accounting Policies, Changes in Accounting Estimates and Errors", given editorial correction to SFAS 25 paragraph 27 about limitation in applying retrospective application.
- SFAS 53 (Improvement 2015), "Share-Based Payment", clarify definition of vesting conditions and separately define performance and service condition.
- SFAS 68 (Improvement 2015), "Fair Value Measurement", clarified that portfolio exception, for companies that allow fair value measurement of asset group or liability group as net value, is to be applied for the whole contract (including non-financial contract) in the scope of SFAS 55.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aj. Perubahan atas kebijakan akuntansi dan pengungkapan (lanjutan)

Bank telah menerapkan standar akuntansi pada tanggal 1 Januari 2016, yang dianggap relevan dengan laporan keuangan Bank, yaitu (lanjutan):

- PSAK No. 110 (Revisi 2015), "Akuntansi Sukuk", mengatur pengakuan, pengukuran, penyajian dan pengungkapan transaksi sukuk *ijarah* dan sukuk *mudharabah*, baik sebagai penerbit maupun investor sukuk.

Dampak terhadap laporan keuangan atas penerapan standar akuntansi tersebut diatas telah diungkapkan dalam catatan laporan keuangan yang relevan.

3. PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN

Penyusunan laporan keuangan Bank mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontinjensi, pada akhir periode pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

Pertimbangan

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Bank yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan Bank:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aj. Changes in accounting policy and disclosures (continued)

The Bank adopted the revised accounting standard on January 1, 2016, which is considered relevant to the Bank's financial statements, as follows (continued):

- SFAS 110 (Revised 2015), "Sukuk Accounting", regulate recognition, measurement, presentation and disclosure of sukuk *ijarah* and sukuk *mudharabah* transaction, both as either buyer or seller.

The impact on the financial statements of the adoption of the accounting standards mentioned above has been disclosed in the relevant notes to the financial statements.

3. USE OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the asset and liability affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Bank's accounting policies that have the most significant effects on the amounts recognized in the Bank's financial statements:

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
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(lanjutan)**

Pertimbangan (lanjutan)

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Bank yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan Bank: (lanjutan)

Usaha yang berkelanjutan

Manajemen Bank telah melakukan penilaian atas kemampuan Bank untuk melanjutkan kelangsungan usahanya dan berkeyakinan bahwa Bank memiliki sumber daya untuk melanjutkan usahanya di masa mendatang. Selain itu, manajemen Bank tidak mengetahui adanya ketidakpastian material yang dapat menimbulkan keraguan yang signifikan terhadap kemampuan Bank untuk melanjutkan usahanya. Oleh karena itu, laporan keuangan telah disusun atas dasar usaha yang berkelanjutan.

Klasifikasi aset dan liabilitas keuangan

Bank menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan bila definisi yang ditetapkan PSAK No. 55 (Revisi 2014) dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Bank seperti diungkapkan pada Catatan 2.

Nilai wajar instrumen keuangan

Semua aset dan liabilitas dimana nilai wajar diukur atau diungkapkan dalam laporan keuangan dapat dikategorikan pada level hirarki nilai wajar, berdasarkan tingkatan input terendah yang signifikan atas pengukuran nilai wajar secara keseluruhan:

- Level 1 : harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran.
- Level 2 : input selain harga kuotasian yang termasuk dalam level 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung atau tidak langsung.
- Level 3 : input yang tidak dapat diobservasi untuk aset dan liabilitas.

**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Judgments (continued)

The following judgments are made by management in the process of applying the Bank's accounting policies that have the most significant effects on the amounts recognized in the Bank's financial statements: (continued)

Going concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue its business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt to the Bank's ability to continue as a going concern. Therefore, the financial statements continues to be prepared on the going concern basis.

Classification of financial assets and financial liabilities

The Bank determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Bank's accounting policies disclosed in Note 2.

Fair value of financial instruments

All assets and liabilities in which fair value is measured or disclosed in the financial statements can be classified in fair value hierarchy levels, based on the lowest level of input that is significant to the overall fair value measurement:

- Level 1: quoted prices (without adjustments) in active markets for identical assets or liabilities which are accessible at the measurement date.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly or indirectly.
- Level 3 : inputs that are not observable for the assets and liabilities.

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(lanjutan)**

Pertimbangan (lanjutan)

Investasi dimiliki hingga jatuh tempo

Surat berharga dengan klasifikasi dimiliki hingga jatuh tempo membutuhkan *judgment* yang signifikan. Dalam membuat *judgment* ini, Bank mengevaluasi intensi dan kemampuan untuk memiliki investasi tersebut hingga jatuh tempo. Jika Bank gagal untuk memiliki investasi ini hingga jatuh tempo selain dalam kondisi-kondisi tertentu sebagai contoh, menjual dalam jumlah yang insignifikan saat mendekati jatuh tempo, Bank harus mereklasifikasi seluruh portofolio tersebut menjadi surat berharga yang tersedia untuk dijual. Surat berharga yang tersedia untuk dijual tersebut akan diukur pada nilai wajar dan bukan menggunakan biaya yang diamortisasi.

Aset keuangan yang tidak memiliki harga pasar

Bank mengklasifikasikan aset keuangan dengan mengevaluasi, antara lain, apakah nilai tersebut dikutip atau tidak di pasar aktif. Termasuk dalam evaluasi pada apakah aset keuangan yang dikutip di pasar aktif adalah penentuan apakah harga pasar dapat segera dan secara teratur tersedia, dan apakah mereka mewakili harga aktual dan teratur terjadi transaksi pasar secara *arms-length*.

Kontinjensi

Bank sedang terlibat dalam proses hukum. Perkiraan biaya kemungkinan bagi penyelesaian klaim telah dikembangkan melalui konsultasi dengan bantuan konsultan hukum Bank didasarkan pada analisis hasil yang potensial. Manajemen tidak berkeyakinan bahwa hasil dari hal ini akan mempengaruhi hasil usaha. Besar kemungkinan, bagaimanapun, bahwa hasil operasi di masa depan dapat secara material terpengaruh oleh perubahan dalam estimasi atau efektivitas dari strategi yang terkait dengan hal tersebut.

Estimasi dan Asumsi

Asumsi utama masa depan dan sumber utama estimasi ketidakpastian lain pada tanggal pelaporan yang memiliki risiko untuk dapat menyebabkan penyesuaian yang material terhadap nilai tercatat aset dan liabilitas untuk tahun berikutnya seperti yang diungkapkan di bawah ini. Bank mendasarkan asumsi dan estimasi yang digunakan pada parameter yang tersedia pada saat laporan keuangan disusun.

**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Judgments (continued)

Held-to-maturity securities

The classification under held-to-maturity securities requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than in certain specific circumstances for example, selling an insignificant amount close to maturity, it will be required to reclassify the entire portfolio as available-for-sale securities. The available-for-sale securities would therefore be measured at fair value and not at amortized cost.

Financial assets not quoted in an active market

The Bank classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an *arm's length* basis.

Contingencies

The Bank is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the external legal counsel handling the Bank's defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of this matter will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Bank based its assumptions and estimates on parameters available when the financial statement were prepared.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
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(lanjutan)**

Estimasi dan Asumsi (lanjutan)

Asumsi dan situasi mengenai perkembangan masa depan dapat berubah akibat perubahan pasar atau situasi yang timbul di luar kendali Bank. Perubahan tersebut dicerminkan dalam asumsi yang digunakan pada saat terjadinya.

Cadangan kerugian penurunan nilai dari kredit dan pembiayaan/piutang syariah

Bank menelaah portofolio pinjaman dan piutang setiap tahun untuk menilai penurunan nilai dengan memperbaharui cadangan kerugian penurunan nilai yang dibentuk selama periode yang diperlukan berdasarkan analisis berkelanjutan dan pemantauan terhadap rekening individual oleh petugas kredit.

Dalam menentukan apakah penurunan nilai harus dibentuk dalam laporan laba rugi dan penghasilan komprehensif lain, Bank membuat penilaian, apakah terdapat data yang dapat diobservasi yang menunjukkan bahwa terdapat penurunan yang dapat diukur dalam laporan perkiraan arus kas masa depan dari portofolio pinjaman sebelum penurunan tersebut dapat diidentifikasi secara individual dalam portofolio tersebut.

Bukti seperti ini dapat termasuk data yang dapat diobservasi yang menunjukkan bahwa telah terjadi perubahan yang merugikan pada status pembayaran kelompok debitur, atau kondisi ekonomi nasional atau lokal yang berkorelasi dengan wanprestasi atas aset dalam kelompok. Bank menggunakan perkiraan dalam menentukan jumlah dan waktu dari arus kas masa depan ketika menentukan tingkat cadangan kerugian yang diperlukan. Estimasi tersebut didasarkan pada asumsi mengenai sejumlah faktor dan hasil aktual yang dapat berbeda, yang mengakibatkan perubahan terhadap jumlah cadangan kerugian di masa yang akan datang.

Penurunan nilai untuk surat berharga

Bank menentukan bahwa surat berharga memiliki kriteria penurunan nilai yang sama dengan aset keuangan yang dicatat pada biaya perolehan diamortisasi.

**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Estimates and Assumptions (continued)

Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Allowance for impairment losses on loans and sharia financing/receivables

The Bank reviews its loan portfolio and receivables to assess impairment on an annual basis with updating allowance for impairment losses made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Bank uses estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Impairment of securities

The Bank determines that securities are impaired based on the same criteria as financial assets carried at amortized cost.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN
(lanjutan)**

Estimasi dan Asumsi (lanjutan)

Umur ekonomis dari aset tetap

Bank memperkirakan masa manfaat aset tetap berdasarkan periode dimana aset diharapkan akan tersedia untuk digunakan. Masa manfaat ekonomis aset tetap ditinjau secara berkala dan diperbarui jika memiliki ekspektasi yang berbeda dari perkiraan sebelumnya, karena kerusakan secara fisik dan teknis, atau keusangan secara komersial dan legal atau batasan lainnya atas penggunaan aset tersebut. Selain hal tersebut, estimasi masa manfaat dari aset tetap didasarkan pada penilaian secara kolektif dengan menggunakan praktik industri, teknik evaluasi internal dan pengalaman dengan aset serupa.

Tetap dimungkinkan, bagaimanapun, bahwa hasil masa depan dapat secara material dipengaruhi oleh perubahan estimasi yang disebabkan oleh perubahan faktor-faktor tersebut di atas. Jumlah dan saat pencatatan biaya untuk setiap periode akan dipengaruhi oleh perubahan dari faktor dan keadaan saat pencatatan. Pengurangan taksiran masa manfaat dari aset tetap akan meningkatkan beban operasional yang diakui.

Penurunan nilai aset non-keuangan

Bank mengevaluasi penurunan nilai aset non-keuangan apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset non-keuangan tidak dapat dipulihkan kembali.

Faktor-faktor penting yang dapat menyebabkan penelaahan penurunan nilai adalah sebagai berikut:

- a) Kinerja yang rendah secara signifikan jika dibandingkan dengan ekspektasi dari hasil operasi historis maupun proyeksi hasil operasi di masa yang akan datang;
- b) perubahan yang signifikan dalam cara penggunaan aset atau strategi bisnis secara keseluruhan; dan
- c) Industri atau tren ekonomi yang secara signifikan bernilai negatif.

**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Estimates and Assumptions (continued)

Useful lives of premises and equipment

The Bank estimates the useful lives of premises and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of premises and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of premises and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of premises and equipment would increase the recorded operating expenses.

Impairment of non-financial assets

The Bank assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of non-financial asset may not be recoverable.

The factors that the Bank considers important which could trigger an impairment review include the following:

- a) significant underperformance relative to expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- c) significant negative industry or economic trends.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
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(lanjutan)**

Estimasi dan Asumsi (lanjutan)

Penurunan nilai aset non-keuangan (lanjutan)

Bank mengakui kerugian penurunan nilai apabila nilai tercatat aset melebihi nilai yang dapat dipulihkan. Jumlah terpulihkan adalah nilai yang lebih tinggi antara nilai wajar dikurang biaya pelepasan dengan nilai pakai aset (atau unit penghasil kas). Jumlah terpulihkan diestimasi untuk aset individual atau, jika tidak memungkinkan, untuk unit penghasil kas yang mana aset tersebut merupakan bagian daripada unit tersebut.

Pengakuan aset pajak tangguhan

Aset pajak tangguhan diakui untuk seluruh saldo rugi fiskal yang belum digunakan sejauh terdapat kemungkinan bahwa saldo rugi tersebut dapat dikompensasikan terhadap penghasilan kena pajak di masa yang akan datang. Pertimbangan manajemen yang signifikan diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, sesuai dengan saat dan jumlah penghasilan kena pajak di masa mendatang seiring dengan strategi perencanaan pajak.

Bank menelaah aset pajak tangguhan pada setiap tanggal laporan posisi keuangan dan mengurangi jumlah tercatat dalam hal tidak adanya lagi kemungkinan bahwa penghasilan kena pajak yang cukup akan tersedia untuk mengkompensasi sebagian atau seluruh aset pajak tangguhan.

Nilai kini atas kewajiban pensiun

Biaya atas program pensiun dan imbalan pasca kerja lainnya ditentukan dengan perhitungan aktuaris. Perhitungan aktuaris melibatkan penggunaan asumsi mengenai tingkat diskonto, tingkat pengembalian yang diharapkan dari aset, kenaikan gaji di masa depan, tingkat kematian dan tingkat kecacatan. Karena program tersebut memiliki sifat jangka panjang, maka perkiraan tersebut memiliki ketidakpastian yang signifikan.

**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Estimates and Assumptions (continued)

Impairment of non-financial assets (continued)

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or Cash Generating Unit's) fair value less costs of disposals and its value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the Cash Generating Unit to which the asset belongs.

Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Bank reviews its deferred tax assets at each statement of financial position date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Present value of retirement obligation

The cost of defined retirement pension plan and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and disability rate. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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4. KAS

31 Desember/December 31, 2016	
Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah	998.981
Mata uang asing	
Dolar Singapura	418.290 3.895
Dolar Amerika Serikat	235.020 3.166
Riyal Arab Saudi	68.132 246
Dolar Australia	23.030 224
Euro Eropa	5.625 80
Pound Sterling Inggris	2.912 48
Renminbi	12.405 24
Ringgit Malaysia	5.078 15
Yen Jepang	21.000 2
Dolar Hong Kong	110 1
	7.701
Total	1.006.682

Saldo dalam mata uang Rupiah termasuk uang pada Anjungan Tunai Mandiri (ATM) sebesar Rp187.839 dan Rp229.030, masing-masing pada tanggal 31 Desember 2016 dan 2015.

4. CASH

31 Desember/December 31, 2015	
Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah	1.179.438
Mata uang asing	
Dolar Singapura	12.459 122
Dolar Amerika Serikat	86.954 1.199
Riyal Arab Saudi	12.802 47
Dolar Australia	27.300 275
Euro Eropa	5.500 83
Pound Sterling Inggris	160 3
Renminbi	4.705 10
Ringgit Malaysia	6.473 21
Yen Jepang	171.000 20
Dolar Hong Kong	610 1
	1.781
Total	1.181.219

The rupiah balance includes cash in ATMs (Automated Teller Machines) of Rp187,839 and Rp229,030, as of December 31, 2016 and 2015, respectively.

5. GIRO PADA BANK INDONESIA

31 Desember/December 31, 2016	
Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah	10.693.013
Mata uang asing	
Dolar Amerika Serikat	324.000 4.365
Total	10.697.378

Dalam giro pada Bank Indonesia termasuk giro yang didasarkan pada prinsip perbankan syariah sebesar Rp814.251 dan Rp641.467 masing-masing pada tanggal 31 Desember 2016 dan 2015.

Rasio GWM Bank (tidak diaudit) pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

	2016	2015	
<u>Konvensional</u>			<u>Conventional</u>
Rupiah			Rupiah
Utama	6,72%	7,95%	Primary
Sekunder	6,45%	5,21%	Secondary
Dolar Amerika Serikat	8,47%	8,08%	United States Dollar

5. CURRENT ACCOUNTS WITH BANK INDONESIA

31 Desember/December 31, 2015	
Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah	10.981.885
Mata uang asing	
Dolar Amerika Serikat	324.000 4.466
Total	10.986.351

Current accounts with Bank Indonesia include current accounts based on sharia banking principles amounting to Rp814,251 and Rp641,467 as of December 31, 2016 and 2015, respectively.

The minimum reserve requirement ratios of the Bank (unaudited) of December 31, 2016 and 2015 are as follows:

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5. GIRO PADA BANK INDONESIA (lanjutan)

Rasio GWM Bank (tidak diaudit) pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut (lanjutan):

	2016
Syariah Rupiah	5,08%

Saldo giro pada Bank Indonesia disediakan untuk memenuhi persyaratan Giro Wajib Minimum (GWM) dari Bank Indonesia.

Rasio GWM pada tanggal 31 Desember 2016 dihitung berdasarkan Peraturan Bank Indonesia (PBI) No. 18/3/PBI/2016 tanggal 10 Maret 2016 tentang "Perubahan Ketiga atas Peraturan Bank Indonesia Nomor 15/15/PBI/2013 tentang Giro Wajib Minimum Bank Umum dalam Rupiah dan Valuta Asing bagi Bank Umum Konvensional". Rasio GWM pada tanggal 31 Desember 2015 dihitung berdasarkan Peraturan Bank Indonesia (PBI) No. 17/21/PBI/2015 tanggal 26 November 2015 tentang "Perubahan Kedua atas Peraturan Bank Indonesia Nomor 15/15/PBI/2013 tentang Giro Wajib Minimum Bank Umum dalam Rupiah dan Valuta Asing bagi Bank Umum Konvensional".

Pada tanggal-tanggal 31 Desember 2016 dan 2015, sesuai dengan ketentuan Bank Indonesia tersebut di atas, Bank harus memenuhi persyaratan GWM Utama dalam Rupiah masing-masing sebesar 6,5% dan 7,5%, sedangkan untuk mata uang asing masing-masing sebesar 8%. Untuk GWM Sekunder masing-masing adalah sebesar 4% dalam Rupiah.

Rasio GWM berdasarkan prinsip syariah pada tanggal-tanggal 31 Desember 2016 dan 2015 dihitung berdasarkan Peraturan Bank Indonesia (PBI) No. 15/16/PBI/2013 tanggal 24 Desember 2013 tentang "Giro Wajib Minimum dalam Rupiah dan Valuta Asing bagi Bank Umum Syariah dan Unit Usaha Syariah".

Pada tanggal-tanggal 31 Desember 2016 dan 2015, sesuai dengan ketentuan Bank Indonesia tersebut di atas, berdasarkan prinsip syariah Bank harus memenuhi persyaratan GWM dalam Rupiah dan mata uang asing masing-masing sebesar 5% dan 1%.

Bank telah memenuhi ketentuan Bank Indonesia tentang Giro Wajib Minimum.

5. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

The minimum reserve ratios of the Bank (unaudited) of December 31, 2016 and 2015 are as follows (continued):

	2016	2015
Syariah Rupiah	5,08%	5,04%

Current accounts with Bank Indonesia are maintained to comply with Bank Indonesia's Minimum Legal Reserve Requirements (GWM).

The calculation of the GWM ratios as of December 31, 2016 is based on Bank Indonesia regulation (PBI) No. 18/3/PBI/2016 dated March 10, 2016, regarding "Third Amendment to Bank Indonesia regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Banking". The calculation of the GWM ratios as of December 31, 2015 is based on Bank Indonesia regulation (PBI) No. 17/21/PBI/2015 dated November 26, 2015, regarding "Second Amendment to Bank Indonesia regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Banking".

As of December 31, 2016 and 2015, based on the above Bank Indonesia regulations, Bank is required to maintain primary GWM in Rupiah amounting to 6.5% and 7.5%, respectively, while GWM for foreign currency amounting to 8%, respectively. Secondary GWM amounting to 4% in Rupiah, respectively.

The calculation of the GWM ratios based on sharia principle as of Desember 31, 2016 and 2015 is based on Bank Indonesia's regulation (PBI) No. 15/16/PBI/2013 dated December 24, 2013, regarding "Reserve Requirement in Rupiah and Foreign Currencies for Sharia Banks and Sharia Business Units".

As of December 31, 2016 and 2015, based on the above Bank Indonesia regulations, based on sharia principle, Bank is required to maintain GWM both in Rupiah and in foreign currencies of 5% and 1%, respectively.

The Bank has complied with Bank Indonesia regulations concerning the minimum reserve requirements.

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5. GIRO PADA BANK INDONESIA (lanjutan)

Sisa umur jatuh tempo atas giro pada Bank Indonesia dikategorikan sebagai kurang dari satu bulan (Catatan 44).

5. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

The remaining period of current accounts with Bank Indonesia is categorized as less than one month (Note 44).

6. GIRO PADA BANK LAIN

a. Berdasarkan mata uang

6. CURRENT ACCOUNTS WITH OTHER BANKS

a. By currency

	31 Desember/December 31, 2016		31 Desember/December 31, 2015		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah	
Rupiah		117.971		77.075	Rupiah
Mata uang asing					Foreign currencies
Dolar Amerika Serikat	14.113.945	190.150	7.508.600	103.506	United States Dollar
Singapura Dollar	724.533	6.747	149.388	1.458	Singapore Dollar
Yen Jepang	53.957.234	6.209	80.546.495	9.224	Japanese Yen
Euro Eropa	104.380	1.480	753.866	11.351	European Euro
Renminbi	119.338	231	150.255	319	Renminbi
		204.817		125.858	
Total		322.788		202.933	Total
Dikurangi cadangan kerugian penurunan nilai		(1.482)		(1.572)	Less allowance for impairment losses
Neto		321.306		201.361	Net

b. Berdasarkan bank

b. By bank

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Rupiah</u>			<u>Rupiah</u>
<u>Pihak Ketiga</u>			<u>Third Parties</u>
PT Bank Maybank Indonesia Tbk	81.885	29.403	PT Bank Maybank Indonesia Tbk
PT Bank Central Asia Tbk	26.038	36.574	PT Bank Central Asia Tbk
PT Bank Pembangunan Daerah Jawa Tengah	5.171	1.583	PT Bank Pembangunan Daerah Jawa Tengah
Standard Chartered Bank, Jakarta	2.432	4.142	Standard Chartered Bank, Jakarta
Citibank N.A., Jakarta	925	925	Citibank N.A., Jakarta
Lainnya	397	161	Others
	116.848	72.788	
<u>Pihak Berelasi (Catatan 41)</u>			<u>Related Parties (Note 41)</u>
PT Bank Syariah Mandiri	800	486	PT Bank Syariah Mandiri
PT Bank Negara Indonesia (Persero) Tbk	287	348	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	21	2.577	PT Bank Mandiri (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	15	876	PT Bank Rakyat Indonesia (Persero) Tbk
	1.123	4.287	

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6. GIRO PADA BANK LAIN (lanjutan)

**6. CURRENT ACCOUNTS WITH OTHER BANKS
(continued)**

b. Berdasarkan bank (lanjutan)

b. By bank (continued)

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Mata uang asing</u>			<u>Foreign currencies</u>
<u>Pihak Ketiga</u>			<u>Third Parties</u>
Standard Chartered Bank, Jakarta	143.773	63.608	Standard Chartered Bank, Jakarta
PT Bank Central Asia Tbk	30.319	6.909	PT Bank Central Asia Tbk
PT Bank DBS Indonesia	6.747	1.458	PT Bank DBS Indonesia
Citibank N.A., Jakarta	6.432	6.582	Citibank N.A., Jakarta
Indonesische Overzeese Bank N.V., Amsterdam	1.480	1.572	Indonesische Overzeese Bank N.V., Amsterdam
PT Bank ICBC Indonesia	231	319	PT Bank ICBC Indonesia
Deutsche Bank AG	-	9.779	Deutsche Bank AG
	188.982	90.227	
<u>Pihak Berelasi (Catatan 41)</u>			<u>Related Parties (Note 41)</u>
PT Bank Negara Indonesia (Persero) Tbk	10.078	13.203	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	5.757	22.428	PT Bank Mandiri (Persero) Tbk
	15.835	35.631	
Total	322.788	202.933	Total
Dikurangi cadangan kerugian penurunan nilai	(1.482)	(1.572)	Less allowance for impairment losses
Neto	321.306	201.361	Net

Bank memiliki giro pada bank lain yang merupakan pihak-pihak berelasi sebesar Rp16.958 dan Rp39.918, masing-masing pada tanggal 31 Desember 2016 dan 2015.

As of December 31, 2016 and 2015, the Bank has current accounts with other banks which represent related parties amounting to Rp16,958 and Rp39,918, respectively.

Dalam giro pada bank lain termasuk giro yang didasarkan pada prinsip perbankan syariah sebesar Rp800 dan Rp486, masing-masing pada tanggal 31 Desember 2016 dan 2015.

Current accounts with other banks include current accounts based on sharia banking principles amounting to Rp800 and Rp486, as of December 31, 2016 and 2015, respectively.

c. Tingkat suku bunga rata-rata per tahun untuk giro pada bank lain adalah sebagai berikut:

c. Average annual interest rates for current accounts with other banks are as follows:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Rupiah	0,25%	0,63%	Rupiah
Mata uang asing	0,01%	0,01%	Foreign currencies

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6. GIRO PADA BANK LAIN (lanjutan)

d. Kolektibilitas

Pada tanggal 31 Desember 2016 dan 2015, kolektibilitas giro pada bank lain adalah sebagai berikut :

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Lancar	321.308	201.361	Current
Macet	1.480	1.572	Loss
Total	322.788	202.933	Total
Dikurangi cadangan kerugian penurunan nilai	(1.482)	(1.572)	Less allowance for impairment losses
Neto	321.306	201.361	Net

e. Pada tanggal 31 Desember 2016 dan 2015, tidak terdapat saldo giro pada bank lain yang digunakan sebagai agunan.

d. Collectibility

As of December 31, 2016 and 2015, the collectibility of current accounts with other banks are as follows:

e. As of December 31, 2016 and 2015, there are no current accounts with other banks which are used as collateral.

f. Perubahan cadangan kerugian penurunan nilai giro pada bank lain adalah sebagai berikut:

f. The movements in the allowance for impairment losses on current accounts with other banks are as follows:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Saldo awal tahun (Pembalikan) penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 31)	1.572	1.571	Balance at beginning of year
	(90)	1	(Reversal of) provision for impairment losses during the year (Note 31)
Saldo akhir tahun	1.482	1.572	Balance at end of year

Manajemen berpendapat bahwa jumlah cadangan kerugian atas giro pada bank lain yang dibentuk telah memadai.

The management believes that the allowance for impairment losses provided on current accounts with other banks is adequate.

g. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 44.

g. Information with respect to classification of impaired and not impaired of financial assets are disclosed in Note 44.

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7. PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN

7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. Berdasarkan mata uang dan jenis

a. Based on currency and type

	<u>31 Desember/ December 31, 2016</u>	<u>31 Desember/ December 31, 2015</u>	
<u>Rupiah</u>			<u>Rupiah</u>
<u>Pihak Ketiga</u>			<u>Third Parties</u>
<u>Deposit Facility</u>			<u>Deposit Facility</u>
Bank Indonesia	15.046.082	6.596.977	Bank Indonesia
<u>Deposit Facility Syariah</u>			<u>Deposit Facility Sharia</u>
Bank Indonesia	2.535.000	932.500	Bank Indonesia
<u>Deposito berjangka Mudharabah</u>			<u>Mudharabah time deposits</u>
PT Bank Muamalat Tbk	-	150.000	PT Bank Muamalat Tbk
	<u>17.581.082</u>	<u>7.679.477</u>	
<u>Pihak Berelasi (Catatan 41)</u>			<u>Related Parties (Note 41)</u>
<u>Tabungan</u>			<u>Savings Deposits</u>
PT Bank Mandiri (Persero) Tbk	268	-	PT Bank Mandiri (Persero) Tbk
<u>Deposito berjangka Mudharabah</u>			<u>Mudharabah time deposits</u>
PT Bank BRISyariah	-	150.000	PT Bank BRISyariah
<u>Interbank call money</u>			<u>Interbank call money</u>
PT Bank Rakyat Indonesia (Persero) Tbk	-	10.000	PT Bank Rakyat Indonesia (Persero) Tbk
	<u>268</u>	<u>160.000</u>	
Total	<u>17.581.350</u>	<u>7.839.477</u>	Total

Terdapat penempatan pada Bank Indonesia dan bank lain dengan pihak-pihak berelasi sebesar Rp268 dan Rp160.000 masing-masing pada tanggal 31 Desember 2016 dan 2015.

As of December 31, 2016 and 2015, placements with Bank Indonesia and other banks which are related parties of the Bank amounted to Rp268 and Rp160,000, respectively.

Dalam penempatan pada Bank Indonesia dan bank lain termasuk penempatan yang didasarkan pada prinsip perbankan syariah sebesar Rp2.535.000 dan Rp1.232.500, masing-masing pada tanggal 31 Desember 2016 dan 2015.

As of December 31, 2016 and 2015, placements with Bank Indonesia and other banks include placements based on sharia banking principles amounting to Rp2,535,000 and Rp1,232,500, respectively.

b. Berdasarkan Sisa Umur Hingga Jatuh Tempo

b. Based on Remaining Period Until Maturity

	<u>31 Desember/ December 31, 2016</u>	<u>31 Desember/ December 31, 2015</u>	
≤ 1 bulan	17.581.350	7.839.477	≤ 1 month
Total	<u>17.581.350</u>	<u>7.839.477</u>	Total

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7. PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN (lanjutan)

- c. Tingkat suku bunga rata-rata per tahun untuk penempatan pada Bank Indonesia dan bank lain:

**Tahun yang berakhir pada tanggal
31 Desember/Year Ended December 31**

	2016	2015	
Rupiah	5,89%	6,27%	Rupiah

- d. Seluruh penempatan pada bank lain dan Bank Indonesia pada tanggal-tanggal 31 Desember 2016 dan 2015 diklasifikasikan sebagai lancar.
- e. Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai tidak diperlukan pada tanggal 31 Desember 2016 dan 2015, karena manajemen berkeyakinan bahwa penempatan pada Bank Indonesia dan bank lain dapat ditagih.
- f. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 44.

7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

- c. Average annual interest rates for placement with Bank Indonesia and other banks:

- d. All placements with other banks and Bank Indonesia as of December 31, 2016 and 2015 are classified as current.
- e. Management believes that no allowance for impairment losses is necessary as of December 31, 2016 and 2015, because management believes that placements with Bank Indonesia and other banks are fully collectible.
- f. Information with respect to classification of impaired and not impaired of financial assets are disclosed in Note 44.

8. EFEK-EFEK

- a. Berdasarkan mata uang, jenis dan penerbit

	31 Desember/ December 31, 2016
<u>Nilai wajar melalui laba rugi</u>	
<u>Rupiah</u>	
<u>Pihak Ketiga</u>	
Sertifikat Deposito Bank Indonesia	548.521
<u>Tersedia untuk dijual</u>	
<u>Rupiah</u>	
<u>Pihak Ketiga</u>	
Sertifikat Bank Indonesia	1.179.355
Sertifikat Deposito Bank Indonesia	294.876

8. SECURITIES

- a. Based on currency, type and issuer

	31 Desember/ December 31, 2015
<u>Fair value through profit or loss</u>	
<u>Rupiah</u>	
<u>Third Parties</u>	
Deposits Certificates of Bank Indonesia	-
<u>Available-for-sale</u>	
<u>Rupiah</u>	
<u>Third Parties</u>	
Bank Indonesia Certificates	815.977
Deposits Certificates of Bank Indonesia	294.714

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8. EFEK-EFEK (lanjutan)

a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

8. SECURITIES (continued)

a. Based on currency, type and issuer (continued)

	<u>31 Desember/ December 31, 2016</u>	<u>31 Desember/ December 31, 2015</u>	
<u>Tersedia untuk dijual (lanjutan)</u>			<u>Available-for-sale (continued)</u>
<u>Rupiah (lanjutan)</u>			<u>Rupiah (continued)</u>
<u>Pihak Ketiga (lanjutan)</u>			<u>Third Parties (continued)</u>
<i>Obligasi</i>			<i>Bonds</i>
PT Bank CIMB Niaga Tbk			PT Bank CIMB Niaga Tbk
Tahap I Seri A 2016	89.107	-	Phase I Series A 2016
Tahap I Seri B 2011	-	9.911	Phase I Series B 2011
PT Bank OCBC NISP Tbk			PT Bank OCBC NISP Tbk
Tahap I Seri A 2016	49.793	-	Phase I Series A 2016
Tahap I Seri B 2016	49.474	-	Phase I Series B 2016
Tahap II Seri C 2015	46.998	46.454	Phase II Series C 2015
Tahap I Seri C 2013	-	29.911	Phase I Series C 2013
Tahap II Seri A 2015	-	9.992	Phase II Series A 2015
PT Bank UOB Indonesia			PT Bank UOB Indonesia
Tahap II Seri A 2016	29.665	-	Phase II Series A 2016
PT Bank Maybank			PT Bank Maybank
Indonesia Tbk			Indonesia Tbk
Tahap II Seri B 2012	19.911	-	Phase II Series B 2012
PT BPD Sulawesi Selatan dan			PT BPD Sulawesi Selatan and
Barat (Sulselbar)			Barat (Sulselbar)
Sukuk Mudharabah II 2016	15.452	-	Sukuk Mudharabah II 2016
PT BPD Sumatera Barat			PT BPD Sumatera Barat
(Bank Nagari)			(Bank Nagari)
Sukuk Mudharabah II 2015	10.303	-	Sukuk Mudharabah II 2015
PT Berlian Laju Tanker Tbk			PT Berlian Laju Tanker Tbk
Seri III 2007	5.018	5.018	Series III 2007
<i>Negotiable Certificate of Deposits</i>			<i>Negotiable Certificate of Deposits</i>
PT Bank Tabungan Pensiunan			PT Bank Tabungan Pensiunan
Nasional Tbk			Nasional Tbk
Seri A 2016	73.080	-	Series A 2016
PT Bank CIMB Niaga Tbk			PT Bank CIMB Niaga Tbk
Tahap II 2016	49.170	-	Phase II 2016
PT Bank KEB Hana Indonesia			PT KEB Hana Bank Indonesia
Tahap I Seri A 2016	24.105	-	Phase I Series A 2016
Tahap I Seri B 2016	23.570	-	Phase I Series B 2016
PT Bank Sumitomo			PT Bank Sumitomo
Mitsui Indonesia			Mitsui Indonesia
Tahap II Seri A 2016	24.575	-	Phase II Series A 2016
Tahap II Seri B 2016	24.003	-	Phase II Series B 2016
Tahap II Seri C 2016	23.625	-	Phase II Series C 2016
PT Bank Maybank			PT Bank Maybank
Indonesia Tbk			Indonesia Tbk
Tahap IIA 2015	-	24.433	Phase IIA 2015
PT Commonwealth Bank			PT Commonwealth Bank
Tahap VA 2015	-	24.848	Phase VA 2015
<i>Medium Term Notes</i>			<i>Medium Term Notes</i>
PT BPD Jawa Barat dan			PT BPD Jawa Barat dan
Banten Tbk			Banten Tbk
Tahap II 2016	100.000	-	Phases II 2016
Reksadana			Mutual Funds
Reksadana EMCO Terproteksi	82.553	82.577	Protected EMCO Mutual Funds

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8. EFEK-EFEK (lanjutan)

a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

8. SECURITIES (continued)

a. Based on currency, type and issuer (continued)

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Tersedia untuk dijual (lanjutan)</u>			<u>Available-for-sale (continued)</u>
<u>Rupiah (lanjutan)</u>			<u>Rupiah (continued)</u>
<u>Pihak Ketiga (lanjutan)</u>			<u>Third Parties (continued)</u>
Efek Beragun Aset			Asset Backed Securities
EBA - SP - BTN02			EBA - SP - BTN02
Kelas B	80.000	-	Class B
KIK EBA BTN 04			KIK EBA BTN 04
Kelas B	60.000	60.000	Class B
EBA - SP - BTN01			EBA - SP - BTN01
Kelas B	17.000	17.000	Class B
	2.371.633	1.420.835	
<u>Pihak Berelasi (Catatan 41)</u>			<u>Related Parties (Note 41)</u>
<u>Obligasi</u>			<u>Bonds</u>
PT Bank Rakyat Indonesia (Persero) Tbk			PT Bank Rakyat Indonesia (Persero) Tbk
Tahap II Seri A 2016	100.150	-	Phase II Series A 2016
Tahap II Seri B 2016	101.669	-	Phase II Series B 2016
Tahap I Seri A 2016	99.074	-	Phase I Series A 2016
Tahap III Seri B 2016	99.554	-	Phase III Series B 2016
PT Bank Mandiri (Persero) Tbk			PT Bank Mandiri (Persero) Tbk
Tahap I 2016 Seri A	24.323	-	Phase I Series A 2016
Lembaga Pembiayaan Ekspor Indonesia			Lembaga Pembiayaan Ekspor Indonesia
Tahap I 2014 Seri C	20.163	20.017	Phase I Series C 2014
PT Pupuk Indonesia (Persero) Tahun 2014 Seri A	20.137	20.200	PT Pupuk Indonesia (Persero) Year 2014 Series A
<u>Negotiable Certificate of Deposits</u>			<u>Negotiable Certificate of Deposits</u>
PT Bank Negara Indonesia (Persero) Tbk			PT Bank Negara Indonesia (Persero) Tbk
Seri E 2016	120.312	-	Series E 2016
Seri F 2016	82.600	-	Series F 2016
Tahap II Seri A 2016	94.030	-	Phases II Series A 2016
Tahap II Seri B 2016	13.558	-	Phases II Series B 2016
PT Bank Mandiri (Persero) Tbk			PT Bank Mandiri (Persero) Tbk
Seri 2A 2016	92.570	-	Series 2A 2016
<u>Medium Term Notes</u>			<u>Medium Term Notes</u>
PT Bank Rakyat Indonesia (Persero) Tbk			PT Bank Rakyat Indonesia (Persero) Tbk
Tahap I 2016	99.670	-	Phase I 2016
	967.810	40.217	
	3.339.443	1.461.052	

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8. EFEK-EFEK (lanjutan)

a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

8. SECURITIES (continued)

a. Based on currency, type and issuer (continued)

	<u>31 Desember/ December 31, 2016</u>	<u>31 Desember/ December 31, 2015</u>	
<u>Dimiliki hingga jatuh tempo</u>			<u>Held-to-maturity</u>
<u>Rupiah</u>			<u>Rupiah</u>
<u>Pihak Ketiga</u>			<u>Third Parties</u>
<u>Obligasi</u>			<u>Bonds</u>
PT Berlian Laju Tanker Tbk			PT Berlian Laju Tanker Tbk
Sukuk Ijarah 2007	2.000	2.000	Sukuk Ijarah 2007
PT UOB Indonesia			PT UOB Indonesia
Tahap I Seri A 2015	-	8.002	Phase I Series A 2015
Efek Beragunan Aset			Asset Backed Securities
KIK EBA BTN 05			KIK EBA BTN 05
Kelas B	120.000	120.000	Class B
KIK EBA BTN 03			KIK EBA BTN 03
Kelas B	60.000	60.000	Class B
KIK EBA BTN 02			KIK EBA BTN 02
Kelas B	42.200	42.200	Class B
KIK EBA BTN 01			KIK EBA BTN 01
Kelas B	21.274	45.000	Class B
EBA-SP -BTN 02			EBA - SP -BTN02
Kelas A1	20.000	-	Class A1
KIK EBA BTN 05			KIK EBA BTN 05
Kelas A1	1.701	3.331	Class A1
KIK EBA II			KIK EBA II
Kelas B	-	16.538	Class B
KIK EBA I			KIK EBA I
Kelas B	-	432	Class B
	<u>267.175</u>	<u>297.503</u>	
<u>Pihak Berelasi (Catatan 41)</u>			<u>Related Parties (Note 41)</u>
<u>Obligasi</u>			<u>Bonds</u>
PT Perusahaan Listrik Negara (Persero)			PT Perusahaan Listrik Negara (Persero)
Sukuk Ijarah II 2007	28.002	28.007	Sukuk Ijarah II 2007
Sukuk Ijarah IV 2010	3.000	3.000	Sukuk Ijarah IV 2010
Syariah Ijarah I 2006	-	30.000	Syariah Ijarah I 2006
	<u>31.002</u>	<u>61.007</u>	
	<u>298.177</u>	<u>358.510</u>	
Total	4.186.141	1.819.562	Total
Cadangan kerugian penurunan nilai	(14.441)	(12.001)	Allowance for impairment losses
Neto	<u>4.171.700</u>	<u>1.807.561</u>	Net

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8. EFEK-EFEK (lanjutan)

b. Jatuh tempo dan suku bunga

8. SECURITIES (continued)

b. Maturity and interest rate

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
Rupiah Bank Indonesia	Sertifikat Bank Indonesia, Sertifikat Deposito Bank Indonesia/ Bank Indonesia Certificates, Deposits Certificates Of Bank Indonesia	< 1 tahun/ < 1 year	5,60% s.d 6,75%, dan 6,75% s.d 6,95% untuk tahun yang berakhir masing-masing pada tanggal 31 Desember 2016 dan 2015/ 5.60% to 6.75% and 6.75% to 6.95% for years ended December 31, 2016 and 2015, respectively	Rupiah Bank Indonesia
PT Bank OCBC NISP Tbk Tahap I Seri C 2013	Obligasi/Bonds	19 Februari/ February 19, 2016	7,40% tetap/ fixed	PT Bank OCBC NISP Tbk Phase I Series C 2013
Tahap II Seri A 2015	Obligasi/Bonds	20 Februari/ February 20, 2016	9,00% tetap/ fixed	Phase II Series A 2015
Tahap II Seri C 2015	Obligasi/Bonds	10 Februari/ February 10, 2018	9,80% tetap/ fixed	Phase II Series C 2015
Tahap I Seri A 2016	Obligasi/Bonds	21 Mei/ May 21, 2017	7,50% tetap/ fixed	Phase I Series A 2016
Tahap I Seri B 2016	Obligasi/Bonds	11 Mei/ May 11, 2018	8,00% tetap/ fixed	Phase I Series B 2016
PT Bank CIMB Niaga Tbk Tahap I Seri B 2011	Obligasi/Bonds	23 Desember/ December 23, 2016	8,30% tetap/ fixed	PT Bank CIMB Niaga Tbk Phase I Series B 2011
Tahap I Seri A 2016	Obligasi/Bonds	13 November/ November 13, 2017	7,25% tetap/ fixed	Phase I Series A 2016
Tahap II 2016	Negotiable Certificate of Deposits	16 Maret/ March 16, 2017	7,80% tetap/ fixed	Phase II 2016
PT Berlian Laju Tanker Tbk Seri III 2007	Obligasi/Bonds	5 Juli/ July 5, 2012	10,35% tetap/ fixed	PT Berlian Laju Tanker Tbk Series III 2007
Sukuk Ijarah 2007	Obligasi/Bonds	7 Mei/ May 7, 2012	10,30%	Sukuk Ijarah 2007
PT Bank Maybank Indonesia Tbk Tahap IIA 2015	Negotiable Certificate of Deposits	23 Maret/ March 23, 2016	8,70% tetap/ fixed	PT Bank Maybank Indonesia Tbk Phase IIA 2015
Tahap II Seri B 2012	Obligasi/Bonds	31 Oktober/ October 31, 2017	8,00% tetap/ fixed	Phase II Series B 2012
PT Commonwealth Bank Tahap VA 2015	Negotiable Certificate of Deposits	19 Januari/ January 19, 2016	8,75% tetap/ fixed	PT Commonwealth Bank Phase VA 2015
PT Bank Tabungan Pensiunan Nasional Tbk Seri A 2016	Negotiable Certificate of Deposits	8 Mei/ May 8, 2017	7,30% tetap/ fixed	PT Bank Tabungan Pensiunan Nasional Tbk Series A 2016
PT Bank Sumitomo Mitsui Indonesia Tahap I Seri A 2016	Negotiable Certificate of Deposits	22 Maret/ March 22, 2017	7,50% tetap/ fixed	PT Bank Sumitomo Mitsui Indonesia Phase II Series A 2016
Tahap II Seri B 2016	Negotiable Certificate of Deposits	11 Juli/ July 11, 2017	7,66% tetap/ fixed	Phase II Series B 2016
Tahap II Seri C 2016	Negotiable Certificate of Deposits	22 September/ September 22, 2017	7,76% tetap/ fixed	Phase II Series C 2016
PT BPD Jawa Barat dan Banten Tbk Tahap II 2016	Medium Term Notes	8 Januari/ January 8, 2018	9,00% tetap/ fixed	PT BPD Jawa Barat dan Banten Tbk Phase II 2016
PT Bank KEB Hana Indonesia Tahap I Seri A 2016	Negotiable Certificate of Deposits	12 Juni/ June 12, 2017	7,81% tetap/ fixed	PT KEB Hana Bank Indonesia Phase I Series A 2016
Tahap I Seri B 2016	Negotiable Certificate of Deposits	20 September/ September 20, 2017	7,93% tetap/ fixed	Phase I Series B 2016

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8. EFEK-EFEK (lanjutan)

b. Jatuh tempo dan suku bunga (lanjutan)

8. SECURITIES (continued)

b. Maturity and interest rate (continued)

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
Rupiah (lanjutan)				Rupiah (continued)
PT Bank Negara Indonesia Tbk Tahap II Seri A 2016 Tahap II Seri B 2016	Negotiable Certificate of Deposits	2 Oktober/ October 2, 2017	7,20% tetap/ fixed	PT Bank Negara Indonesia Tbk Phases II Series A 2016
	Negotiable Certificate of Deposits	26 Maret/ March 26, 2018	7,60% tetap/ fixed	Phases II Series B 2016
Seri E 2016	Negotiable Certificate of Deposits	15 Juni/ June 15, 2018	8,25% tetap/ fixed	Series E 2016
Seri F 2016	Negotiable Certificate of Deposits	14 Juni/ June 14, 2019	8,40% tetap/ fixed	Series F 2016
Lembaga Pembiayaan Ekspor Indonesia Tahap I 2014 Seri C	Obligasi/Bonds	5 Juni/ June 5, 2017	9,25% tetap/ fixed	Lembaga Pembiayaan Ekspor Indonesia Phase I Series C 2014
PT Pupuk Indonesia (Persero) Tahun 2014 Seri A	Obligasi/Bonds	8 Juli/ July 8, 2017	9,63% tetap/ fixed	PT Pupuk Indonesia (Persero) Year 2014 Series A
PT Bank Rakyat Indonesia (Persero) Tbk Tahap I 2016	Medium Term Notes	21 September/ September 21, 2017	7,40% tetap/ fixed	PT Bank Rakyat Indonesia (Persero) Tbk Phase I 2016
Tahap II Seri A 2016	Obligasi/Bonds	8 Februari/ February 8, 2017	8,50% tetap/ fixed	Phase II Series A 2016
Tahap II Seri B 2016	Obligasi/Bonds	4 Februari/ February 4, 2019	9,25% tetap/ fixed	Phase II Series B 2016
Tahap I Seri A 2016	Obligasi/Bonds	6 Desember/ December 6, 2017	7,25% tetap/ fixed	Phase I Series A 2016
Tahap III Seri B 2016	Obligasi/Bonds	25 Mei/ May 25, 2019	8,20% tetap/ fixed	Phase III Series B 2016
PT Bank UOB Indonesia Tahap II Seri A 2016	Obligasi/Bonds	5 Desember/ December 5, 2017	7,20% tetap/ fixed	PT Bank UOB Indonesia Phase II Series A 2016
PT Bank UOB Indonesia Tahap I Seri A 2015	Obligasi/Bonds	11 April/ April 11, 2016	8,60% tetap/ fixed	PT Bank UOB Indonesia Phase I Series A 2015
PT BPD Sulawesi Selatan dan Barat (Sulselbar) Sukuk Mudharabah II 2016	Obligasi/Bonds	15 Juli/ July 15, 2021	9,35% tetap/ fixed	PT BPD Sulawesi Selatan and Barat (Sulselbar) Sukuk Mudharabah II 2016
PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015	Obligasi/Bonds	8 Januari/ January 8, 2021	10,99% tetap/ fixed	PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015
PT Perusahaan Listrik Negara (Persero) Syariah Ijarah I 2006	Obligasi/Bonds	21 Juni/ June 21, 2016	13,60%	PT Perusahaan Listrik Negara (Persero) Syariah Ijarah I 2006
Sukuk Ijarah II 2007	Obligasi/Bonds	10 Juli/ July 10, 2017	10,40%	Sukuk Ijarah II 2007
Sukuk Ijarah IV 2010	Obligasi/Bonds	12 Januari/ January 12, 2020	12,55%	Sukuk Ijarah IV 2010

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8. EFEK-EFEK (lanjutan)

b. Jatuh tempo dan suku bunga (lanjutan)

8. SECURITIES (continued)

b. Maturity and interest rate (continued)

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
Rupiah (lanjutan)				Rupiah (continued)
PT Bank Mandiri (Persero) Tbk Tahap I 2016 Seri A	Obligasi/Bonds	30 September/ September 30, 2021	7,95% tetap/ fixed	PT Bank Mandiri (Persero) Tbk Phase I Series A 2016
Seri 2A 2016	Negotiable Certificate of Deposits	21 Desember/ December 21, 2017	7,55% tetap/ fixed	Series 2A 2016
EBA - SP – BTN02 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	7 Juni/ June 7, 2027	Arus kas tidak tetap/ Variable cash flows	EBA - SP – BTN02 Class B
EBA - SP – BTN02 Kelas A1	Efek Beragunan Aset/ Asset Backed Securities	7 Juni/ June 7, 2027	8,15%	EBA – SP – BTN02 Class A1
KIK – EBA BTN 05 Kelas A1	Efek Beragunan Aset/ Asset Backed Securities	7 September/ September 7, 2025	10,00%	KIK – EBA BTN 05 Class A1
EBA - SP - BTN01 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	7 Maret/ March 7, 2022	Arus kas tidak tetap/ Variable cash flows	EBA - SP - BTN 01 Class B
KIK – EBA BTN 05 Kelas B	Efek Beragunan Aset / Asset Backed Securities	7 September/ September 7, 2025	Arus kas tidak tetap/ Variable cash flows	KIK – EBA BTN 05 Class B
KIK – EBA BTN 04 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	26 Februari/ February 26, 2022	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 04 Class B
KIK – EBA BTN 03 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	7 Januari/ January 7, 2023	Arus kas tidak tetap/ Variable cash flows	KIK – EBA BTN 03 Class B
KIK – EBA BTN 02 Kelas B	Efek Beragunan Aset / Asset Backed Securities	27 Februari/ February 27, 2021	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 02 Class B
KIK – EBA BTN 01 Kelas B	Efek Beragunan Aset / Asset Backed Securities	27 September/ September 27, 2019	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 01 Class B

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8. EFEK-EFEK (lanjutan)

c. Berdasarkan sisa umur hingga jatuh tempo (efek-efek yang dimiliki hingga jatuh tempo)

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
≤ 1 tahun	28.002	38.002
> 1 tahun ≤ 5 tahun	66.474	92.977
> 5 tahun ≤ 10 tahun	181.701	225.531
> 10 tahun	22.000	2.000
	298.177	358.510

d. Peringkat

Daftar peringkat efek-efek seperti yang dilaporkan oleh PT Pemeringkat Efek Indonesia adalah sebagai berikut:

Penerbit	Jenis/ Type	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	Issuer
PT Bank OCBC NISP Tbk				PT Bank OCBC NISP Tbk
Tahap I Seri C 2013	Obligasi/Bonds	-	idAAA	Phase I Series C 2013
Tahap II Seri C 2015	Obligasi/Bonds	idAAA	idAAA	Phase II Series C 2015
Tahap II Seri A 2015	Obligasi/Bonds	-	idAAA	Phase II Series A 2015
Tahap I Seri A 2016	Obligasi/Bonds	idAAA	-	Phase I Series A 2016
Tahap I Seri B 2016	Obligasi/Bonds	idAAA	-	Phase I Series B 2016
PT Bank CIMB Niaga Tbk				PT Bank CIMB Niaga Tbk
Tahap I Seri B 2011	Obligasi/Bonds	-	idAAA	Phase I Series B 2011
Tahap I Seri A 2016	Obligasi/Bonds	idAAA	-	Phase I Series A 2016
PT Bank UOB Indonesia				PT Bank UOB Indonesia
Tahap I Seri A 2015	Obligasi/Bonds	-	idAAA	Phase I Series A 2015
Tahap II Seri A 2016	Obligasi/Bonds	idAAA	-	Phase II Series A 2016
PT Bank Maybank Indonesia Tbk				PT Bank Maybank Indonesia Tbk
Tahap II Seri B 2012	Obligasi/Bonds	idAAA	-	Phase II Series B 2012
PT Berlian Laju Tanker Tbk				PT Berlian Laju Tanker Tbk
Seri III 2007	Obligasi/Bonds	idD	idD	Series III 2007
Sukuk Ijarah 2007	Obligasi/Bonds	idD (Sy)	idD (Sy)	Sukuk Ijarah 2007
Lembaga Pembiayaan Ekspor Indonesia				Lembaga Pembiayaan Ekspor Indonesia
Tahap I 2014 Seri C	Obligasi/Bonds	idAAA	idAAA	Phase I Series C 2014
PT Pupuk Indonesia (Persero) Tahun 2014 Seri A	Obligasi/Bonds	AAA(idn)	AAA(idn)	PT Pupuk Indonesia (Persero) Year 2014 Series A
PT Bank Rakyat Indonesia (Persero) Tbk				PT Bank Rakyat Indonesia (Persero) Tbk
Tahap II Seri A 2016	Obligasi/Bonds	idAAA	-	Phase II Series A 2016
Tahap II Seri B 2016	Obligasi/Bonds	idAAA	-	Phase II Series B 2016
Tahap I Seri A 2016	Obligasi/Bonds	idAAA	-	Phase I Series A 2016
Tahap III Seri B 2016	Obligasi/Bonds	idAAA	-	Phase III Series B 2016
Tahap I 2016	Medium Term Notes	idAAA	-	Phase I 2016
PT Bank Mandiri (Persero) Tbk				PT Bank Mandiri (Persero) Tbk
Tahap I Seri A 2016	Obligasi/Bonds	idAAA	-	Phase I Series A 2016
PT Perusahaan Listrik Negara (Persero)				PT Perusahaan Listrik Negara (Persero)
Syariah Ijarah I 2006	Obligasi/Bonds	-	idAAA(Sy)	Syariah Ijarah I 2006
Sukuk Ijarah II 2007	Obligasi/Bonds	idAAA(Sy)	idAAA(Sy)	Sukuk Ijarah II 2007
Sukuk Ijarah IV 2010	Obligasi/Bonds	idAAA(Sy)	idAAA(Sy)	Sukuk Ijarah IV 2010
PT BPD Sulawesi Selatan dan Barat (Sulselbar)				PT BPD Sulawesi Selatan and Barat (Sulselbar)
Sukuk Mudharabah II 2016	Obligasi/Bonds	idA+(sy)	-	Sukuk Mudharabah II 2016
PT BPD Sumatera Barat (Bank Nagari)				PT BPD Sumatera Barat (Bank Nagari)
Sukuk Mudharabah II 2015	Obligasi/Bonds	idA(sy)	-	Sukuk Mudharabah II 2015
PT BPD Jawa Barat dan Banten Tbk				PT BPD Jawa Barat and Banten Tbk
Tahap II 2016	Medium Term Notes	idAA-	-	Phase II 2016
KIK - EBA				Securities KIK EBA
BTN 05 - KPR BTN Kelas A1	Efek Beragun Aset- KPR/Residential	idAAA	idAAA	BTN 05 - KPR BTN Class A1
EBA - SP - BTN 02 KPR BTN Kelas A1	Efek Beragun Aset- KPR/Residential	idAAA	-	EBA - SP - BTN 02 KPR BTN Class A1

8. SECURITIES (continued)

c. Remaining period to maturity (held-to-maturity securities)

≤ 1 year
> 1 year ≤ 5 years
> 5 years ≤ 10 years
> 10 years

d. Rating

The ratings of securities, as reported by PT Pemeringkat Efek Indonesia, are as follows:

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8. EFEK-EFEK (lanjutan)

e. Kolektibilitas

Kolektibilitas efek-efek adalah sebagai berikut:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
Lancar	4.121.506	1.750.424
Dalam Perhatian Khusus	39.940	42.089
Kurang Lancar	2.614	2.578
Diragukan	3.401	3.669
Macet	18.680	20.802
Total	4.186.141	1.819.562
Cadangan kerugian penurunan nilai	(14.441)	(12.001)
Neto	4.171.700	1.807.561

f. Perubahan cadangan kerugian penurunan nilai efek-efek adalah sebagai berikut:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
Rupiah		
Saldo awal tahun	12.001	9.402
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 31)	2.440	2.599
Saldo akhir tahun	14.441	12.001

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai efek-efek yang dibentuk telah memadai.

g. Bank mengakui keuntungan bersih atas penjualan efek-efek masing-masing sebesar Rp218.091 dan Rp147.558, masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015 yang disajikan dalam akun "Keuntungan dari penjualan efek-efek - neto" di laporan laba rugi dan penghasilan komprehensif lain.

h. Bank mengakui keuntungan yang belum direalisasi-neto dari kenaikan nilai efek-efek untuk nilai wajar melalui laba rugi sebesar Rp6.443 dan RpNihil, masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, yang disajikan dalam akun "Keuntungan yang belum direalisasi dari perubahan nilai wajar efek-efek-neto" di laporan laba rugi dan penghasilan komprehensif lain.

8. SECURITIES (continued)

e. Collectibility

The collectibility of securities are as follows:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Lancar	4.121.506	1.750.424	Current
Dalam Perhatian Khusus	39.940	42.089	Special Mention
Kurang Lancar	2.614	2.578	Substandard
Diragukan	3.401	3.669	Doubtful
Macet	18.680	20.802	Loss
Total	4.186.141	1.819.562	Total
Cadangan kerugian penurunan nilai	(14.441)	(12.001)	Allowance for impairment losses
Neto	4.171.700	1.807.561	Net

f. The movements in the allowance for impairment losses on securities are as follows:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Rupiah			Rupiah
Saldo awal tahun	12.001	9.402	Balance at beginning of year
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 31)	2.440	2.599	Provision for impairment losses during the year (Note 31)
Saldo akhir tahun	14.441	12.001	Balance at end of year

Management believes that the allowance for impairment losses provided on securities is adequate.

g. The Bank recognized net gain on sale of securities amounting to Rp218,091 and Rp147,558, for the year ended December 31, 2016 and 2015, respectively, which is presented in the statement of profit or loss and other comprehensive income as "Gain on sale of securities - net".

h. The Bank unrealized gain - net from the increase in value of fair value through profit or loss securities amounting to Rp6,443 and RpNil, for the year ended December 31, 2016 and 2015, respectively, which is presented in the statement of profit or loss and other comprehensive income as "Unrealized gain on changes in fair value of securities - net".

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8. EFEK-EFEK (lanjutan)

- i. Nilai pasar efek-efek yang diklasifikasikan sebagai "Nilai Wajar melalui laporan Laba Rugi dan Tersedia untuk Dijual" pada tanggal 31 Desember 2016 dan 2015, masing-masing berkisar dari 82,60% sampai dengan 103,03% dan 94,52% sampai dengan 101,00%.
- j. Bank mengakui kerugian yang belum direalisasi bersih sebesar Rp3.586 dan Rp1.675 dari perubahan nilai wajar efek-efek yang tersedia untuk dijual masing-masing pada posisi 31 Desember 2016 dan 2015 dalam akun "Keuntungan yang belum direalisasi atas efek-efek dan obligasi pemerintah yang tersedia untuk dijual - bersih" dalam laporan posisi keuangan.
- k. Mutasi kerugian efek-efek tersedia untuk dijual yang belum direalisasi adalah sebagai berikut:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Saldo awal tahun	(1.675)	5.689	Balance at beginning of year
Rugi yang belum direalisasi yang diakui di ekuitas	(7.167)	(4.726)	Unrealized loss recognized in equity
Jumlah yang direalisasi ke laba rugi	4.619	(5.093)	Amount realized to profit or loss
Efek pajak	637	2.455	Tax effect
Saldo akhir tahun	(3.586)	(1.675)	Balance at end of year

- l. Terdapat investasi surat - surat berharga dengan pihak - pihak berelasi sebesar Rp998.812 dan Rp101.224, masing-masing pada tanggal 31 Desember 2016 dan 2015.
- m. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 44.

8. SECURITIES (continued)

- i. As of December 31, 2016 and 2015, the market values of securities classified as fair value through profit or loss and available for sale range from 82.60% to 103.03% and range from 94.52% to 101.00%, respectively.
- j. The Bank recognized unrealized loss - net of Rp3,586 and Rp1,675 from the changes in fair values of available-for-sale securities as of December 31, 2016 and 2015, which are presented as "unrealized gain on available-for-sale securities and government bonds - net" in the statement of financial position.
- k. Movements in unrealized loss on available-for-sale securities are as follows:

- l. As of December 31, 2016 and 2015, investments in securities with related parties amounted to Rp998,812 and Rp101,224, respectively.
- m. Information with respect to classification of impaired and not impaired financial assets are disclosed in Note 44.

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9. OBLIGASI PEMERINTAH

a. Berdasarkan mata uang dan jenis

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
<u>Pihak berelasi</u>		
<u>Nilai wajar melalui laba rugi</u>		
<u>Rupiah</u>		
Tingkat bunga tetap		
SR 0008	18.426	-
FR 0059	18.877	-
FR 0069	10.065	9.724
FR 0068	10.055	-
FR 0061	9.751	-
SR 0007	5.515	1.514
ORI 13	4.650	-
SR 0006	1.470	1.203
ORI 11	1.105	20
ORI 12	726	-
	80.640	12.461
<u>Zero Coupon Bonds</u>		
SPN 03170307	989.431	-
SPN 03170209	19.874	-
	1.009.305	-
	1.089.945	12.461
<u>Dolar Amerika Serikat</u>		
Tingkat bunga tetap		
INDON 2027	27.079	-
INDON 2022	13.555	-
INDON 2026	-	6.806
	40.634	6.806
	1.130.579	19.267
<u>Tersedia untuk dijual</u>		
<u>Rupiah</u>		
Tingkat bunga tetap		
ORI 013	292.989	-
FR 0064	253.494	235.542
FR 0065	126.927	117.854
FR 0062	65.478	60.778
FR 0059	42.372	-
FR 0073	20.917	-
FR 0053	20.507	-
FR 0056	20.534	-
FR 0070	10.197	-
	853.415	414.174
<u>Zero Coupon Bonds</u>		
SPN 12170302	257.443	-
SPN 12170106	194.934	-
SPN 12170804	192.488	-
SPN 12170203	49.745	-
SPN 12160805	-	68.554
SPN 12161015	-	188.948
	694.610	257.502

9. GOVERNMENT BONDS

a. Based on currency and type

	<u>Related party</u> <u>Fair value through profit or loss</u>
<u>Rupiah</u>	
<u>Fixed interest rate</u>	
SR 0008	-
FR 0059	-
FR 0069	9.724
FR 0068	-
FR 0061	-
SR 0007	1.514
ORI 13	-
SR 0006	1.203
ORI 11	20
ORI 12	-
	12.461
<u>Zero Coupon Bonds</u>	
SPN 03170307	-
SPN 03170209	-
	-
	12.461
<u>United States Dollar</u>	
<u>Fixed interest rate</u>	
INDON 2027	-
INDON 2022	-
INDON 2026	6.806
	6.806
	19.267
<u>Available-for-sale</u>	
<u>Rupiah</u>	
<u>Fixed interest rate</u>	
ORI 013	-
FR 0064	235.542
FR 0065	117.854
FR 0062	60.778
FR 0059	-
FR 0073	-
FR 0053	-
FR 0056	-
FR 0070	-
	414.174
<u>Zero Coupon Bonds</u>	
SPN 12170302	-
SPN 12170106	-
SPN 12170804	-
SPN 12170203	-
SPN 12160805	68.554
SPN 12161015	188.948
	257.502

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9. OBLIGASI PEMERINTAH (lanjutan)

9. GOVERNMENT BONDS (continued)

a. Berdasarkan mata uang dan jenis (lanjutan)

a. Based on currency and type (continued)

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Tersedia untuk dijual (lanjutan)</u>			<u>Available-for-sale (continued)</u>
<u>Rupiah (lanjutan)</u>			<u>Rupiah (continued)</u>
Tingkat bunga mengambang			Variable interest rate
VR 0031	1.092.756	1.092.263	VR 0031
VR 0028	799.476	798.793	VR 0028
VR 0029	701.436	710.248	VR 0029
VR 0027	555.199	549.045	VR 0027
VR 0026	379.558	374.261	VR 0026
VR 0022	-	26.901	VR 0022
VR 0023	-	888.093	VR 0023
	3.528.425	4.439.604	
	5.076.450	5.111.280	
<u>Dimiliki hingga jatuh tempo</u>			<u>Held-to-maturity</u>
<u>Rupiah</u>			<u>Rupiah</u>
Tingkat bunga tetap			Fixed interest rate
ORI 012	607.283	607.461	ORI 012
FR 0063	284.449	279.240	FR 0063
FR 0053	246.867	246.327	FR 0053
FR 0056	214.487	214.125	FR 0056
FR 0070	124.530	124.018	FR 0070
FR 0034	68.116	69.532	FR 0034
FR 0066	34.548	33.584	FR 0066
FR 0069	12.511	12.328	FR 0069
ORI 011	199	198	ORI 011
FR 0055	-	139.817	FR 0055
	1.592.990	1.726.630	
Tingkat Bunga mengambang			Variable interest rate
VR 0031	1.123.563	1.123.210	VR 0031
VR 0029	199.789	199.725	VR 0029
Surat Berharga Syariah Negara			Government Sharia Bond
IFR 0002	50.029	50.047	IFR 0002
Sukuk Negara			Sukuk Negara
SR 0007	555	551	SR 0007
SR 0006	245	198	SR 0006
	1.374.181	1.373.731	
	2.967.171	3.100.361	
<u>Valas</u>			<u>Foreign Currencies</u>
<u>Dolar Amerika Serikat</u>			<u>United States Dollar</u>
Tingkat bunga tetap			Fixed interest rate
INDON 2017	13.602	-	INDON 2017
INDOIS 2018	28.073	-	INDOIS 2018
INDOIS 2021	27.764	-	INDOIS 2021
	69.439	-	
	3.036.610	3.100.361	
Total	9.243.639	8.230.908	Total

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9. OBLIGASI PEMERINTAH (lanjutan)

9. GOVERNMENT BONDS (continued)

b. Berdasarkan jatuh tempo dan suku bunga

b. Based on maturity and interest rate

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate	Description
<u>Nilai wajar melalui laporan laba rugi</u>			
<u>Rupiah</u>			
Tingkat bunga tetap			<u>Fair value through profit or loss</u> <u>Rupiah</u> Fixed interest rate
ORI 011	15 Oktober/ October 15, 2017	8,50% tetap/ fixed	ORI 011
ORI 012	15 Oktober/ October 15, 2018	9,00% tetap/ fixed	ORI 012
ORI 013	15 Oktober/ October 15, 2019	6,60% tetap/ fixed	ORI 013
SR 0006	5 Maret/ March 5, 2017	8,75% tetap/ fixed	SR 0006
SR 0007	11 Maret/ March 11, 2018	8,25% tetap/ fixed	SR 0007
SR 0008	10 Maret/ March 10, 2019	8,30% tetap/ fixed	SR 0008
FR 0059	15 Mei/ May 15, 2027	7,00% tetap/ fixed	FR 0059
FR 0061	15 Mei/ May 15, 2022	7,00% tetap/ fixed	FR 0061
FR 0068	15 Maret/ March 15, 2034	8,37% tetap/ fixed	FR 0068
FR 0069	15 April/ April 15, 2019	7,87% tetap/ fixed	FR 0069
SPN	Beragam/ Various	Beragam/ Various	SPN
<u>Dolar Amerika Serikat</u>			
INDON 2022	8 Januari/ January 8, 2022	3,70% tetap/ fixed	<u>United States Dollar</u> INDON 2022
INDON 2026	8 Januari/ January 8, 2026	4,75% tetap/ fixed	INDON 2026
INDON 2027	8 Januari/ January 8, 2027	4,35% tetap/ fixed	INDON 2027
<u>Tersedia untuk dijual</u>			
<u>Rupiah</u>			
Tingkat bunga tetap			<u>Available-for-sale</u> <u>Rupiah</u> Fixed interest rate
ORI 013	15 Oktober/ October 15, 2019	6,6% tetap/ fixed	ORI 013
FR 0053	15 Juli/ July 15, 2021	8,25% tetap/ fixed	FR 0053
FR 0056	15 September/ September 15, 2026	8,38% tetap/ fixed	FR 0056
FR 0059	15 Mei/ May 15, 2027	7,00% tetap/ fixed	FR 0059
FR 0062	15 April/ April 15, 2042	6,38% tetap/ fixed	FR 0062
FR 0064	15 Mei/ May 15, 2028	6,13% tetap/ fixed	FR 0064
FR 0065	15 Mei/ May 15, 2033	6,63% tetap/ fixed	FR 0065
FR 0070	15 Maret/ March 15, 2024	8,38% tetap/ fixed	FR 0070
FR 0073	15 Mei/ May 15, 2031	8,75% tetap/ fixed	FR 0073
SPN	Beragam/ Various	Beragam/ Various	SPN
VR 0022	25 Maret/ March 25, 2016	SPN 3 bulan/ months	VR 0022
VR 0023	25 Oktober/ October 25, 2016	SPN 3 bulan/ months	VR 0023
VR 0026	25 Januari/ January 25, 2018	SPN 3 bulan/ months	VR 0026
VR 0027	25 Juli/ July 25, 2018	SPN 3 bulan/ months	VR 0027
VR 0028	25 Agustus/ August 25, 2018	SPN 3 bulan/ months	VR 0028
VR 0029	25 Agustus/ August 25, 2019	SPN 3 bulan/ months	VR 0029
VR 0031	25 Juli/ July 25, 2020	SPN 3 bulan/ months	VR 0031

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9. OBLIGASI PEMERINTAH (lanjutan)

b. Berdasarkan jatuh tempo dan suku bunga (lanjutan)

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate	Description
<u>Dimiliki hingga jatuh tempo</u>			
<u>Rupiah</u>			
Tingkat bunga tetap			<u>Held-to-maturity</u>
FR 0053	15 Juli/ July 15, 2021	8,25% tetap/ fixed	<u>Fixed interest rate</u> FR 0053
FR 0055	15 September/ September 15, 2016	7,37% tetap/ fixed	FR 0055
FR 0063	15 Mei/ May 15, 2023	5,63% tetap/ fixed	FR 0063
FR 0034	15 Juni/ June 15, 2021	12,8% tetap/ fixed	FR 0034
FR 0056	15 September/ September 15, 2026	8,37% tetap/ fixed	FR 0056
FR 0066	15 Mei/ May 15, 2018	5,25% tetap/ fixed	FR 0066
FR 0069	15 April/ April 15, 2019	7,87% tetap/ fixed	FR 0069
FR 0070	15 Maret/ March 15, 2024	8,37% tetap/ fixed	FR 0070
ORI 011	15 Oktober/ October 15, 2017	8,5% tetap/ fixed	ORI 011
ORI 012	15 Oktober/ October 15, 2018	9% tetap/ fixed	ORI 012
Tingkat bunga mengambang			<u>Variable interest rate</u>
VR 0029	25 Agustus/ August 25, 2019	SPN 3 bulan/ months	VR 0029
VR 0031	25 Juli/ July 25, 2020	SPN 3 bulan/ months	VR 0031
Surat berharga Syariah Negara			<u>Government Sharia Bond</u>
IFR 0002	15 Agustus/ August 15, 2018	11,95% tetap/ fixed	IFR 0002
Sukuk Negara			<u>Sukuk Negara</u>
SR 0006	5 Maret/ March 5, 2017	8,75% tetap/ fixed	SR 0006
SR 0007	11 Maret/ March 11, 2018	8,25% tetap/ fixed	SR 0007
<u>Dolar Amerika Serikat</u>			
Tingkat bunga tetap			<u>United States Dollar</u>
INDON 2017	9 Maret/ March 9, 2017	6,88% tetap/ fixed	<u>Fixed interest rate</u> INDON 2017
INDOIS 2018	21 November/ November 21, 2018	4,00% tetap/ fixed	INDOIS 2018
INDOIS 2021	29 Maret/ March 29, 2021	3,40% tetap/ fixed	INDOIS 2021

Obligasi pemerintah (tersedia untuk dijual) sejumlah nominal Rp1.570.000 dan Rp2.502.315, masing-masing pada tanggal 31 Desember 2016 dan 2015, telah dijual dengan janji dibeli kembali (Catatan 19).

Pembayaran kupon obligasi pemerintah dengan tingkat bunga tetap dan variabel masing-masing dibayarkan tiap semester dan triwulanan.

Obligasi pemerintah syariah seri SR dan seri IFR, masing-masing dibayarkan secara bulanan dan semester.

Nilai pasar obligasi pemerintah yang diklasifikasikan sebagai "Nilai Wajar melalui laporan Laba Rugi dan Tersedia untuk Dijual" berkisar dari 77,26% sampai dengan 104,59% dan 71,71% sampai dengan 100,20% masing-masing pada tanggal 31 Desember 2016 dan 2015.

9. GOVERNMENT BONDS (continued)

b. Based on maturity and interest rate (continued)

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate	Description
<u>Dimiliki hingga jatuh tempo</u>			
<u>Rupiah</u>			
Tingkat bunga tetap			<u>Held-to-maturity</u>
FR 0053	15 Juli/ July 15, 2021	8,25% tetap/ fixed	<u>Fixed interest rate</u> FR 0053
FR 0055	15 September/ September 15, 2016	7,37% tetap/ fixed	FR 0055
FR 0063	15 Mei/ May 15, 2023	5,63% tetap/ fixed	FR 0063
FR 0034	15 Juni/ June 15, 2021	12,8% tetap/ fixed	FR 0034
FR 0056	15 September/ September 15, 2026	8,37% tetap/ fixed	FR 0056
FR 0066	15 Mei/ May 15, 2018	5,25% tetap/ fixed	FR 0066
FR 0069	15 April/ April 15, 2019	7,87% tetap/ fixed	FR 0069
FR 0070	15 Maret/ March 15, 2024	8,37% tetap/ fixed	FR 0070
ORI 011	15 Oktober/ October 15, 2017	8,5% tetap/ fixed	ORI 011
ORI 012	15 Oktober/ October 15, 2018	9% tetap/ fixed	ORI 012
Tingkat bunga mengambang			<u>Variable interest rate</u>
VR 0029	25 Agustus/ August 25, 2019	SPN 3 bulan/ months	VR 0029
VR 0031	25 Juli/ July 25, 2020	SPN 3 bulan/ months	VR 0031
Surat berharga Syariah Negara			<u>Government Sharia Bond</u>
IFR 0002	15 Agustus/ August 15, 2018	11,95% tetap/ fixed	IFR 0002
Sukuk Negara			<u>Sukuk Negara</u>
SR 0006	5 Maret/ March 5, 2017	8,75% tetap/ fixed	SR 0006
SR 0007	11 Maret/ March 11, 2018	8,25% tetap/ fixed	SR 0007
<u>Dolar Amerika Serikat</u>			
Tingkat bunga tetap			<u>United States Dollar</u>
INDON 2017	9 Maret/ March 9, 2017	6,88% tetap/ fixed	<u>Fixed interest rate</u> INDON 2017
INDOIS 2018	21 November/ November 21, 2018	4,00% tetap/ fixed	INDOIS 2018
INDOIS 2021	29 Maret/ March 29, 2021	3,40% tetap/ fixed	INDOIS 2021

As of December 31, 2016 and 2015, government bonds (available-for-sale) with nominal amounts of Rp1,570,000 and Rp2,502,315, respectively, were sold under repurchase agreements (Note 19).

Coupon payments of government bonds with fixed and variable interest rates are payable semi-annually and quarterly, respectively.

SR series and IFR series sharia government bonds are paid monthly and semi-annually, respectively.

The market values of government bonds classified as fair value through profit or loss and available for sale ranging from 77.26% to 104.59% and 71.71% to 100.20% of nominal amounts as of December 31, 2016 and 2015 respectively.

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9. OBLIGASI PEMERINTAH (lanjutan)

- b. Berdasarkan jatuh tempo dan suku bunga (lanjutan)

Kerugian yang belum direalisasi akibat penurunan nilai wajar obligasi pemerintah yang tersedia untuk dijual pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp111.981 dan Rp132.015, yang disajikan dalam akun "Kerugian yang belum direalisasi atas obligasi pemerintah yang tersedia untuk dijual setelah pajak tangguhan" pada ekuitas dalam laporan posisi keuangan.

Mutasi kerugian obligasi pemerintah tersedia untuk dijual yang belum direalisasi adalah sebagai berikut:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
Saldo awal tahun	(132.015)	(95.702)
Laba (Rugi) yang belum direalisasi yang diakui di ekuitas	17.821	(53.637)
Jumlah yang direalisasi ke laba rugi	8.891	5.220
Efek pajak	(6.678)	12.104
Saldo akhir tahun	(111.981)	(132.015)

Bank mengakui keuntungan bersih atas penjualan obligasi pemerintah masing-masing sebesar Rp 54.430 dan Rp19.495, untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2016 dan 2015, yang disajikan dalam akun "Keuntungan dari penjualan obligasi pemerintah-neto" di laporan laba rugi dan penghasilan komprehensif lain.

Bank mengakui keuntungan (kerugian) yang belum direalisasi-neto atas perubahan nilai wajar obligasi pemerintah melalui laba rugi sebesar Rp3.507 dan Rp193 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, yang disajikan dalam akun "Keuntungan (Kerugian) yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah-neto" di laporan laba rugi dan penghasilan komprehensif lain

9. GOVERNMENT BONDS (continued)

- b. Based on maturity and interest rate (continued)

As of December 31, 2016 and 2015, the unrealized loss due to the decrease in the fair value of available-for-sale government bonds amounted to Rp111,981 and Rp132,015, respectively, which are presented as "Unrealized losses on available-for-sale government bonds net of deferred tax" in the equity section of the statement of financial position.

Movements in unrealized loss on available-for-sale government bonds are as follows:

Balance at beginning of year	(95.702)
Unrealized gain (loss) recognized in equity	(53.637)
Amount realized to profit or loss	5.220
Tax effect	12.104
Balance at end of year	(132.015)

The Bank recognized net gain on sale of government bonds amounting to Rp54,430 and Rp19,495 for the year ended December 31, 2016 and 2015, respectively, which is presented in the statement of profit or loss and other comprehensive income as "Gain on sale of government bonds-net".

The Bank recognized unrealized gain (loss)-net from the change in fair value of government bonds classified as fair value through profit or loss amounting to Rp3,507 and Rp193 for the year ended December 31, 2016 and 2015, respectively, which is presented in the statements of profit and loss in other comprehensive income as "Unrealized gain (loss) from change in fair value of government bonds - net".

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9. OBLIGASI PEMERINTAH (lanjutan)

Sebagai bagian dari pengelolaan risiko Bank, manajemen telah memitigasi risiko dari dampak fluktuasi harga pasar terhadap obligasi yang dimiliki dengan melakukan investasi dalam reksadana terproteksi yang dimiliki hingga jatuh tempo yang mempunyai *underlying* obligasi pemerintah seri FR63. Pada tanggal-tanggal 31 Desember 2016 dan 2015, Bank merupakan satu-satunya pihak yang memegang unit reksadana tersebut.

9. GOVERNMENT BONDS (continued)

As part of the Bank's risk management, the management has mitigated the risk of market price fluctuation in relation with the bonds owned by investing in protected mutual fund which held to maturity and has underlying of government bonds series FR63. As of December 31, 2016 and 2015, the Bank is the only party who holds the mutual fund unit.

10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH

Seluruh kredit yang diberikan oleh Bank, termasuk pembiayaan/piutang syariah adalah dalam Rupiah. Rincian kredit dan pembiayaan/piutang syariah yang diberikan oleh Bank berdasarkan jenis, transaksi dengan pihak-pihak berelasi, sektor ekonomi, jangka waktu sesuai dengan perjanjian, sisa umur jatuh tempo dan kolektibilitas adalah sebagai berikut:

10. LOANS AND SHARIA FINANCING/ RECEIVABLES

All loans provided by the Bank, including sharia financing/receivables are in Rupiah. The details of loans and sharia financing/receivables classified by type, transactions with related parties, economic sector, period based on agreements, remaining period to maturity and collectibility are as follows:

a. Jenis Kredit dan Pembiayaan/Piutang Syariah

a. Types of Loans and Sharia Financing/Receivables

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Konvensional</u>			<u>Conventional</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	108.473.513	91.051.510	Housing loan
Non-kepemilikan rumah	11.048.739	10.867.610	Non-housing loan
	119.522.252	101.919.120	
Modal kerja	24.993.038	21.286.580	Working capital
Investasi	4.239.938	3.715.351	Investment
Sindikasi	78.801	79.268	Syndicated
Direksi dan karyawan			Directors and employees
- Pihak ketiga	1.311.095	697.361	Third parties -
- Pihak yang berelasi	76.836	34.478	Related parties -
	150.221.960	127.732.158	
<u>Syariah</u>			<u>Sharia</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	9.485.871	6.754.551	Housing loan
Non-kepemilikan rumah	368.405	459.259	Non-housing loan
	9.854.276	7.213.810	
Modal kerja	3.755.961	3.386.033	Working capital
Investasi	613.858	623.066	Investment
Direksi dan karyawan			Directors and employees
- Pihak yang berelasi	326	737	Related parties -
	14.224.421	11.223.646	
Total	164.446.381	138.955.804	Total
Dikurangi cadangan kerugian penurunan nilai	(2.116.034)	(2.050.578)	Less allowance for impairment losses
Neto	162.330.347	136.905.226	Net

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/
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**10. LOANS AND SHARIA FINANCING/
RECEIVABLES (continued)**

b. Sektor Ekonomi

b. Economic Sector

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Konvensional</u>			<u>Conventional</u>
Perumahan	139.656.263	118.460.879	Property
Konstruksi	4.018.020	2.533.759	Construction
Jasa usaha	2.491.346	1.123.045	Business service
Perdagangan, restoran, dan hotel	1.684.382	2.197.360	Trading, restaurant and hotel
Jasa-jasa sosial	892.096	805.490	Social service
Manufaktur	202.443	280.410	Manufacturing
Pertambangan	200.941	132.932	Mining
Transportasi, Pergudangan, dan Komunikasi	173.478	199.490	Transportation, warehousing, and communication
Pertanian	82.488	129.049	Farming
Listrik, gas dan air	37.981	25.562	Electricity, gas and water
Lain-lain*)	782.522	1.844.182	Other*)
	<u>150.221.960</u>	<u>127.732.158</u>	
<u>Syariah</u>			<u>Sharia</u>
Perumahan	9.485.914	6.754.873	Property
Jasa usaha	2.348.097	2.595.790	Business service
Konstruksi	2.390.410	1.872.983	Construction
	<u>14.224.421</u>	<u>11.223.646</u>	
Total	164.446.381	138.955.804	Total
Dikurangi cadangan kerugian penurunan nilai	(2.116.034)	(2.050.578)	Less allowance for impairment losses
Neto	<u>162.330.347</u>	<u>136.905.226</u>	Net

*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

*) Consists of household and other economic sectors

c. Kolektibilitas

c. Collectibility

	31 Desember/December 31, 2016		31 Desember/December 31, 2015		
	Nilai tercatat/ Carrying amount	Cadangan kerugian penurunan nilai/ Allowance for impairment losses	Nilai tercatat/ Carrying amount	Cadangan kerugian penurunan nilai/ Allowance for impairment losses	
<u>Konvensional</u>					<u>Conventional</u>
Individual	563.544	370.072	604.209	291.427	Individual
Kolektif					Collective
Lancar	129.939.825	9.993	106.696.332	17.497	Current
Dalam perhatian khusus	15.633.457	12.713	16.245.459	16.015	Special mention
Kurang lancar	218.410	1.756	219.943	1.113	Substandard
Diragukan	312.162	5.652	330.050	5.446	Doubtful
Macet	3.554.562	1.324.749	3.636.165	1.394.226	Loss
	<u>150.221.960</u>	<u>1.724.935</u>	<u>127.732.158</u>	<u>1.725.724</u>	
<u>Syariah</u>					<u>Sharia</u>
Lancar	12.946.390	166.971	10.103.098	42.107	Current
Dalam perhatian khusus	1.134.820	174.510	934.086	146.148	Special mention
Kurang lancar	36.745	6.670	30.548	21.092	Substandard
Diragukan	15.560	1.284	20.402	9.221	Doubtful
Macet	90.906	41.664	135.512	106.286	Loss
	<u>14.224.421</u>	<u>391.099</u>	<u>11.223.646</u>	<u>324.854</u>	
Total	<u>164.446.381</u>	<u>2.116.034</u>	<u>138.955.804</u>	<u>2.050.578</u>	Total

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/
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**10. LOANS AND SHARIA FINANCING/
RECEIVABLES (continued)**

d. Transaksi dengan pihak-pihak berelasi

d. Transactions with related parties

	<u>31 Desember/ December 31, 2016</u>	<u>31 Desember/ December 31, 2015</u>	
<u>Konvensional</u>			<u>Conventional</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	4.272	8.926	Housing Loan
Non-kepemilikan rumah	420.922	852.983	Non-housing loan
	<u>425.194</u>	<u>861.909</u>	
Modal Kerja	1.585.383	461.901	Working capital
Investasi	110.535	79.268	Investment
	<u>2.121.112</u>	<u>1.403.078</u>	
<u>Syariah</u>			<u>Sharia</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	43	322	Housing Loan
Non- kepemilikan rumah	283	415	Non-housing loan
	<u>326</u>	<u>737</u>	
Total	<u>2.121.438</u>	<u>1.403.815</u>	Total

e. Jangka waktu (sesuai dengan perjanjian kredit dan pembiayaan/piutang syariah)

e. Loan period (based on agreements covering loan and sharia financing/receivables)

	<u>31 Desember/ December 31, 2016</u>	<u>31 Desember/ December 31, 2015</u>	
<u>Konvensional</u>			<u>Conventional</u>
≤ 1 tahun	1.812.580	1.153.268	≤ 1 year
> 1 tahun ≤ 2 tahun	1.926.387	1.434.046	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	16.490.235	16.931.081	> 2 years ≤ 5 years
> 5 tahun	129.992.758	108.213.763	> 5 years
	<u>150.221.960</u>	<u>127.732.158</u>	
<u>Syariah</u>			<u>Sharia</u>
≤ 1 tahun	137.540	177.005	≤ 1 year
> 1 tahun ≤ 2 tahun	1.552.346	1.375.449	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	2.756.627	2.718.634	> 2 years ≤ 5 years
> 5 tahun	9.777.908	6.952.558	> 5 years
	<u>14.224.421</u>	<u>11.223.646</u>	
Total	164.446.381	138.955.804	Total
Cadangan kerugian penurunan nilai	(2.116.034)	(2.050.578)	Allowance for impairment losses
Neto	<u>162.330.347</u>	<u>136.905.226</u>	Net

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**10. LOANS AND SHARIA FINANCING/
RECEIVABLES (continued)**

f. Sisa Umur Jatuh Tempo

f. Remaining Period to Maturity

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Konvensional</u>			<u>Conventional</u>
≤ 1 tahun	10.431.543	9.425.319	≤ 1 year
> 1 tahun ≤ 2 tahun	7.357.219	6.561.167	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	18.520.767	16.098.193	> 2 years ≤ 5 years
> 5 tahun	113.912.431	95.647.479	> 5 years
	<u>150.221.960</u>	<u>127.732.158</u>	
<u>Syariah</u>			<u>Sharia</u>
≤ 1 tahun	2.316.243	1.768.368	≤ 1 year
> 1 tahun ≤ 2 tahun	1.403.582	1.456.412	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	1.745.688	1.825.610	> 2 years ≤ 5 years
> 5 tahun	8.758.908	6.173.256	> 5 years
	<u>14.224.421</u>	<u>11.223.646</u>	
Total	164.446.381	138.955.804	Total
Cadangan kerugian penurunan nilai	(2.116.034)	(2.050.578)	Allowance for impairment losses
Neto	<u>162.330.347</u>	<u>136.905.226</u>	Net

g. Informasi pokok lainnya

g. Other significant information

i. Termasuk di dalam kredit yang diberikan adalah pembiayaan/piutang syariah yang diberikan dengan rincian sebagai berikut:

i. Loans include sharia financing/receivables with details, as follows:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Piutang <i>Murabahah</i>	9.079.308	6.634.592	<i>Murabahah receivables</i>
Pembiayaan <i>Mudharabah</i>	1.013.242	1.243.282	<i>Mudharabah financing</i>
Pembiayaan <i>Musyarakah</i>	3.154.014	2.510.012	<i>Musyarakah financing</i>
Piutang <i>Istishna</i>	780.494	563.720	<i>Istishna receivables</i>
Pinjaman <i>qardh</i>	197.363	272.040	<i>Funds of qardh</i>
	<u>14.224.421</u>	<u>11.223.646</u>	
Total	14.224.421	11.223.646	Total
Cadangan kerugian penurunan nilai	(391.099)	(324.854)	Allowance for impairment losses
Neto	<u>13.833.322</u>	<u>10.898.792</u>	Net

ii. Tingkat suku bunga rata-rata per tahun untuk kredit konsumen sebesar 12,68% dan 12,65% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015. Tingkat suku bunga rata-rata per tahun untuk kredit komersial masing-masing sebesar 12,36% dan 12,02% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015.

ii. Average annual interest rates for consumer loans are 12.68% and 12.65% for the year ended December 31, 2016 and 2015, respectively. Average annual interest rates for commercial loans are 12.36% and 12.02% for the year ended December 31, 2016 and 2015, respectively.

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**10. LOANS AND SHARIA FINANCING/
RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

iii. Kredit konsumsi terdiri dari kredit kepemilikan rumah (KPR) dan kredit yang berkaitan dengan perumahan. Pada tanggal 31 Desember 2016 dan 2015, KPR masing-masing sebesar Rp595.025 dan Rp2.620.279 telah dijadikan jaminan pinjaman yang diterima dari PT Sarana Multigriya Finansial (Persero) (SMF) (pihak berelasi).

iii. Consumer loans consist of housing loans and other housing-related loans. As of December 31, 2016 and 2015, housing loans amounted to Rp595,025 and Rp2,620,279, respectively, are used as collateral for loans obtained from PT Sarana Multigriya Finansial (Persero) (SMF) (related party).

iv. Kredit yang diberikan dijamin dengan hak tanggungan atau surat kuasa memasang hak tanggungan atau surat kuasa untuk menjual, giro, tabungan, deposito berjangka atau jaminan lain yang umumnya diterima oleh Bank (Catatan 15, 16 dan 17).

iv. The loans are collateralized by registered mortgages or by powers of attorney to mortgage or sell, demand deposits, savings deposits, time deposits, or by other collaterals generally acceptable by the Bank (Notes 15, 16 and 17).

v. Bank telah menjual dan mengalihkan Kredit Pemilikan Rumah (KPR) yang dimilikinya kepada penerbit PT Sarana Multigriya Finansial (Persero) yang tertuang dalam Akta Jual Beli No. 21 tanggal 11 November 2015 dan Akta Cessie No. 52 tanggal 27 November 2015.

v. The Bank has sold and transferred its housing loans (KPR) to PT Sarana Multigriya Finansial (Persero) based on sale-purchase deed No. 21 dated November 11, 2015 and Deed of Cessie No. 52 dated November 27, 2015.

Nilai KPR yang dijual tersebut adalah sebesar Rp200.000 yang terdiri dari 6.347 debitur dengan harga jual sebesar nilai pokok KPR pada tanggal cut-off final (2 November 2015). Penjualan ini memenuhi kriteria penjualan putus karena risiko dan manfaat atas kepemilikan KPR telah dialihkan kepada pembeli.

The principal amount of KPR sold is amounted to Rp200,000 which consists of 6,347 debtors with selling price same as principal amount of KPR as of final cut off date (November 2, 2015). This sale qualified for derecognition as the risk and rewards of ownership over the KPR were transferred to the buyer.

vi. Bank telah menjual dan mengalihkan Kredit Pemilikan Rumah (KPR) yang dimilikinya kepada penerbit PT Sarana Multigriya Finansial (Persero) yang tertuang dalam Akta Jual Beli No. 19 tanggal 10 Oktober 2016 dan Akta Cessie No. 40 tanggal 31 Oktober 2016.

vi. The Bank has sold and transferred its housing loans (KPR) to PT Sarana Multigriya Finansial (Persero) based on sale-purchase deed No. 19 dated October 10, 2016 and Deed of Cessie No. 40 dated October 31, 2016.

Nilai KPR yang dijual tersebut adalah sebesar Rp1.000.000 yang terdiri dari 11.280 debitur dengan harga jual sebesar nilai pokok KPR pada tanggal cut-off final (10 Oktober 2016). Penjualan ini memenuhi kriteria penjualan putus karena risiko dan manfaat atas kepemilikan KPR telah dialihkan kepada pembeli.

The principal amount of KPR sold is amounted to Rp1,000,000 which consists of 11,280 debtors with selling price same as principal amount of KPR as of final cut off date (October 10, 2016). This sale qualified for derecognition as the risk and rewards of ownership over the KPR were transferred to the buyer.

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/
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**10. LOANS AND SHARIA FINANCING
RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

- vii. Kredit yang diberikan kepada direksi dan karyawan Bank merupakan kredit untuk membeli kendaraan dan keperluan pribadi lainnya yang dibebani bunga dengan suku bunga rata-rata pada tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015 sebesar 5,89% dan 4,95%, dengan jangka waktu berkisar antara 1 sampai dengan 15 tahun. Kredit ini dibayar kembali melalui pemotongan gaji setiap bulan. Perbedaan antara tingkat bunga pinjaman karyawan dan *Base Lending Rate* (BLR) ditangguhkan dan dicatat sebagai beban yang ditangguhkan untuk pinjaman karyawan, bagian dari aset lain-lain. Besarnya akun beban yang ditangguhkan untuk pinjaman karyawan sebesar Rp224.398 dan Rp94.580 pada tanggal 31 Desember 2016 dan 2015 (Catatan 13).
- viii. Kredit yang diberikan dan pembiayaan/piutang syariah kepada pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp2.121.438 dan Rp1.403.815 (Catatan 41). Persentase kredit yang diberikan dan pembiayaan/piutang syariah dari pihak-pihak berelasi terhadap jumlah kredit yang diberikan dan pembiayaan/piutang syariah masing-masing pada tanggal 31 Desember 2016 dan 2015 adalah sebesar 1,29% dan 1,01%.
- ix. Perubahan cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah adalah sebagai berikut:

- vii. The loans given to the Bank's directors and employees consist of loans intended for purchase of vehicles and other personal necessities. These loans earn an average interest of 5.89% and 4.95%, for the year ended December 31, 2016 and 2015, with term ranging from 1 to 15 years. The loans are settled through monthly payroll deductions. Difference between employee loan's interest rates and *Base Lending Rate* (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. Deferred expense for employee loans amounted to Rp224,398 and Rp94,580 as of December 31, 2016 and 2015 (Note 13).
- viii. As of December 31, 2016 and 2015, the outstanding balances of loans and sharia financing/receivables from related parties amounted to Rp2,121,438 and Rp1,403,815, respectively (Note 41). As of December 31, 2016 and 2015, the percentage of loans and sharia financing/receivables from related parties represent approximately 1.29% and 1.01%, respectively, of the total loans and sharia financing/receivables.
- ix. The movements in the allowance for impairment losses on loans and sharia financing/receivables are as follows:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Saldo awal tahun	2.050.578	1.570.183	<i>Balance at beginning of year</i>
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 31)	705.188	898.718	<i>Provision for impairment losses during the year (Note 31)</i>
Penerimaan kembali kredit yang telah dihapusbukukan	19.489	16.276	<i>Recovery of loans written-off</i>
Penghapusbukuan kredit	(659.221)	(434.599)	<i>Loans written-off</i>
Saldo akhir tahun	2.116.034	2.050.578	<i>Balance at the end of year</i>

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**10. LOANS AND SHARIA FINANCING
RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

- x. Perubahan cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah adalah sebagai berikut: (lanjutan)

- x. The movements in the allowance for impairment losses on loans and sharia financing/receivables are as follows: (continued)

Termasuk di dalam saldo cadangan kerugian adalah cadangan kerugian pembiayaan/piutang syariah sebesar Rp391.099 dan Rp324.854, masing-masing pada tanggal 31 Desember 2016 dan 2015.

As of December 31, 2016 and 2015, the balance of allowance for impairment losses includes allowance for impairment losses on sharia financing/receivables amounting to Rp391,099 and Rp324,854, respectively.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah yang dibentuk telah memadai.

Management believes that the amount of allowance for impairment losses on the loans and sharia financing/receivables is adequate.

- xi. Fungsi pengawasan kredit Bank berfokus pada pencegahan penurunan kualitas portofolio kredit dan aktivitas penyaluran kredit yang tidak sehat yang dapat mengakibatkan timbulnya kerugian. Risiko kredit dikelola dan diatasi dengan membuat pembatasan penyaluran kredit (credit limit) dan kebijakan penyaluran kredit yang seragam, melakukan pengawasan individual portofolio secara periodik dan pengukuran tingkat kolektibilitas portofolio kredit.
- xii. Dalam laporan Bank ke OJK disebutkan bahwa pada tanggal 31 Desember 2016 dan 2015, Bank telah mematuhi ketentuan Batas Maksimum Pemberian Kredit (BMPK), baik terhadap pihak-pihak berelasi maupun kepada pihak yang tidak berelasi.
- xiii. Rasio kredit dan pembiayaan/piutang syariah yang diklasifikasikan *non-performing* terhadap jumlah kredit dan pembiayaan/piutang syariah (metode gross dan net) adalah seperti yang terlihat pada tabel berikut:

- xi. The credit control function of the Bank focuses on preventing the deterioration of the quality of credit portfolio and unsound practices in granting credit facilities that may result in losses. Credit risks are managed by establishing credit limits and setting consistent lending policies, periodic monitoring of individual portfolio, and measuring the collectibility level of credit portfolio.
- xii. Based on the report submitted by the Bank to OJK as of December 31, 2016 and 2015, the Bank is in compliance with the legal lending limit (BMPK) regulations, both for the related and non-related party borrowers.
- xiii. The ratios of non-performing loans and sharia financing/receivables to total loans and sharia financing/receivables (using the gross and net methods) are shown in the following table:

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/
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**10. LOANS AND SHARIA FINANCING
RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

xiii. Rasio kredit dan pembiayaan/piutang syariah yang diklasifikasikan *non-performing* terhadap jumlah kredit dan pembiayaan/piutang syariah (metode gross dan net) adalah seperti yang terlihat pada tabel berikut: (lanjutan)

xiii. The ratios of non-performing loans and sharia financing/receivables to total loans and sharia financing/receivables (using the gross and net methods) are shown in the following table: (continued)

Kolektibilitas	31 Desember/December 31, 2016		31 Desember/December 31, 2015		Collectibility
	Konvensional/ Conventional	Syariah/ Sharia	Konvensional/ Conventional	Syariah/ Sharia	
Kurang Lancar	223.246	36.745	219.944	30.548	Standard Doubtful Loss
Diragukan	317.326	15.560	338.138	20.402	
Macet	3.992.461	90.906	4.008.666	135.512	
	4.533.033	143.211	4.566.748	186.462	
Cadangan kerugian Penurunan nilai atas NPL/NPF	(1.586.586)	(49.618)	(1.683.153)	(136.598)	Allowance for impairment losses for NPL/NPF
	2.946.447	93.593	2.883.595	49.864	
Kredit yang diberikan dan pembiayaan/ piutang syariah	150.221.960	14.224.421	127.732.158	11.223.646	Loans and sharia financing/ receivables
% Non-performing kredit yang diberikan dan pembiayaan/ piutang syariah - Gross (Gross NPL/NPF)	3,02%	1,01%	3,58%	1,66%	% of Non-performing loans and sharia financing/ receivables - Gross (Gross NPL/NPF)
% Non-performing kredit yang diberikan dan pembiayaan/ piutang syariah - Neto (Neto NPL/NPF)	1,96%	0,66%	2,26%	0,44%	% of Non-performing loans and sharia financing/ receivables - Net (Net NPL/NPF)

NPL/NPF Neto dihitung dengan membagi antara jumlah kredit/pembiayaan/piutang syariah bermasalah setelah dikurangi cadangan kerugian dan jumlah kredit/pembiayaan/piutang syariah keseluruhan.

The Net NPL/NPF ratios are computed by dividing the total non-performing loans/sharia financing/receivables, net of allowance for possible losses, by the total loans and sharia financing/receivables.

Rasio NPL/NPF Gross (total konvensional dan syariah) adalah 2,84% dan 3,42% masing-masing pada tanggal 31 Desember 2016 dan 2015.

The Gross NPL/NPF Ratio (total conventional and sharia) is 2.84% and 3.42% as of December 31, 2016 and 2015, respectively.

Rasio NPL/NPF Neto (total konvensional dan syariah) adalah 1,85% dan 2,11% masing-masing pada tanggal 31 Desember 2016 dan 2015.

The Net NPL/NPF Ratio (total conventional and sharia) is 1.85% and 2.11% as of December 31, 2016 and 2015, respectively.

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**10. LOANS AND SHARIA FINANCING/
RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

xiv. Kredit yang diberikan dan pembiayaan/
piutang syariah *non-performing*
berdasarkan sektor ekonomi:

xiv. Non-performing loans and sharia
financing/receivables by economic
sectors:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
<u>Konvensional</u>			<u>Conventional</u>
Perumahan	3.471.625	3.440.965	Property
Konstruksi	310.859	350.980	Construction
Perdagangan, restoran dan hotel	372.193	280.382	Trading, restaurant and hotel
Jasa Usaha	90.271	133.286	Business service
Manufaktur	61.973	70.169	Manufacturing
Pertanian	47.561	63.184	Farming
Transportasi, Pergudangan, dan Komunikasi	46.269	54.454	Transportation, warehousing, and communication
Pertambangan	23.462	43.965	Mining
Jasa-jasa sosial	35.383	35.167	Social service
Listrik, gas dan air	94	120	Electricity, gas and water
Lain-lain*)	73.343	94.076	Other*)
	4.533.033	4.566.748	
<u>Syariah</u>			<u>Sharia</u>
Jasa usaha	78.662	103.105	Business service
Perumahan	49.152	55.301	Property
Konstruksi	15.397	28.056	Construction
	143.211	186.462	
Total	4.676.244	4.753.210	Total
Dikurangi cadangan kerugian penurunan nilai	(1.636.204)	(1.819.751)	Less allowance for impairment losses
Neto	3.040.040	2.933.459	Net

*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

*) Consists of household and other economic sectors

xv. Rasio cadangan kerugian penurunan nilai
kredit *non-performing* terhadap total
kredit *non-performing* adalah 34,99% dan
38,28% masing-masing pada tanggal
31 Desember 2016 dan 2015.

xv. The ratio of NPL's allowance for
impairment losses to total NPL share
34.99% and 38.28% as of December 31,
2016 and 2015, respectively.

xvi. Rasio kredit *non-performing* terhadap
total aset keuangan adalah 2,23% dan
2,79% masing-masing pada tanggal
31 Desember 2016 dan 2015.

xvi. The ratio of NPLs to total financial assets
are 2.23% and 2.79% as of December 31,
2016 and 2015, respectively.

xvii. Rasio kredit usaha kecil (KUK) terhadap
total kredit adalah sebesar 0,34% dan
0,79% masing-masing pada tanggal
31 Desember 2016 dan 2015.

xvii. The ratio of small-scale enterprise loans
to total loans is 0.34% and 0.79% as of
December 31, 2016 and 2015,
respectively.

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/
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**10. LOANS AND SHARIA FINANCING/
RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

xviii. Kredit sindikasi merupakan kredit yang diberikan kepada nasabah di bawah perjanjian pembiayaan bersama dengan bank-bank lain. Keikutsertaan Bank sebagai anggota sindikasi dengan persentase penyertaan sebesar 6,00% dari jumlah kredit sindikasi masing-masing pada tanggal 31 Desember 2016 dan 2015.

xviii. Syndicated loans represent loans provided to customers under syndication agreements with other banks. As of December 31, 2016 and 2015, the Bank's share as a co-lender in syndicated loans is 6.00% for each, respectively, of the total syndicated loans.

xix. Kredit dan pembiayaan/piutang syariah yang direstrukturisasi berdasarkan kolektibilitas dan sektor ekonomi:

xix. Restructured loans and sharia financing/receivables by collectibility and economic sector:

31 Desember/December 31, 2016

	Lancar/ Current	Dalam perhatian khusus/ Special mention	Kurang lancar/ Substandard	Diragukan/ Doubtful	Macet/ Loss	Total	
Perumahan	2.292.992	3.872.882	64.973	60.827	402.404	6.694.078	Property
Konstruksi	483.044	196.403	330	5.164	23.335	708.276	Construction
Jasa usaha	227.768	189.202	13.400	723	6.597	437.690	Business service
Perdagangan, restoran dan hotel	113.993	164.594	2.646	21	66.046	347.300	Trading, restaurant and hotel
Listrik, gas dan air	11.599	-	-	-	-	11.599	Electricity, gas and water
Pertambangan	197	23.578	-	-	4.765	28.540	Mining
Transportasi, pergudangan dan komunikasi	45.618	9.529	-	-	2.277	57.424	Transportation, warehousing and communication
Jasa-jasa sosial	32.258	30.901	-	-	5.026	68.185	Social services
Pertanian	2.314	437	-	-	1.941	4.692	Farming
Manufaktur	4.908	4.599	-	85	1.236	10.828	Manufacturing
Lain-lain*)	5.905	4.609	107	323	2.019	12.963	Other*)
Total	3.220.596	4.496.734	81.456	67.143	515.646	8.381.575	Total

31 Desember/December 31, 2015

	Lancar/ Current	Dalam perhatian khusus/ Special mention	Kurang lancar/ Substandard	Diragukan/ Doubtful	Macet/ Loss	Total	
Perumahan	874.401	1.985.540	57.754	22.169	326.739	3.266.603	Property
Konstruksi	338.012	126.081	-	-	18.878	482.971	Construction
Jasa usaha	101.488	122.413	38	6.619	4.851	235.409	Business service
Perdagangan, restoran dan hotel	54.761	34.722	-	-	17.765	107.248	Trading, restaurant and hotel
Listrik, gas dan air	3.713	-	-	-	-	3.713	Electricity, gas and water
Pertambangan	-	-	-	-	14.364	14.364	Mining
Transportasi, pergudangan dan komunikasi	3.106	3.105	-	-	-	6.211	Transportation, warehousing and communication
Jasa-jasa sosial	12.836	17.063	-	-	8	29.907	Social services
Pertanian	113	-	13	-	1.941	2.067	Farming
Manufaktur	5.680	3.394	-	-	290	9.364	Manufacturing
Lain-lain*)	1.120	3.713	326	10	2.347	7.516	Other*)
Total	1.395.230	2.296.031	58.131	28.798	387.183	4.165.373	Total

*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

*) Consists of household and other economic sectors

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/
PIUTANG SYARIAH (lanjutan)**

g. Informasi pokok lainnya (lanjutan)

xx. Pada tanggal 31 Desember 2016 dan 2015, Bank memiliki saldo kredit yang dihapusbukukan masing-masing sebesar Rp1.713.935 dan Rp1.252.630. Bank terus melakukan usaha-usaha penagihan atas kredit tersebut. Ikhtisar mutasi kredit hapus buku adalah sebagai berikut:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Saldo awal tahun	1.252.630	1.045.303	Balance at beginning of year
Penghapusbukuan selama tahun berjalan	659.221	434.599	Write-off during the current year
Penerimaan kembali kredit yang telah dihapusbukukan	(197.916)	(227.272)	Recovery of loans written-off
Saldo akhir tahun	1.713.935	1.252.630	Balance at the end of year

xxi. Jumlah minimum cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah, yang wajib dibentuk sesuai dengan ketentuan Bank Indonesia adalah sebesar Rp3.407.281 dan Rp2.583.369, masing-masing pada tanggal 31 Desember 2016 dan 2015.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah yang dibentuk telah memadai.

h. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai dan kualitas kredit diungkapkan pada Catatan 44.

**10. LOANS AND SHARIA FINANCING/
RECEIVABLES (continued)**

g. Other significant information (continued)

xx. The Bank has loans written-off as of December 31, 2016 and 2015 amounted to Rp1,713,935 and Rp1,252,630, respectively. The Bank continues to pursue these loans for collection. The summary of the movements of the loans written-off is as follows:

xxi. Minimum allowance for impairment losses for loans and sharia financing receivables required by Bank Indonesia amounted to Rp3,407,281 and Rp2,583,369 as of December 31, 2016 and 2015, respectively.

Management believes that the amount of allowance for impairment losses on the loans and sharia financing/receivables is adequate.

h. Information with respect to classification of impaired and not impaired and credit quality financial assets are disclosed in Note 44.

11. ASET TETAP

Akun ini terdiri dari:

	31 Desember/December 31, 2016				
	Saldo Awal/ Beginning Balance	Penambahan*/ Reklasifikasi/ Additions*/ Reclassifications	Pengurangan/ Reklasifikasi/ Deductions/ Reclassifications	Saldo Akhir/ Ending Balance	
<u>Biaya/nilai wajar</u>					<u>Cost/fair value</u>
Tanah	537.559	3.042.845	543	3.579.861	Land
Bangunan	1.051.747	125.856	3.089	1.174.514	Buildings
Peralatan kantor dan kendaraan bermotor	1.575.241	180.832	4.666	1.751.407	Office furniture, fixtures and motor vehicle
	3.164.547	3.349.533	8.298	6.505.782	
Aset dalam penyelesaian	72.740	88.464	109.654	51.550	Constructions in progress
	3.237.287	3.437.997	117.952	6.557.332	

11. PREMISES AND EQUIPMENT

This account consists of:

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11. ASET TETAP (lanjutan)

Akun ini terdiri dari: (lanjutan)

11. PREMISES AND EQUIPMENT (continued)

This account consists of: (continued)

31 Desember/December 31, 2016					
	Saldo Awal/ Beginning Balance	Penambahan*)/ Reklasifikasi/ Additions*/ Reclassifications	Pengurangan/ Reklasifikasi/ Deductions/ Reclassifications	Saldo Akhir/ Ending Balance	
<u>Akumulasi Penyusutan</u>					<u>Accumulated Depreciation</u>
Bangunan	392.181	52.444	403	444.222	Buildings
Peralatan kantor dan kendaraan bermotor	1.291.705	166.958	4.932	1.453.731	Office furniture, fixtures and motor vehicles
	1.683.886	219.402	5.335	1.897.953	
Nilai Buku Neto	1.553.401			4.659.379	Net Book Value

*) Termasuk dalam penambahan aset tetap adalah surplus revaluasi hak atas tanah sebesar Rp3.042.739 yang dibukukan oleh Bank pada tanggal 13 Juni 2016

*) Included in additions of premises and equipment is gain on revaluation of landrights amounted to Rp3,042,739, recorded by Bank on June 13, 2016

Akun ini terdiri dari:

This account consists of:

31 Desember/December 31, 2015					
	Saldo Awal/ Beginning Balance	Penambahan/ Reklasifikasi/ Additions/ Reclassifications	Pengurangan/ Reklasifikasi/ Deductions/ Reclassifications	Saldo Akhir/ Ending Balance	
<u>Biaya</u>					<u>Cost</u>
Tanah	537.974	286	701	537.559	Land
Bangunan	991.617	60.698	568	1.051.747	Buildings
Peralatan kantor dan kendaraan bermotor	1.448.684	151.407	24.850	1.575.241	Office furniture, fixtures and motor vehicles
	2.978.275	212.391	26.119	3.164.547	
Aset dalam penyelesaian	22.607	54.797	4.664	72.740	Constructions in progress
	3.000.882	267.188	30.783	3.237.287	
<u>Akumulasi Penyusutan</u>					<u>Accumulated Depreciation</u>
Bangunan	341.596	50.653	68	392.181	Buildings
Peralatan kantor dan kendaraan bermotor	1.170.903	145.705	24.903	1.291.705	Office furniture, fixtures and motor vehicles
	1.512.499	196.358	24.971	1.683.886	
Nilai Buku Neto	1.488.383			1.553.401	Net Book Value

Jumlah penyusutan aset tetap yang dibebankan pada tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp219.402 dan Rp196.358 (Catatan 32).

Depreciation of premises and equipment charged to operations amounted to Rp219,402 and Rp196,358, for the year ended December 31, 2016 and 2015, respectively (Note 32).

Nilai tercatat bruto dari aset tetap yang telah didepresiasi penuh oleh Bank namun masih digunakan masing-masing adalah sebesar Rp100.824 dan Rp352.749 pada tanggal 31 Desember 2016 dan 2015 (tidak diaudit).

The gross carrying amount of the Bank's fully depreciated premises and equipment that are still in use amounted to Rp100,824 and Rp352,749 as of December 31, 2016 and 2015 respectively (unaudited).

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11. ASET TETAP (lanjutan)

Penilaian nilai wajar bangunan yang dimiliki oleh Bank menggunakan Nilai Jual Objek Pajak (NJOP), karena dianggap sebagai estimasi penggunaan tertinggi dan terbaik untuk mencerminkan nilai wajar. NJOP bangunan yang dimiliki pada tanggal 31 Desember 2016 dan 2015 masing-masing bernilai Rp491.438 dan Rp491.857.

Hak atas tanah terdiri dari hak milik dan hak guna bangunan. Manajemen berpendapat bahwa jangka waktu hak atas tanah dapat diperbaharui atau diperpanjang kembali.

Bank telah mengasuransikan aset tetap kecuali tanah untuk menutup kemungkinan kerugian terhadap risiko kebakaran dan pencurian kepada PT Asuransi Bina Griya (pihak berelasi) pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp2.049.722 dan Rp2.495.418.

Persentase tingkat penyelesaian aset dalam penyelesaian pada tanggal 31 Desember 2016 dan 2015 berkisar antara 60,00% sampai dengan 75,00%.

Pada tanggal 13 April 2016, Bank melakukan perubahan kebijakan akuntansi atas tanah dari model biaya menjadi model revaluasi.

Penilaian atas tanah dilakukan oleh penilai independen eksternal KJPP Immanuel, Johnny, dan Rekan. Penilaian dilakukan sesuai dengan dan tunduk kepada ketentuan-ketentuan dari Kode Etik Penilai Indonesia (KEPI) dan Standar Penilaian Indonesia, ditentukan berdasarkan transaksi pasar terkini dan dilakukan dengan ketentuan-ketentuan yang lazim dan menggunakan pendekatan penilaian.

Dalam pengukuran nilai wajar tanah, Penilai Independen memperhitungkan kemampuan peserta pasar untuk menghasilkan manfaat ekonomi dengan penggunaan tertinggi dan terbaik atas aset atau dengan menjual aset ke peserta pasar lain yang akan menggunakan aset pada kondisi tertinggi dan penggunaan terbaik. Metode penilaian yang digunakan oleh Penilai Independen adalah pendekatan pasar.

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11. PREMISES AND EQUIPMENT (continued)

Valuation of buildings owned by Bank are using taxable value, because it is considered as the highest and best use estimation to reflect the fair value. Taxable value of buildings owned by Bank on December 31, 2016 and 2015 is amounted to Rp491,438 and Rp491,857, respectively.

Landrights is consist of ownership rights and rights to use. Management has the opinion that the terms of the landrights can be renewed or extended upon their expiration.

Bank insured its premises and equipment from losses due to risks of fire and theft to PT Asuransi Bina Griya (related party) on date December 31, 2016 and 2015 amounted to Rp2,049,722 and Rp2,495,418, respectively.

The percentage of completion of the constructions in progress as of December 31, 2016 and 2015 is approximately 60.00% to 75.00%.

On April 13, 2016, the Bank changed its accounting policy of land from cost model to revaluation model.

The valuations of land are performed by the external independent appraisers KJPP Immanuel, Johnny, dan Rekan. Appraisals are performed based on Indonesian Appraisers Ethics Code and Indonesian Appraise Standards, based on references from recent market transactions and ensue within the clause.

In the fair value measurement of the land, the Independent Appraisers takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation method used by the Independent Appraiser is market approach.

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11. ASET TETAP (lanjutan)

Informasi mengenai penilaian kembali aset tetap pada tanggal 13 April 2016 untuk kelompok aset tanah yang dilakukan Bank adalah sebagai berikut:

	Nilai Buku sebelum Revaluasi/ <i>Carrying</i> <i>Amount Before</i> <i>Revaluation</i>	Nilai Buku setelah Revaluasi/ <i>Carrying</i> <i>Amount after Revaluation</i>	Keuntungan/(Kerugian) Revaluasi/ <i>Gain/(Loss)</i> <i>Revaluation</i>	
Tanah	537.559	3.580.298	3.042.739	<i>Land</i>

Kenaikan nilai tercatat yang timbul dari revaluasi dicatat sebagai "Surplus Revaluasi Aset Tetap", dan disajikan dalam penghasilan komprehensif lain sebesar Rp3.042.739.

Information on the revaluation of land as at April 13, 2016 performed by Bank are as follows:

Increase in the carrying amount arising from revaluation is recorded in "Fixed Asset Revaluation Surplus" and presented in other comprehensive income amounted to Rp3,042,739.

Penilaian kembali tanah untuk tujuan perpajakan dilakukan setelah mendapatkan persetujuan dari Direktorat Jenderal Pajak dengan Surat Keputusan No. KEP-435/WPJ.19/2016 tanggal 8 Juni 2016.

Revaluation of land for tax purposes is performed after the approval from Directorate General of Tax through its letter No. KEP-435/WPJ.19/2016 dated June 8, 2016.

Jika tanah dicatat sebesar harga perolehan, maka pada tanggal 31 Desember 2016 adalah sebesar Rp3.580.298.

If land is recorded on historical cost basis, the amount as of December 31, 2016, would be Rp3,580,298.

12. BUNGA YANG MASIH AKAN DITERIMA

Akun ini terdiri dari:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
Kredit yang diberikan	1.760.054	1.443.799
Obligasi pemerintah	82.076	94.426
Efek-efek dan penempatan pada bank lain	22.699	10.264
Total	1.864.829	1.548.489

12. INTERESTS RECEIVABLE

This account consists of:

Loans
Government bonds
Securities and placement with other Banks
Total

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13. ASET LAIN-LAIN

Akun ini terdiri dari:

	31 Desember/ December 31, 2016
Tagihan kepada pihak ketiga	1.237.495
Biaya dibayar di muka	545.949
Beban yang ditangguhkan untuk pinjaman karyawan (Catatan 10g)	224.398
Agunan yang diambil alih	77.591
Uang muka pajak (Catatan 36)	10.652
Aset <i>Istishna</i> dalam penyelesaian	812
Lainnya	92.181
Total	2.189.078

Tagihan kepada pihak ketiga merupakan tagihan kepada nasabah dan pihak lainnya seperti tagihan kepada Pemerintah Republik Indonesia, tagihan kepada PT Pos Indonesia (Persero) sehubungan dengan kerja sama penyelenggaraan Tabungan Batara Kantor Pos, penagihan angsuran KPR dan tagihan kepada PT Artajasa terkait dengan transaksi ATM Bersama dan PT Finnet Indonesia atas transaksi ATM Link.

Rincian biaya dibayar dimuka terutama terdiri dari biaya sewa dan biaya pemeliharaan gedung dan peralatan kantor.

14. LIABILITAS SEGERA

	31 Desember/ December 31, 2016
Kewajiban kepada pihak ketiga	1.778.551
Hutang pajak	
Pajak penghasilan	
Pasal 29 (Catatan 36)	95.756
Pasal 4 (2)	80.730
Pasal 25	46.861
Pajak pertambahan nilai	18.679
Pasal 21	17.236
Bagi hasil yang belum dibagikan	23.347
Deposito berjangka jatuh tempo	9.578
Bunga atas deposito berjangka namun belum diambil nasabah	5.960
Lainnya	5.188
Total	2.081.886

13. OTHER ASSETS

This account consists of:

	31 Desember/ December 31, 2015	
	643.671	Third party receivables
	457.543	Prepaid expenses
	94.580	Deferred expense for employee loan (Note 10g)
	77.591	Foreclosed collateral
	210.261	Prepaid taxes (Note 36)
	2.800	Istishna assets in progress
	67.153	Others
Total	1.553.599	Total

Third party receivables represent receivables from customers and other parties such as the receivables from the Government of the Republic of Indonesia, receivables from PT Pos Indonesia (Persero) regarding collaboration on holding Tabungan Batara Kantor Pos, receiving KPR's installments and receivables from PT Artajasa arising from transactions with ATM Bersama and receivables from PT Finnet Indonesia arising from ATM Link's transactions.

Details of prepaid expenses consist mainly of rent expenses and building and office furnitures maintenance expenses.

14. LIABILITIES DUE IMMEDIATELY

	31 Desember/ December 31, 2015	
	1.571.802	Third party payables
		Taxes payable
	242.013	Income tax
	80.272	Article 29 (Note 36)
	-	Article (4) 2
	7.647	Article 25
	28.244	Value added tax
	16.665	Article 21
	7.066	Undistributed profit sharing
		Matured time deposits
	4.415	Interest on time deposits not collected by customers
	2.665	Others
Total	1.960.789	Total

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15. GIRO

Akun ini terdiri dari:

	31 Desember/December 31, 2016	
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah
Pihak ketiga		
Rupiah		9.903.788
Dolar Amerika Serikat	669.693	9.023
		9.912.811
Pihak berelasi (Catatan 41)		
Rupiah		35.932.912
Dolar Amerika Serikat	24.642	332
		35.933.244
Total		45.846.055

Pada tanggal 31 Desember 2016 dan 2015, saldo giro termasuk giro yang didasarkan pada prinsip perbankan syariah adalah masing-masing sebesar Rp3.202.375 dan Rp2.216.283

Tingkat suku bunga rata-rata per tahun untuk giro Rupiah adalah sebesar 1,48% dan 2,40% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, dan tingkat suku bunga rata-rata per tahun untuk giro Dollar Amerika Serikat adalah sebesar 0,00% untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015.

Giro yang digunakan sebagai jaminan atas fasilitas kredit yang diberikan oleh Bank pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar nihil (Catatan 10).

15. DEMAND DEPOSITS

This account consists of:

	31 Desember/December 31, 2015		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
			Third parties
		7.762.708	Rupiah
	1.021.828	14.086	United States Dollar
		7.776.794	
			Related parties (Note 41)
		23.591.426	Rupiah
	16.170	223	United States Dollar
		23.591.649	
Total		31.368.443	Total

As of December 31, 2016 and 2015, demand deposits balance include deposits based on sharia banking principles amounted to Rp3,202,375 and Rp2,216,283.

The average annual interest rates for Rupiah demand deposits are 1.48% and 2.40% for the year ended December 31, 2016 and 2015, respectively, and for United States Dollar denominated demand deposits are 0.00% for the year ended December 31, 2016 and 2015, respectively.

Demand deposits amounted to Nil as of December 31, 2016 and 2015, respectively, are pledged as collateral for loans provided by the Bank (Note 10).

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16. TABUNGAN

	31 Desember/ December 31, 2016
<u>Rupiah</u>	
Tabungan Batara	32.776.835
Tabungan Batara <i>Mudharabah</i>	1.481.581
Tabungan Batara <i>Wadiah</i>	567.792
Total	34.826.208

Pada tanggal 31 Desember 2016 dan 2015, saldo tabungan termasuk tabungan yang didasarkan pada prinsip perbankan syariah masing-masing sebesar Rp2.049.373 dan Rp1.354.947.

Tingkat suku bunga rata-rata per tahun untuk tabungan sebesar 4,22% dan 4,08% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015.

Tabungan yang digunakan sebagai jaminan atas fasilitas kredit yang diberikan oleh Bank pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp776.397 dan Rp322.799 (Catatan 10).

Tabungan Batara dari pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp388.290 dan Rp47.935 (Catatan 41).

Tabungan *wadiah* dan *mudharabah* dari pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp2.398 dan Rp3.938 (Catatan 41).

17. DEPOSITO BERJANGKA

- a. Tingkat suku bunga rata-rata per tahun untuk deposito berjangka adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31	
	2016	2015
<u>Rupiah</u>		
1 bulan	6,01%	6,19%
3 bulan	6,24%	6,75%
6 bulan	6,09%	6,73%
12 bulan	6,35%	6,91%
24 bulan	6,94%	7,09%
Dolar Amerika Serikat	0,05%	0,05%

16. SAVINGS DEPOSITS

	31 Desember/ December 31, 2015		Rupiah
		<i>Batara savings deposits</i>	
		<i>Batara Mudharabah savings deposits</i>	
		<i>Batara Wadiah savings deposits</i>	
Total	30.757.681	Total	

As of December 31, 2016 and 2015, savings deposits balance include savings deposits based on sharia banking principles amounted to Rp2,049,373 and Rp1,354,947.

The average annual interest rates for savings deposits are 4.22% dan 4.08%, for the year ended December 31, 2016 and 2015, respectively.

Savings deposits amounted to Rp776,397 and Rp322,799 as of December 31, 2016 and 2015, respectively, are pledged as collateral for loans provided by the Bank to its customers (Note 10).

As of December 31, 2016 and 2015, Batara savings deposits from depositors who are related parties of the Bank amounted to Rp388,290 and Rp47,935, respectively (Note 41).

Wadiah and mudharabah savings deposits from depositors who are related parties of the Bank as of December 31, 2016 and 2015 amounted to Rp2,398 and Rp3,938, respectively (Note 41).

17. TIME DEPOSITS

- a. Average annual interest rates for time deposits are as follows:

<u>Rupiah</u>
1 month
3 months
6 months
12 months
24 months

United States Dollar

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17. DEPOSITO BERJANGKA (lanjutan)

17. TIME DEPOSITS (continued)

- b. Rincian deposito berjangka berdasarkan mata uang dan jangka waktu:

- b. The details of time deposits by currency and contract period are as follows:

	31 Desember/December 31, 2016		31 Desember/December 31, 2015		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
<u>Rupiah</u>					<u>Rupiah</u>
1 bulan		39.388.714		34.442.582	1 month
3 bulan		20.861.506		14.792.331	3 months
6 bulan		3.911.356		3.600.883	6 months
12 bulan		2.105.831		4.258.867	12 months
24 bulan		12.818.774		8.454.624	24 months
		79.086.181		65.549.287	
<u>Dolar Amerika Serikat</u>					<u>United States Dollar</u>
1 bulan	16.077.340	216.603	2.357.930	32.504	1 month
3 bulan	931.872	12.555	26.246	362	3 months
12 bulan	8.538	115	28.538	393	12 months
		229.273		33.259	
Total		79.315.454		65.582.546	Total

- c. Rincian deposito berjangka berdasarkan mata uang dan sisa umur hingga jatuh tempo:

- c. Details of time deposits by currency and remaining period to maturity are as follows:

	31 Desember/ December 31, 2016		31 Desember/ December 31, 2015		
<u>Rupiah</u>					<u>Rupiah</u>
≤ 1 bulan		47.544.580		40.000.459	≤ 1 month
> 1 bulan ≤ 3 bulan		14.158.242		10.854.665	> 1 month ≤ 3 months
> 3 bulan ≤ 6 bulan		4.299.991		4.809.151	> 3 months ≤ 6 months
> 6 bulan ≤ 12 bulan		696.716		7.334.495	> 6 months ≤ 12 months
> 12 bulan ≤ 24 bulan		12.386.652		2.550.517	> 12 months ≤ 24 months
		79.086.181		65.549.287	
<u>Dolar Amerika Serikat</u>					<u>United States Dollar</u>
≤ 1 bulan		216.603		32.504	≤ 1 month
> 1 bulan ≤ 3 bulan		12.555		362	> 1 month ≤ 3 months
> 6 bulan ≤ 12 bulan		115		393	> 6 months ≤ 12 months
		229.273		33.259	
Total		79.315.454		65.582.546	Total

Pada tanggal 31 Desember 2016 dan 2015, deposito berjangka yang didasarkan pada prinsip perbankan syariah masing-masing sebesar Rp9.778.501 dan Rp7.533.306.

As of December 31, 2016 and 2015, time deposits based on sharia banking principles amounted to Rp9,778,501 and Rp7,533,306, respectively.

Deposito berjangka yang dijadikan jaminan atas fasilitas kredit yang diberikan oleh Bank kepada konsumennya pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp1.323.948 dan Rp1.143.680 (Catatan 10).

As of December 31, 2016 and 2015, time deposits amounted to Rp1,323,948 and Rp1,143,680, respectively, are pledged as collateral for loans provided by the Bank to its customers (Note 10).

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17. DEPOSITO BERJANGKA (lanjutan)

Deposito berjangka dari pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp43.226.110 dan Rp33.856.609 (Catatan 41).

Deposito berjangka *Mudharabah* dari pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015, masing-masing sebesar Rp4.141.326 dan Rp4.044.967 (Catatan 41).

17. TIME DEPOSITS (continued)

As of December 31, 2016 and 2015, time deposits from depositors who are related parties of the Bank amounted to Rp43,226,110 and Rp33,856,609, respectively (Note 41).

As of December 31, 2016 and 2015, *Mudharabah* time deposits from depositors who are related parties of the Bank amounted to Rp4,141,326 and Rp4,044,967, respectively (Note 41).

18. SIMPANAN DARI BANK LAIN

Tingkat suku bunga rata-rata per tahun untuk simpanan dari bank lain adalah sebagai berikut:

18. DEPOSITS FROM OTHER BANKS

Average annual interest rates for deposits from other banks are as follows:

**Tahun yang berakhir pada tanggal
31 Desember/Year Ended December 31**

	2016	2015	
Giro	2,13%	1,51%	<i>Demand Deposit</i>
Deposito	6,00%	9,09%	<i>Time Deposits</i>
<i>Inter-bank call money</i>	4,70%	5,44%	<i>Inter-bank call money</i>

Rincian simpanan dari bank lain berdasarkan sisa umur sampai dengan saat jatuh tempo adalah sebagai berikut:

Details of deposits from other banks by remaining period to maturity are as follows:

		31 Desember/December 31, 2016				
		≤ 1 bulan/ month	> 1 - 3 bulan/ months	> 3 - 6 bulan/ months	> 6 - 12 bulan/ months	Total
<u>Rupiah</u>						<u>Rupiah</u>
Deposito	2.834.850	-	53.218	400	2.888.468	<i>Time deposits</i>
Giro	11.972	-	-	-	11.972	<i>Demand deposits</i>
Tabungan	2.295	-	-	-	2.295	<i>Savings deposits</i>
<i>Inter-bank call money</i>	750.000	-	-	-	750.000	<i>Inter-bank call money</i>
Total	3.599.117	-	53.218	400	3.652.735	Total
		31 Desember/December 31, 2015				
		≤ 1 bulan/ month	> 1 - 3 bulan/ months	> 3 - 6 bulan/ months	> 6 - 12 bulan/ months	Total
<u>Rupiah</u>						<u>Rupiah</u>
Deposito	881.527	547.342	250	400	1.429.519	<i>Time deposits</i>
Giro	14.016	-	-	-	14.016	<i>Demand deposits</i>
Tabungan	2.663	-	-	-	2.663	<i>Savings deposits</i>
<i>Inter-bank call money</i>	275.000	-	-	-	275.000	<i>Inter-bank call money</i>
Total	1.173.206	547.342	250	400	1.721.198	Total

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18. SIMPANAN DARI BANK LAIN (lanjutan)

Simpanan dari bank lain yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp500.000 dan Rp151.484 (Catatan 41).

Pada tanggal 31 Desember 2016 dan 2015 tidak terdapat simpanan dari bank lain yang dijadikan jaminan (Catatan 10).

18. DEPOSITS FROM OTHER BANKS (continued)

As of December 31, 2016 and 2015, deposits from other banks which are related parties of the Bank amounted to Rp500,000 and Rp151,484 (Note 41).

As of December 31, 2016 and 2015, there are no deposits from other banks which are pledged as collateral (Note 10).

19. EFEK-EFEK YANG DIJUAL DENGAN JANJI DIBELI KEMBALI

Rincian efek-efek yang dijual dengan janji dibeli kembali adalah sebagai berikut:

19. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The details of securities sold under repurchase agreements are as follows:

31 Desember/December 31, 2016

Nasabah/ Customer	Jenis Surat Berharga/ Type of Securities	Suku Bunga/ Interest rate	Nilai Nominal/ Nominal Amount	Tanggal Dimulai/ Commencement Date	Tanggal Pembelian Kembali/ Repurchase Date	Harga Pembelian Kembali/ Repurchase Price	Beban Bunga yang Belum Diamortisasi/ Unamortized Interest Expense	Nilai Tercatat/ Carrying Value
Pihak ketiga/Third parties								
Deutsche Bank	VR0031	SPN + 1,25%	575.000	14 Januari/ January 14, 2011	22 Juli/ July 20, 2020	500.000	-	500.000
Standard Chartered Bank	VR0031	SPN + 1,40%	500.000	18 Januari/ January 18, 2011	23 Juli/ July 23, 2020	435.000	-	435.000
Standard Chartered Bank	VR0027	SPN + 0,95%	495.000	2 Maret/ March 2, 2011	23 Juli/ July 23, 2018	450.000	-	450.000
Total			1.570.000			1.385.000	-	1.385.000

31 Desember/December 31, 2015

Nasabah/ Customer	Jenis Surat Berharga/ Type of Securities	Suku Bunga/ Interest rate	Nilai Nominal/ Nominal Amount	Tanggal Dimulai/ Commencement Date	Tanggal Pembelian Kembali/ Repurchase Date	Harga Pembelian Kembali/ Repurchase Price	Beban Bunga yang Belum Diamortisasi/ Unamortized Interest Expense	Nilai Tercatat/ Carrying Value
Pihak ketiga/Third parties								
Deutsche Bank	VR0031	SPN + 1,25%	575.000	14 Januari/ January 14, 2011	22 Juli/ July 20, 2020	500.000	-	500.000
Standard Chartered Bank	VR0031	SPN + 1,40%	500.000	18 Januari/ January 18, 2011	23 Juli/ July 23, 2020	435.000	-	435.000
Standard Chartered Bank	VR0027	SPN + 0,95%	495.000	2 Maret/ March 2, 2011	23 Juli/ July 23, 2018	450.000	-	450.000
The Hong Kong and Shanghai Banking Corporation, Limited.	VR0023	8,15%	900.000	25 September/ September 25, 2015	26 September/ September 26, 2016	724.091	-	724.091
The Hong Kong and Shanghai Banking Corporation, Limited.	VR0027	8,15%	32.315	29 September/ September 29, 2015	26 September/ September 26, 2016	26.000	-	26.000
Total			2.502.315			2.135.091	-	2.135.091

Efek-efek yang dijual dengan janji dibeli kembali yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar nihil (Catatan 41).

As of December 31, 2016 and 2015, securities sold under repurchase agreement with related parties amounted to nil, respectively (Note 41).

The original financial statements included herein are in the Indonesian language.

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20. SURAT-SURAT DITERBITKAN	BERHARGA	YANG	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	20. SECURITIES ISSUED
<u>Rupiah</u>					<u>Rupiah</u>
Obligasi Berkelanjutan II Tahap II setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp2.735 dan RpNihil pada tanggal 31 Desember 2016 dan 2015			2.997.265	-	<i>Shelf Registration Bonds II Phase II Net of unamortized issuance cost amounted to Rp2,735 and RpNil as of December 31, 2016 and 2015, respectively</i>
Obligasi Berkelanjutan II Tahap I setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp3.849 dan Rp4.794 pada tanggal 31 Desember 2016 dan 2015			2.996.151	2.995.206	<i>Shelf Registration Bonds II Phase I Net of unamortized issuance cost amounted to Rp3,849 and Rp4,794 as of December 31, 2016 and 2015, respectively</i>
Obligasi Berkelanjutan I Tahap II setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.704 dan Rp1.927 pada tanggal 31 Desember 2016 dan 2015			1.998.296	1.998.073	<i>Shelf Registration Bonds I Phase II Net of unamortized issuance cost amounted to Rp1,704 and Rp1,927 as of December 31, 2016 and 2015, respectively</i>
Obligasi Berkelanjutan I Tahap I setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp2.524 dan Rp2.137 pada tanggal 31 Desember 2016 dan 2015			1.997.476	1.997.863	<i>Shelf Registration Bonds I Phase I Net of unamortized issuance cost amounted to Rp2,524 and Rp2,137 as of December 31, 2016 and 2015, respectively</i>
Obligasi BTN XV setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp2.006 dan Rp1.990 pada tanggal 31 Desember 2016 dan 2015			1.297.994	1.298.010	<i>BTN Bonds XV Net of unamortized issuance cost amounted to Rp2,006 and Rp1,990 as of December 31, 2016 and 2015, respectively</i>
Obligasi BTN XIV setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.767 dan Rp2.175 pada tanggal 31 Desember 2016 dan 2015			1.648.233	1.647.825	<i>BTN Bonds XIV Net of unamortized issuance cost amounted to Rp1,767 and Rp2,175 as of December 31, 2016 and 2015, respectively</i>
Obligasi BTN XII setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar RpNihil dan Rp383 pada tanggal 31 Desember 2016 dan 31 Desember 2015			-	999.617	<i>BTN Bonds XII Net of unamortized issuance cost amounted to RpNil and Rp383 as of December 31, 2016 and December 31, 2015, respectively</i>
Negotiable Certificate of Deposits (NCD) setelah dikurangi diskonto masing-masing sebesar Rp61.505 dan Rp59.391 pada tanggal 31 Desember 2016 dan 2015			1.984.495	1.555.608	<i>Negotiable Certificate of Deposits (NCD) Net of discounts amounted to Rp61,505 and Rp59,391 as of December 31 2016, and 2015, respectively</i>
Total			14.919.910	12.492.202	Total

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

a. Obligasi

a. Bonds

i. Obligasi Berkelanjutan II BTN Tahap II

i. Shelf Registration Bonds II Phase II

Bank menerbitkan Obligasi Berkelanjutan II BTN Tahap II Tahun 2016 dengan jumlah nilai nominal sebesar Rp3.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 8,20% dan 8,75% yang dibayarkan tiap tiga bulanan masing-masing untuk Obligasi Berkelanjutan II BTN Tahap II Seri A dan Seri B dan akan jatuh tempo masing-masing pada tanggal 30 Agustus 2019 dan 30 Agustus 2021. Penerbitan Obligasi Berkelanjutan II BTN Tahap II tahun 2016 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisiner Otoritas Jasa Keuangan No. S-297/D.04/2015 tanggal 30 Juni 2015.

The Bank issued Shelf Registration Bonds II Phase II of 2016 with a total nominal value of Rp3,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rates of 8.20%, and 8.75%, payable every three months for Shelf Registration Bonds II Phase II Series A and Series B, respectively, and will mature on August 30, 2019 and August 30, 2021, respectively. The issuance of Shelf Registration Bonds II Phase II of 2016 became effective based on Letter No. S-297/D.04/2015 dated June 30, 2015 of the Commissioner Board of the Financial Services Authority.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada dikemudian hari. Obligasi ini tidak termasuk dalam program jaminan Pemerintah terhadap kewajiban pembayaran bank umum.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not included in the Government's guarantee program on the obligations of commercial banks.

Pada tanggal 31 Desember 2016, Obligasi Berkelanjutan II BTN Tahap II mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2016, Shelf Registration Bonds II Phase II are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan II Bank BTN Tahap II adalah PT Bank Mega Tbk.

The trustee for Shelf Registration Bonds II Phase II is PT Bank Mega Tbk.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

a. Obligasi (lanjutan)

a. Bonds (continued)

ii. Obligasi Berkelanjutan II BTN Tahap I

ii. Shelf Registration Bonds II Phase I

Bank menerbitkan Obligasi Berkelanjutan II BTN Tahap I Tahun 2015 dengan jumlah nilai nominal sebesar Rp3.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 9,63%, 9,88%, 10,00% dan 10,50% yang dibayarkan tiap tiga bulanan masing-masing untuk Obligasi Berkelanjutan II BTN Tahap I Seri A, Seri B, Seri C dan Seri D dan akan jatuh tempo masing-masing pada tanggal 8 Juli 2018, 8 Juli 2020, 8 Juli 2022 dan 8 Juli 2025. Penerbitan Obligasi Berkelanjutan II BTN Tahap I tahun 2015 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisiner Otoritas Jasa Keuangan No. S-207/D.04/2015 tanggal 30 Juni 2015.

The Bank issued Shelf Registration Bonds II Phase I of 2015 with a total nominal value of Rp3,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rates of 9.63%, 9.88%, 10.00% and 10.50%, payable every three months for Shelf Registration Bonds II Phase I Series A, Series B, Series C and Series D, respectively, and will mature on July 8, 2018, July 8, 2020, July 8, 2022 and July 8, 2025, respectively. The issuance of Shelf Registration Bonds II Phase I of 2015 became effective based on Letter No. S-207/D.04/2015 dated June 30, 2015 of the Commissioner Board of the Financial Services Authority.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada dikemudian hari. Obligasi ini tidak termasuk dalam program jaminan Pemerintah terhadap kewajiban pembayaran bank umum.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not included in the Government's guarantee program on the obligations of commercial banks.

Pada tanggal 31 Desember 2016 dan 2015, Obligasi Berkelanjutan II BTN Tahap I mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2016 and 2015, Shelf Registration Bonds II Phase I are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan II Bank BTN Tahap I adalah PT Bank Mega Tbk.

The trustee for Shelf Registration Bonds II Phase I is PT Bank Mega Tbk.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

a. Obligasi (lanjutan)

a. Bonds (continued)

iii. Obligasi Berkelanjutan I BTN Tahap II

iii. Shelf Registration Bonds I Phase II

Bank menerbitkan Obligasi Berkelanjutan I BTN Tahap II Tahun 2013 dengan jumlah nilai nominal sebesar Rp2.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 7,90% yang dibayarkan tiap tiga bulanan dan akan jatuh tempo pada tanggal 27 Maret 2023. Penerbitan Obligasi Berkelanjutan BTN I Tahap II tahun 2013 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6349/BL/2012 tanggal 28 Mei 2012.

The Bank issued Shelf Registration Bonds I Phase II 2013 with a total nominal value of Rp2,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 7.90%, payable every three months and are due on March 27, 2023. The issuance of Shelf Registration Bonds I Phase II of 2013 became effective based on Letter No. S-6349/BL/2012 dated May 28, 2012 of the Chairman of BAPEPAM-LK.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun di kemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada di kemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.

Pada tanggal 31 Desember 2016, Obligasi Berkelanjutan I BTN Tahap II mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2016, Shelf Registration Bonds I Phase II were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Pada tanggal 31 Desember 2015, Obligasi Berkelanjutan I BTN Tahap II mendapat penilaian peringkat idAA, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2015, Shelf Registration Bonds I Phase II were rated idAA, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan I BTN Tahap II adalah PT Bank Mega Tbk.

The trustee for Shelf Registration Bonds I Phase II is PT Bank Mega Tbk.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

a. Obligasi (lanjutan)

a. Bonds (continued)

iv. Obligasi Berkelanjutan I BTN Tahap I

iv. Shelf Registration Bonds I Phase I

Bank menerbitkan Obligasi Berkelanjutan I BTN Tahap I Tahun 2012 dengan jumlah nilai nominal sebesar Rp2.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 7,90% yang dibayarkan tiap tiga bulanan dan akan jatuh tempo pada tanggal 5 Juni 2022. Penerbitan Obligasi Berkelanjutan BTN I Tahap I tahun 2012 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6349/BL/2012 tanggal 28 Mei 2012.

The Bank issued Shelf Registration Bonds I Phase I 2012 with a total nominal value of Rp2,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 7.90%, payable every three months and are due on June 5, 2022. The issuance of Shelf Registration Bonds I Phase I of 2012 became effective based on Letter No. S-6349/BL/2012 dated May 28, 2012 of the Chairman of BAPEPAM-LK.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun di kemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada di kemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.

Pada tanggal 31 Desember 2016, Obligasi Berkelanjutan I BTN tahap I mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2016, Shelf Registration Bonds I BTN Phase I were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Pada tanggal 31 Desember 2015, Obligasi Berkelanjutan I BTN tahap I mendapat penilaian peringkat idAA, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2015, Shelf Registration Bonds I BTN Phase I were rated idAA, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan I BTN tahap I adalah PT Bank Mega Tbk.

The trustee for Shelf Registration Bonds I Phase I is PT Bank Mega Tbk.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

a. Obligasi (lanjutan)

a. Bonds (continued)

v. Obligasi BTN XV

v. BTN Bonds XV

Bank menerbitkan Obligasi BTN XV Tahun 2011 dengan jumlah nilai nominal sebesar Rp1.300.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 9,50% yang dibayarkan tiap tiga bulanan dan akan jatuh tempo pada tanggal 28 Juni 2021. Penerbitan Obligasi BTN XV tahun 2011 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6928/BL/2011 tanggal 21 Juni 2011.

The Bank issued BTN Bonds XV of 2011 with a total nominal value of Rp1,300,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 9.50%, payable every three months and are due on June 28, 2021. The issuance of BTN Bonds XV of 2011 became effective based on Letter No. S-6928/BL/2011 dated June 21, 2011 of the Chairman of BAPEPAM-LK.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun di kemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada di kemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.

Pada tanggal 31 Desember 2016, Obligasi BTN XV mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2016, BTN Bonds XV were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Pada tanggal 31 Desember 2015, Obligasi BTN XV mendapat penilaian peringkat idAA, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2015, BTN Bonds XV were rated idAA, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi BTN XV adalah PT Bank Mega Tbk.

The trustee for BTN Bonds XV is PT Bank Mega Tbk.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

a. Obligasi (lanjutan)

a. Bonds (continued)

vi. Obligasi BTN XIV

vi. BTN Bonds XIV

Bank menerbitkan Obligasi BTN XIV Tahun 2010 dengan jumlah nilai nominal sebesar Rp1.650.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 10,25% yang dibayarkan tiap tiga bulanan dan akan jatuh tempopada tanggal 11 Juni 2020. Penerbitan Obligasi BTN XIV tahun 2010 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-4916/BL/2010 tanggal 3 Juni 2010.

The Bank issued BTN Bonds XIV of 2010 with a total nominal value of Rp1,650,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 10.25%, payable every three months and are due on June 11, 2020. The issuance of BTN Bonds XIV of 2010 became effective based on Letter No. S-4916/BL/2010 dated June 3, 2010 of the Chairman of BAPEPAM-LK.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada dikemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.

Pada tanggal 31 Desember 2016, Obligasi BTN XIV mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2016, BTN Bonds XIV are rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Pada tanggal 31 Desember 2015, Obligasi BTN XIV mendapat penilaian peringkat idAA dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2015, BTN Bonds XIV are rated idAA, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi BTN XIV adalah PT Bank Mega Tbk.

The trustee for BTN Bonds XIV is PT Bank Mega Tbk.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

a. Obligasi (lanjutan)

a. Bonds (continued)

vii. Obligasi BTN XII

vii. BTN Bonds XII

Bank menerbitkan Obligasi BTN XII Tahun 2006 dengan jumlah nilai nominal sebesar Rp1.000.000 yang terdaftar di Bursa Efek Surabaya (BES) (dimerger dengan Bursa Efek Jakarta menjadi Bursa Efek Indonesia). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 12,75% yang dibayarkan tiap tiga bulanan. Obligasi tersebut telah jatuh tempo pada tanggal 19 September 2016. Penerbitan Obligasi BTN XII Tahun 2006 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-1844/BL/2006 tanggal 8 September 2006.

The Bank issued BTN Bonds XII of 2006 with a total nominal value of Rp1,000,000, which are registered in the Surabaya Stock Exchange (BES) (which merged with the Jakarta Stock Exchange to become the Indonesia Stock Exchange). The bonds were issued at 100% of their nominal value with an annual fixed interest rate of 12.75%, payable every three months. These bonds has mature on September 19, 2016. The issuance of BTN Bonds XII of 2006 became effective based on Letter No. S-1844/BL/2006 dated September 8, 2006 of the Chairman of BAPEPAM-LK.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit yang diberikan. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun di kemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada di kemudian hari. Obligasi ini tidak termasuk dalam program jaminan Pemerintah terhadap kewajiban pembayaran bank umum.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditors' rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not included in the Government's guarantee program on the obligations of commercial banks.

Pada tanggal 31 Desember 2015, Obligasi BTN XII mendapat penilaian peringkat idAA, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2015, BTN Bonds XII are rated idAA, by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi BTN XII adalah PT Bank CIMB Niaga Tbk.

The trustee for BTN Bonds XII is PT Bank CIMB Niaga Tbk.

Pada tanggal 31 Desember 2016, Obligasi BTN XII telah dilunasi oleh Bank pada tanggal jatuh tempo.

As of December 31, 2016, BTN Bonds XII has been redeemed by the Bank on the maturity date.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

a. Obligasi (lanjutan)

Perjanjian perwaliananatan atas seluruh obligasi memuat beberapa pembatasan terhadap Bank dan memerlukan persetujuan tertulis dari wali amanat sebelum melakukan hal-hal berikut:

- Mengalihkan, melepaskan hak, atau menjadikan jaminan hutang seluruh atau lebih dari 50% dari seluruh kekayaan Bank.
- Melakukan penggabungan, peleburan dan/atau akuisisi yang secara material akan mempunyai akibat negatif terhadap kelangsungan usaha Bank atau kemampuan Bank dalam memenuhi kewajiban Bank terhadap pemegang obligasi, kecuali atas permintaan dan/atau perintah Pemerintah dan/atau otoritas yang berwenang.
- Mengubah bidang usaha Bank yang secara material akan mempunyai akibat negatif terhadap kelangsungan usaha Bank atau kemampuan Bank dalam memenuhi kewajiban Bank terhadap pemegang obligasi, kecuali atas permintaan dan/atau perintah Pemerintah dan/atau otoritas yang berwenang.
- Membagikan dividen kepada para pemegang saham, kecuali atas permintaan dan/atau perintah Pemerintah dan/atau otoritas yang berwenang.

Selama tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, Bank telah mengamortisasi biaya emisi obligasi masing-masing sebesar Rp2.810 dan Rp2.839 yang dicatat dalam laporan laba rugi dan penghasilan komprehensif lain.

Pada tanggal-tanggal 31 Desember 2016 dan 2015, Bank telah memenuhi ketentuan dan kondisi yang ada dalam perjanjian perwaliananatan tersebut.

Untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, Bank telah melakukan pembayaran bunga sesuai nilai kupon kepada pemegang obligasi yang diterbitkan Bank pada saat jatuh tempo pembayaran bunga.

20. SECURITIES ISSUED (continued)

a. Bonds (continued)

The trusteeship agreements covering all the bonds imposed several restrictive covenants on the Bank and require the trustees' written approval prior to perform the following:

- Transfer, the right to, or pledge as collateral, all or more than 50% of the Bank's total assets.
- Enter into consolidation or merger and/or acquire entities that would result in a material negative impact to the Bank's going concern status or the ability of the Bank to fulfil its obligations to the bondholders, except when required and/or directed by the Government and/or any governing authority.
- Change the main business of the Bank resulting in a material negative impact to the Bank's going concern status or the ability of the Bank to fulfil its obligations to the bondholders, except when required and/or directed by the Government and/or any governing authority.
- Distribute dividends to stockholders, except when required and/or directed by the Government and/or any governing authority.

For year ended December 31, 2016 and 2015, the Bank has amortized the bonds issuance cost amounting to Rp2,810 dan Rp2,839, respectively, recorded in the statements of profit or loss and other comprehensive income.

As of December 31, 2016 and 2015, the Bank has complied with the existing terms and conditions of the above trusteeship agreements.

For year ended December 31, 2016 and 2015, coupon payments to all bond holders have been made by the Bank on the respective interest payment due dates.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

b. *Negotiable Certificate of Deposits*

Pada tanggal 5 Desember 2014, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) I Tahap I dengan nilai pokok sebesar Rp625.000 dalam 3 (tiga) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp280.000 dengan tingkat bunga tetap sebesar 9% per tahun, untuk jangka waktu 6 (enam) bulan dan telah jatuh tempo pada tanggal 4 Juni 2015. NCD tersebut diterbitkan sebesar 95,67%.
- Seri B: Nilai pokok NCD sebesar Rp45.000 dengan tingkat bunga tetap sebesar 9,25% per tahun, untuk jangka waktu 12 (dua belas) bulan dan telah jatuh tempo pada tanggal 27 November 2015. NCD tersebut diterbitkan sebesar 91,59%.
- Seri C: Nilai pokok NCD sebesar Rp300.000 dengan tingkat bunga tetap sebesar 9,50% per tahun, untuk jangka waktu 15 (lima belas) bulan dan telah jatuh tempo pada tanggal 26 Februari 2016. NCD tersebut diterbitkan sebesar 89,43%.

Negotiable Certificate of Deposits (NCD) I Tahap I Seri A dengan nilai nominal Rp280.000, Seri B dengan nilai nominal Rp45.000 dan Seri C dengan nilai nominal Rp300.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

Pada tanggal 17 Februari 2015, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) II tahap I dengan nilai pokok sebesar Rp500.000 dengan tingkat bunga tetap sebesar 9% per tahun, untuk jangka waktu 5 (lima) bulan dan telah jatuh tempo pada tanggal 15 Juli 2015.

Pada tanggal 26 Februari 2015, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) I Tahap II dengan nilai pokok sebesar Rp1.005.000 dalam 4 (empat) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp470.000 dengan tingkat bunga tetap sebesar 9% per tahun, untuk jangka waktu 6 (enam) bulan dan telah jatuh tempo pada tanggal 26 Agustus 2015. NCD tersebut diterbitkan sebesar 95,67%.

b. *Negotiable Certificate of Deposits*

On December 5, 2014, Bank issued *Negotiable Certificate of Deposits* (NCD) I Phase I with principal value amounted to Rp625,000 within 3 (three) series as follows:

- A Series: NCD principal value amounted to Rp280,000 with a fixed interest rate of 9% per annum, for 6 (six) months period and has matured on June 4, 2015. The NCD were issued at 95.67%.
- B Series: NCD principal value amounted to Rp45,000 with a fixed interest rate of 9.25% per annum, for 12 (twelve) months period and has matured on November 27, 2015. The NCD were issued at 91.59%.
- C Series: NCD principal value amounted to Rp300,000 with a fixed interest rate of 9.50% per annum, for 15 (fifteen) months period and has matured on February 26, 2016. The NCD were issued at 89.43%.

Negotiable Certificate of Deposits (NCD) I Phase I Series A with a total nominal value of Rp280,000, Series B with a total nominal value Rp45,000 and Series C with a total nominal value Rp300,000, has been redeemed by the Bank on the maturity date.

On February 17, 2015, Bank issued *Negotiable Certificate of Deposits* (NCD) II Phase I with principal value amounted to Rp500,000 with a fixed interest rate of 9% per annum, for 5 (five) months period and has matured on July 15, 2015.

On February 26, 2015, Bank issued *Negotiable Certificate of Deposits* (NCD) I Phase II with principal value amounted to Rp1,005,000 within 4 (four) series as follows:

- A Series: NCD principal value amounted to Rp470,000 with a fixed interest rate of 9% per annum, for 6 (six) months period and has matured on August 26, 2015. The NCD were issued at 95.67%.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

b. *Negotiable Certificate of Deposits (lanjutan)*

b. *Negotiable Certificate of Deposits (continued)*

Pada tanggal 26 Februari 2015, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) I Tahap II dengan nilai pokok sebesar Rp1.005.000 dalam 4 (empat) seri sebagai berikut: (lanjutan)

On February 26, 2015, Bank issued *Negotiable Certificate of Deposits* (NCD) I Phase II with principal value amounted to Rp1,005,000 within 4 (four) series as follows: (continued)

- Seri B: Nilai pokok NCD sebesar Rp85.000 dengan tingkat bunga tetap sebesar 9,25% per tahun, untuk jangka waktu 12 (dua belas) bulan dan telah jatuh tempo pada tanggal 18 Februari 2016. NCD tersebut diterbitkan sebesar 91,59%.
- Seri C: Nilai pokok NCD sebesar Rp10.000 dengan tingkat bunga tetap sebesar 9,50% per tahun, untuk jangka waktu 15 (lima belas) bulan dan telah jatuh tempo pada tanggal 19 Mei 2016. NCD tersebut diterbitkan sebesar 89,43%.
- Seri D: Nilai pokok NCD sebesar Rp440.000 dengan tingkat bunga tetap sebesar 9,70% per tahun, untuk jangka waktu 18 (delapan belas) bulan dan telah jatuh tempo pada tanggal 18 Agustus 2016. NCD tersebut diterbitkan sebesar 87,32%.

- *B Series: NCD principal value amounted to Rp85,000 with a fixed interest rate of 9.25% per annum, for 12 (twelve) months period and has matured on February 18, 2016. The NCD were issued at 91.59%.*

- *C Series: NCD principal value amounted to Rp10,000 with a fixed interest rate of 9.50% per annum, for 15 (fifteen) months period and has matured on May 19, 2016. The NCD were issued at 89.43%.*

- *D Series: NCD principal value amounted to Rp440,000 with a fixed interest rate of 9.70% per annum, for 18 (eighteen) months period and has matured on August 18, 2016. The NCD were issued at 87.32%.*

Negotiable Certificate of Deposits (NCD) I Tahap II Seri A dengan nilai nominal Rp470.000, Seri B dengan nilai nominal Rp85.000, Seri C dengan nilai nominal Rp10.000, dan Seri D dengan nilai nominal Rp440.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

Negotiable Certificate of Deposits (NCD) I Phase II Series A with a total nominal value of Rp470,000, Series B with a total nominal value of Rp85,000, Series C with a total nominal value of Rp10,000, and Series D with a total nominal value of Rp440,000 has been redeemed by the Bank on the maturity date.

Pada tanggal 30 April 2015, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) II Tahap II dengan nilai pokok sebesar Rp1.110.000 dalam 3 (tiga) seri sebagai berikut:

On April 30, 2015, Bank issued *Negotiable Certificate of Deposits* (NCD) II Phases II with principal value amounted to Rp1,110,000 within 3 (three) series as follows:

- Seri A: Nilai pokok NCD sebesar Rp330.000 dengan tingkat bunga tetap sebesar 8,75% per tahun, untuk jangka waktu 6 (enam) bulan dan telah jatuh tempo pada tanggal 30 Oktober 2015. NCD tersebut diterbitkan sebesar 95,74%.
- Seri B: Nilai pokok NCD sebesar Rp620.000 dengan tingkat bunga tetap sebesar 9% per tahun, untuk jangka waktu 12 (dua belas) bulan dan telah jatuh tempo pada tanggal 2 Mei 2016. NCD tersebut diterbitkan sebesar 91,57%.

- *A Series: NCD principal value amounted to Rp330,000 with a fixed interest rate of 8.75% per annum, for 6 (six) months period and has matured on October 30, 2015. The NCD were issued at 95.74%.*

- *B Series: NCD principal value amounted to Rp620,000 with a fixed interest rate of 9% per annum, for 12 (twelve) months period and has matured on May 2, 2016. The NCD were issued at 91.57%.*

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

b. *Negotiable Certificate of Deposits (lanjutan)*

Pada tanggal 30 April 2015, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) II Tahap II dengan nilai pokok sebesar Rp1.110.000 dalam 3 (tiga) seri sebagai berikut: (lanjutan)

- Seri C: Nilai pokok NCD sebesar Rp160.000 dengan tingkat bunga tetap sebesar 9,25% per tahun, untuk jangka waktu 18 (delapan belas) bulan dan telah jatuh tempo pada tanggal 31 Oktober 2016. NCD tersebut diterbitkan sebesar 87,62%.

Negotiable Certificate of Deposits (NCD) II Tahap II Seri A dengan nilai nominal Rp330.000, Seri B dengan nilai nominal Rp620.000, dan Seri C dengan nominal Rp160.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

Pada tanggal 9 Juni 2016, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap I Tahun 2016 dengan nilai pokok sebesar Rp740.000 dengan tingkat bunga tetap sebesar 6,85% per tahun, untuk jangka waktu 3 (tiga) bulan dan telah jatuh tempo pada tanggal 9 September 2016.

Pada tanggal 5 Agustus 2016, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap II Tahun 2016 dengan nilai pokok sebesar Rp1.115.000 dalam 3 (tiga) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp440.000 dengan tingkat bunga tetap sebesar 7,19% per tahun, untuk jangka waktu 90 (sembilan puluh) hari dan telah jatuh tempo pada tanggal 3 November 2016. NCD tersebut diterbitkan sebesar 98,23%.
- Seri B: Nilai pokok NCD sebesar Rp275.000 dengan tingkat bunga tetap sebesar 7,47% per tahun, untuk jangka waktu 180 (seratus delapan puluh) hari dan akan jatuh tempo pada tanggal 1 Februari 2017. NCD tersebut diterbitkan sebesar 96,40%.
- Seri C: Nilai pokok NCD sebesar Rp400.000 dengan tingkat bunga tetap sebesar 7,80% per tahun, untuk jangka waktu 370 (tiga ratus tujuh puluh) hari dan akan jatuh tempo pada tanggal 10 Agustus 2017. NCD tersebut diterbitkan sebesar 92,58%.

20. SECURITIES ISSUED (continued)

b. *Negotiable Certificate of Deposits (continued)*

On April 30, 2015, Bank issued *Negotiable Certificate of Deposits* (NCD) II Phases II with principal value amounted to Rp1,110,000 within 3 (three) series as follows: (continued)

- C Series: NCD principal value amounted to Rp160,000 with a fixed interest rate of 9.25% per annum, for 18 (eighteen) months period and has matured on October 31, 2016. The NCD were issued at 87.62%.

Negotiable Certificate of Deposits (NCD) II Phase II Series A with a total nominal value of Rp330,000, Series B with a total nominal value of Rp620,000, an Series C with a total nominal value of Rp160,000 has been redeemed by the Bank on the maturity date.

On June 9, 2016, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase I 2016 with principal value amounted to Rp740,000 with a fixed interest rate of 6.85% per annum, for 3 (three) months period and has matured on September 9, 2016.

On August 5, 2016, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase II year 2016 with principal value amounted to Rp1,115,000 within 3 (three) series as follows:

- A Series: NCD principal value amounted to Rp440,000 with a fixed interest rate of 7.19% per annum, for 90 (ninety) days period and has matured on November 3, 2016. The NCD were issued at 98.23%.
- B Series: NCD principal value amounted to Rp275,000 with a fixed interest rate of 7.47% per annum, for 180 (one hundred and eighty) days period and will mature on February 1, 2017. The NCD were issued at 96.40%.
- C Series: NCD principal value amounted to Rp400,000 with a fixed interest rate of 7.80% per annum, for 370 (three hundred and seventy) days period and will mature on August 10, 2017. The NCD were issued at 92.58%.

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**20. SURAT-SURAT BERHARGA YANG
DITERBITKAN (lanjutan)**

20. SECURITIES ISSUED (continued)

b. *Negotiable Certificate of Deposits (lanjutan)*

b. *Negotiable Certificate of Deposits (continued)*

Negotiable Certificate of Deposits (NCD) Tahap II Seri A dengan nilai nominal Rp440.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

Negotiable Certificate of Deposits (NCD) Phase I Series A with a total nominal value of Rp440,000, has been redeemed by the Bank on the maturity date.

Pada tanggal 30 November 2016, Bank menerbitkan *Negotiable Certificate of Deposits (NCD) Tahap III Tahun 2016* dengan nilai pokok sebesar Rp371.000 dalam 2 (dua) seri sebagai berikut:

On November 30, 2016, Bank issued *Negotiable Certificate of Deposits (NCD) Phase III year 2016* with principal value amounted to Rp371,000 within 2 (two) series as follows:

- Seri A: Nilai pokok NCD sebesar Rp20.000 dengan tingkat bunga tetap sebesar 7,04% per tahun, untuk jangka waktu 90 (sembilan puluh) hari dan akan jatuh tempo pada tanggal 28 Februari 2017. NCD tersebut diterbitkan sebesar 98,27%.
- Seri B: Nilai pokok NCD sebesar Rp351.000 dengan tingkat bunga tetap sebesar 7,26% per tahun, untuk jangka waktu 180 (seratus delapan puluh) hari dan akan jatuh tempo pada tanggal 29 Mei 2017. NCD tersebut diterbitkan sebesar 96,50%.

- A Series: NCD principal value amounted to Rp20,000 with a fixed interest rate of 7.04% per annum, for 90 (ninety) days period and will mature on February 28, 2017. The NCD were issued at 98.27%.
- B Series: NCD principal value amounted to Rp351,000 with a fixed interest rate of 7.26% per annum, for 180 (one hundred and eighty) days period and will mature on May 29, 2017. The NCD were issued at 96.50%.

Pada tanggal 29 Desember 2016, Bank menerbitkan *Negotiable Certificate of Deposits (NCD) Tahap IV Tahun 2016* dengan nilai pokok sebesar Rp500.000 dalam 2 (dua) seri sebagai berikut:

On December 29, 2016, Bank issued *Negotiable Certificate of Deposits (NCD) Phase IV year 2016* with principal value amounted to Rp500,000 within 2 (two) series as follows:

- Seri A: Nilai pokok NCD sebesar Rp315.000 dengan tingkat bunga tetap sebesar 7,75% per tahun, untuk jangka waktu 90 (sembilan puluh) hari dan akan jatuh tempo pada tanggal 29 Maret 2017. NCD tersebut diterbitkan sebesar 98,10%.
- Seri B: Nilai pokok NCD sebesar Rp185.000 dengan tingkat bunga tetap sebesar 7,74% per tahun, untuk jangka waktu 186 (seratus delapan puluh enam) hari dan akan jatuh tempo pada tanggal 3 Juli 2017. NCD tersebut diterbitkan sebesar 96,15%.

- A Series: NCD principal value amounted to Rp315,000 with a fixed interest rate of 7.75% per annum, for 90 (ninety) days period and will mature on March 29, 2017. The NCD were issued at 98.10%.
- B Series: NCD principal value amounted to Rp185,000 with a fixed interest rate of 7.74% per annum, for 186 (one hundred and eighty six) days period and will mature on July 3, 2017. The NCD were issued at 96.15%.

Pada tanggal 30 Desember 2016, Bank menerbitkan *Negotiable Certificate of Deposits (NCD) Tahap V Tahun 2016* dengan nilai pokok sebesar Rp500.000 dengan tingkat bunga tetap sebesar 7,73% per tahun, untuk jangka waktu 185 (seratus delapan puluh lima) hari dan akan jatuh tempo pada tanggal 3 Juli 2017.

On December 30, 2016, Bank issued *Negotiable Certificate of Deposits (NCD) Phase V year 2016* with principal value amounted to Rp500,000 with a fixed interest rate of 7.73% per annum, for 185 (one hundred and eighty five) days period and will mature on July 3, 2017.

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21. PINJAMAN YANG DITERIMA

	31 Desember/ December 31, 2016
<u>Rupiah</u>	
<u>Pihak Ketiga</u>	
PT Bank Central Asia Tbk	1.999.695
PT Bank ICBC Indonesia	1.000.000
	<u>2.999.695</u>
<u>Pihak Berelasi</u>	
PT Sarana Multigriya Finansial (Persero)	1.999.921
Pemerintah Republik Indonesia Rekening Dana Investasi	-
PT Bank Negara Indonesia (Persero) Tbk	-
	<u>1.999.921</u>
Total	<u>4.999.616</u>

21. FUND BORROWINGS

	31 Desember/ December 31, 2015	
		<u>Rupiah</u>
		<u>Third Parties</u>
		PT Bank Central Asia Tbk
		PT Bank ICBC Indonesia
		<u>999.802</u>
		<u>998.373</u>
		<u>1.998.175</u>
		<u>Related Parties</u>
		PT Sarana Multigriya Finansial (Persero)
		Government of the Republic of Indonesia Investment Funds Account
		PT Bank Negara Indonesia (Persero) Tbk
		<u>5.199.340</u>
		<u>29.425</u>
		<u>499.788</u>
		<u>5.728.553</u>
Total	<u>7.726.728</u>	Total

a. Pinjaman dari PT Bank Central Asia Tbk

Akun ini merupakan fasilitas pinjaman yang diperoleh dari PT Bank Central Asia Tbk ditujukan untuk pembiayaan Kredit Pemilikan Rumah (KPR) kepada debitur Bank.

Perjanjian pinjaman dengan PT Bank Central Asia Tbk telah mengalami beberapa kali perubahan. Perubahan terakhir didokumentasikan dalam perubahan atas Perjanjian Kredit No. 347/Add-KCK/2016 tanggal 7 Desember 2016. Berdasarkan perjanjian tersebut, Bank memperoleh 2 (dua) fasilitas pinjaman sebagai berikut:

- a. Pinjaman dengan plafond sebesar Rp1 triliun yang memiliki bunga tetap sebesar 7,60% per tahun dan akan jatuh tempo pada tanggal 28 Juni 2017.
- b. Pinjaman dengan plafond sebesar Rp1 triliun yang memiliki bunga tetap sebesar 7,75% per tahun dan akan jatuh tempo pada tanggal 28 Juni 2017.

a. Loan from PT Bank Central Asia Tbk

This account represents loan facility obtained from PT Bank Central Asia Tbk which is intended to finance Housing Loans (KPR) of the Bank's debtors.

The loan agreement with PT Bank Central Asia Tbk has been amended several times. The last amendment was documented under the amendment of loan agreement No. 347/Add-KCK/2016 dated December 7, 2016. Based on the agreement, the Bank received 2 (two) loan facilities as follow:

- a. Loan with plafond amounting to Rp1 trillion with fixed interest rate of 7.60% per annum and will mature on June 28, 2017.
- b. Loan with plafond amounting to Rp1 trillion with fixed interest rate of 7.75% per annum and will mature on June 28, 2017.

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21. PINJAMAN YANG DITERIMA (lanjutan)

b. Pinjaman dari PT Bank ICBC Indonesia

Akun ini merupakan fasilitas pinjaman yang diperoleh dari Bank ICBC Indonesia yang ditujukan untuk pembiayaan proyek pemerintah "Program Satu Juta Rumah".

Berdasarkan perjanjian kredit no. 070/ICBC/TCT/BLF/IX/2015 tanggal 16 September 2015, Bank mendapatkan pinjaman dengan plafond sebesar Rp 1 triliun. Jangka waktu perjanjian pinjaman adalah sampai dengan tanggal 16 September 2018.

Sesuai dengan perjanjian tersebut, jumlah maksimum untuk setiap penarikan adalah sebesar Rp250 miliar dengan suku bunga variabel yang akan ditinjau setiap 3 (tiga) bulanan dan pinjaman akan jatuh tempo 12 (dua belas) bulan sejak tanggal penarikan.

Pada tahun 2015, Bank telah melakukan 4 (empat) kali penarikan pinjaman dengan jumlah sebesar Rp1 triliun dengan bunga variabel awal sebesar 9% per tahun yang akan ditinjau ulang setiap 3 (tiga) bulanan. Pinjaman ini telah dilunasi oleh Bank pada saat jatuh tempo di tahun 2016.

Pada bulan Desember 2016, Bank kembali melakukan 4 (empat) kali penarikan pinjaman dengan jumlah sebesar Rp1 triliun dengan bunga variabel awal sebesar 8% per tahun yang akan ditinjau ulang setiap 3 (tiga) bulanan. Pinjaman ini akan jatuh tempo pada tanggal 28 Desember 2017.

21. FUND BORROWINGS (continued)

b. Loan from PT Bank ICBC Indonesia

This account represents loan facility obtained from ICBC Bank which is intended to finance Housing Loans (KPR) without collateral from government named "Program Satu Juta Rumah".

Based on loan agreement no. 070/ICBC/TCT/BLF/IX/2015 dated September 16, 2015, the Bank received loan with plafond amounting to Rp1 trillion. The maturity of loan agreement is on September 16, 2018.

Based on the agreement, the maximum amount for each withdrawal is amounting to Rp250 billion with variable interest rate subject for review every 3 (three) months and the loan will mature in 12 (twelve) months after the date of withdrawal.

In year 2015, the Bank has initiated 4 (four) loan withdrawals amounting to Rp1 trillion, with initial variable interest rate of 9% per annum which will be reviewed every 3 (three) months. The loan was fully paid by the Bank at maturity date in 2016.

In 2016, the Bank has initiated again 4 (four) loan withdrawals amounting to Rp1 trillion with initial variable interest rate of 8% per annum which will be reviewed every 3 (three) months. The loan will mature on December 28, 2017.

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21. PINJAMAN YANG DITERIMA (lanjutan)

c. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (pihak berelasi) (SMF)

Bank memiliki beberapa perjanjian pinjaman dengan SMF sebagai berikut:

- Pinjaman SMF Tahap III Tahun 2012
Berdasarkan perjanjian nomor 022/PIJB/SMF-BTN/VI/2010 tanggal 2 Maret 2012, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,36% dan akan jatuh tempo pada tanggal 20 Februari 2017.
Bank telah melakukan pelunasan dipercepat atas pinjaman tersebut pada tanggal 20 Juni 2016.
- Pinjaman SMF Tahap V Tahun 2012
Berdasarkan perjanjian nomor 016/PP/SMF-BTN/VI/2012 tanggal 29 Juni 2012, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,85% dan akan jatuh tempo pada tanggal 20 Juni 2022.
Bank telah melakukan pelunasan dipercepat atas pinjaman tersebut pada tanggal 20 Juni 2016.
- Pinjaman SMF Tahap VI Tahun 2012
Berdasarkan perjanjian nomor 035/PP/SMF-BTN/XII/2012 tanggal 14 Desember 2012, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,75% dan akan jatuh tempo pada tanggal 14 Desember 2017.
- Pinjaman SMF Tahap VII Tahun 2013
Berdasarkan perjanjian nomor 012/PP/SMF-BTN/VI/2013 tanggal 24 Juni 2013, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,60% dan akan jatuh tempo pada tanggal 20 Juni 2018.
Bank telah melakukan pelunasan dipercepat atas pinjaman tersebut pada tanggal 20 Juni 2016.

21. FUND BORROWINGS (continued)

c. Loan from PT Sarana Multigriya Finansial (Persero) (related parties) (SMF)

The Bank has several loan agreements with SMF as follow:

- SMF Loan Phases III Year 2012
Based on loan agreement no. 022/PIJB/SMF-BTN/VI/2010 dated March 2, 2012, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.36% and will mature on February 20, 2017.
The Bank fully paid (early payment) the loan on June 20, 2016.
- SMF Loan Phases V Year 2012
Based on loan agreement no. 016/PP/SMF-BTN/VI/2012 dated June 29, 2012, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.85% and will mature on June 20, 2022.
The Bank fully paid (early payment) the loan on June 20, 2016.
- SMF Loan Phases VI Year 2012
Based on loan agreement no. 035/PP/SMF-BTN/XII/2012 dated December 14, 2012, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.75% and will mature on December 14, 2017.
- SMF Loan Phases VII Year 2013
Based on loan agreement no. 012/PP/SMF-BTN/VI/2013 dated June 24, 2013, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.60% and will mature on June 20, 2018.
The Bank fully paid (early payment) the loan on June 20, 2016.

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21. PINJAMAN YANG DITERIMA (lanjutan)

c. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (pihak berelasi) (SMF) (lanjutan)

Bank memiliki beberapa perjanjian pinjaman dengan SMF sebagai berikut: (lanjutan)

- Pinjaman SMF Tahap V Tahun 2013
Berdasarkan perjanjian dengan SMF tanggal 28 Juni 2013, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,50%.
Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 20 Juni 2016.
- Pinjaman SMF Tahap XI Tahun 2015
Berdasarkan perjanjian dengan SMF tanggal 1 Juni 2015, Bank mendapatkan pinjaman dengan plafond sebesar Rp1,5 triliun dengan bunga tetap sebesar 8,90%.
Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 28 Mei 2016.
- Pinjaman SMF Tahap XII Tahun 2015
Berdasarkan perjanjian dengan SMF tanggal 21 September 2015, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 8,50%.
Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 21 September 2016.
- Pinjaman SMF Tahap XIII Tahun 2015
Berdasarkan perjanjian nomor 032/PP/SMF-BTN/XI/2015 tanggal 9 November 2015, Bank mendapatkan pinjaman dengan plafond sebesar Rp700 miliar dengan bunga tetap sebesar 8,50%.
Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 9 November 2016.

21. FUND BORROWINGS (continued)

c. Loan from PT Sarana Multigriya Finansial (Persero) (related parties) (SMF) (continued)

The Bank has several loan agreement with SMF as follow: (continued)

- SMF Loan Phases V Year 2013
Based on loan agreement with SMF dated June 28, 2013, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.50%.
The Bank fully paid the loan at maturity date on June 20, 2016.
- SMF Loan Phases XI Year 2015
Based on loan agreement with SMF dated June 1, 2015, the Bank received loan with plafond amounting to Rp1.5 trillion with fixed interest rate of 8.90%.
The Bank fully paid the loan at maturity date on May 28, 2016.
- SMF Loan Phases XII Year 2015
Based on loan agreement with SMF dated September 21, 2015, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 8.50%.
The Bank fully paid the loan at maturity date on September 21, 2016.
- SMF Loan Phases XIII Year 2015
Based on loan agreement no. 032/PP/SMF-BTN/XI/2015 dated November 9, 2015, the Bank received loan with plafond amounting to Rp700 billion with fixed interest rate of 8.50%.
The Bank fully paid the loan at maturity date on November 9, 2016.

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21. PINJAMAN YANG DITERIMA (lanjutan)

c. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (pihak berelasi) (SMF) (lanjutan)

Bank memiliki beberapa perjanjian pinjaman dengan SMF sebagai berikut: (lanjutan)

- Pinjaman SMF Tahap XIV Tahun 2016
Berdasarkan perjanjian nomor 088/PP/SMF-BTN/II/2016 tanggal 19 Februari 2016, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun dengan bunga tetap sebesar 9,15% dan akan jatuh tempo pada tanggal 19 Februari 2017.
- Pinjaman SMF Tahap XVII Tahun 2016
Berdasarkan perjanjian nomor 042/PP/SMF-BTN/IX/2016 tanggal 26 September 2016, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,75% dan akan jatuh tempo pada tanggal 26 September 2017.

d. Pinjaman dari PT Bank Negara Indonesia (Persero) Tbk (BNI)

Akun ini merupakan fasilitas pinjaman yang diperoleh dari PT Bank BNI (Persero) Tbk ditujukan untuk pembiayaan Kredit Pemilikan Rumah (KPR) kepada debitur Bank tanpa menggunakan agunan.

Berdasarkan perjanjian dengan BNI, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 8,90% per tahun.

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 1 Juni 2016.

e. Transaksi dengan pihak-pihak berelasi

Pinjaman yang diterima dari pihak-pihak berelasi pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp1.999.921 dan Rp5.728.553 (Catatan 41).

Pada tanggal 31 Desember 2016 dan 2015, Bank telah memenuhi ketentuan dan kondisi yang ada dalam seluruh perjanjian pinjaman yang diterima.

21. FUND BORROWINGS (continued)

c. Loan from PT Sarana Multigriya Finansial (Persero) (related parties) (SMF) (continued)

The Bank has several loan agreement with SMF as follow: (continued)

- SMF Loan Phases XIV Year 2016
Based on loan agreement no. 088/PP/SMF-BTN/II/2016 dated February 19, 2016, the Bank received loan with plafond amounting to Rp1 trillion with fixed interest rate of 9.15% and will mature on February 19, 2017.
- SMF Loan Phases XVII Year 2016
Based on loan agreement no. 042/PP/SMF-BTN/IX/2016 dated September 26, 2016, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.75% and will mature on September 26, 2017.

d. Loan from PT Bank Negara Indonesia (Persero) Tbk (BNI)

This account represents loan facility obtained from PT Bank BNI (Persero) Tbk which is intended to finance Housing Loans (KPR) without colateral.

Based on loan agreement with BNI, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 8.90% per annum.

The Bank fully paid the loan at maturity date on June 1, 2016.

e. Related parties transactions

As of December 31, 2016 and 2015, fund borrowings received from related parties amounted to Rp1,999,921 and Rp5,728,553, respectively (Note 41).

As of December 31, 2016 and 2015, the Bank has complied with all of the existing terms and condition of the fund borrowing agreements.

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22. PINJAMAN SUBORDINASI

	<u>31 Desember/ December 31, 2016</u>
<u>Rupiah</u> <u>Pihak Berelasi</u>	
PT Sarana Multigriya Finansial (Persero)	2.999.118

Akun ini merupakan fasilitas pemberian Pinjaman Subordinasi yang diperoleh dari PT SMF (Persero) yang ditujukan untuk mendukung Program Sejuta Rumah. Pinjaman Subordinasi sebesar Rp3.000.000 dengan suku bunga 9,00% dilakukan dalam 2 (dua) kali tahapan pencairan. Pencairan tahap ke-1 pada 30 Mei 2016 sebesar Rp1.500.000 dan tahap ke-2 pada 20 Juni 2016 sebesar Rp1.500.000. Jangka waktu Pinjaman Subordinasi adalah 5 tahun (60 bulan) yang akan jatuh tempo masing-masing pada 30 Mei 2021 dan 20 Juni 2021.

Pada tanggal 31 Desember 2016, Bank telah memenuhi ketentuan dan kondisi yang ada dalam seluruh perjanjian pinjaman subordinasi yang diterima.

22. SUBORDINATED LOAN

	<u>31 Desember/ December 31, 2015</u>
<u>Rupiah</u> <u>Related Parties</u>	
PT Sarana Multigriya Finansial (Persero)	-

This account is a subordinated loan that was obtained from PT SMF (Persero) that is aimed to support the one million housing program. Subordinated loan in the amount of Rp3,000,000 with interest rate of 9.00% is done in 2 (two) steps credit disbursement. The first disbursement is done on May 30, 2016 in the amount of Rp1,500,000 and the second disbursement is on June 20, 2016 in the amount of Rp.1,500,000. The time period of the subordinated loan is 5 years (60 months) that will mature on May 30, 2021 and June 20, 2021.

As of December 31, 2016, the Bank has complied with all of the existing terms and conditions of the subordinated loan agreements.

23. BUNGA YANG MASIH HARUS DIBAYAR

	<u>31 Desember/ December 31, 2016</u>
Deposito berjangka	228.346
Surat-surat berharga yang diterbitkan	114.724
Efek yang dijual dengan janji dibeli kembali	18.048
Pinjaman yang diterima	11.686
Pinjaman subordinasi	8.250
Simpanan dari bank lain	1.497
Total	382.551

24. ESTIMASI KERUGIAN KOMITMEN DAN KONTINJENSI

Bank melakukan penilaian atas transaksi komitmen dan kontinjensi yang mempunyai risiko kredit secara individual dengan menggunakan bukti obyektif, kecuali transaksi berdasarkan prinsip syariah penilaian dilakukan menggunakan panduan kolektibilitas Bank Indonesia (BI).

Jumlah minimum estimasi kerugian komitmen dan kontinjensi sesuai BI pada tanggal 31 Desember 2016 dan 2015 masing-masing adalah sebesar nihil.

23. INTEREST PAYABLE

	<u>31 Desember/ December 31, 2015</u>
Deposito berjangka	224.298
Surat-surat berharga yang diterbitkan	97.008
Efek yang dijual dengan janji dibeli kembali	20.304
Pinjaman yang diterima	14.741
Pinjaman subordinasi	-
Simpanan dari bank lain	1.013
Total	357.364

24. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

Bank assessed commitment and contingency transaction which have credit risk individually for impairment based on whether an objective evidence of impairment exists, except transaction based on sharia principles, assessment was performed using a collectability guidance of Bank Indonesia (BI).

The minimum estimated losses on commitments and contingencies based on BI amounted to nil as of December 31, 2016 and 2015, respectively.

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24. ESTIMASI KERUGIAN KOMITMEN DAN KONTINJENSI (lanjutan)

Kolektibilitas garansi yang diterbitkan dan fasilitas kredit yang belum ditarik yang mempunyai risiko kredit adalah sebagai berikut:

	31 Desember/December 31, 2016	
	Jumlah nosional mata uang asing/ <i>Notional amount in foreign currencies</i> (angka penuh/ <i>full amount</i>)	Ekuivalen/ <i>Equivalent</i> Rupiah
<u>Lancar</u>		
<u>Rupiah</u>		
Garansi yang diterbitkan (Catatan 37)		2.435.320
Fasilitas kredit yang belum ditarik (committed)		713.441
		<u>3.148.761</u>
<u>Mata uang asing</u>		
Garansi yang diterbitkan (Catatan 37)		
Dolar Amerika Serikat	21.739.051	292.879
Dolar Singapura	209.648	1.952
Yen Jepang		-
		<u>294.831</u>
		3.443.592
<u>Dalam Perhatian Khusus</u>		
<u>Rupiah</u>		
Fasilitas kredit yang belum ditarik (committed)		55.410
Total		3.499.002

Pada tanggal 31 Desember 2016 dan 2015 terdapat transaksi dengan pihak-pihak berelasi untuk fasilitas kredit yang belum ditarik masing-masing sebesar RpNihil dan Rp8.350.

Pada tanggal 31 Desember 2016 dan 2015, garansi bank yang diterbitkan kepada pihak-pihak berelasi, masing-masing sebesar Rp568.502 dan Rp50.041

Perubahan estimasi kerugian komitmen dan kontinjensi adalah sebagai berikut:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
Saldo awal tahun	-	7.198
Pembalikan penyisihan selama tahun berjalan	-	(7.198)
Saldo akhir tahun	-	-

Manajemen berpendapat bahwa tidak diperlukan penyisihan estimasi kerugian komitmen dan kontinjensi yang perlu dibentuk oleh manajemen.

Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 44.

24. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

The collectibility classification of guarantees issued and unused loan facility bearing credit risks are as follows:

	31 Desember/December 31, 2015		
	Jumlah nosional mata uang asing/ <i>Notional amount in foreign currencies</i> (angka penuh/ <i>full amount</i>)	Ekuivalen/ <i>Equivalent</i> Rupiah	
			<u>Current</u> <u>Rupiah</u>
Guarantees issued (Note 37)	1.075.991		Guarantees issued (Note 37)
Unused loan facility (committed)	577.291		Unused loan facility (committed)
		<u>1.653.282</u>	
			<u>Foreign currencies</u>
Guarantees issued (Note 37)			Guarantees issued (Note 37)
United States Dollar	27.857.144	384.010	United States Dollar
Singapore Dollar	-	-	Singapore Dollar
Japanese Yen	581.000	67	Japanese Yen
		<u>384.077</u>	
		2.037.359	
			<u>Special mention</u> <u>Rupiah</u>
Unused loan facility (committed)	40.560		Unused loan facility (committed)
Total		2.077.919	Total

As of December 31, 2016 and 2015, there are transaction with related parties for unused loan facility amounted to RpNil and Rp8,350.

As of December 31, 2016 and 2015, guarantees issued from related parties amounted to Rp568,502 and Rp50,041, respectively.

The changes in the estimated losses on commitments and contingencies are as follows:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
Balance at beginning of year	-	7.198
Reversal during the year	-	(7.198)
Balance at end of year	-	-

Based on management's judgment, there is no provision for estimated losses on commitments and contingencies should be provided by management.

Information with respect to classification of impaired and not impaired financial assets are disclosed in Note 44.

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25. LIABILITAS IMBALAN KERJA DAN LAIN-LAIN

	31 Desember/ December 31, 2016
<u>Liabilitas imbalan kerja</u>	
Bonus dan tantiem	382.646
Imbalan kerja jangka panjang (Catatan 38b)	169.793
	<u>552.439</u>
<u>Liabilitas lain-lain</u>	
Dana jaminan pengembang (kewajiban pada pihak ketiga)	3.694.385
Lainnya	382.586
	<u>4.076.971</u>
Total	<u>4.629.410</u>

Cadangan atas bonus merupakan kewajiban atas jasa produksi karyawan pada tahun berjalan yang belum dibagikan pada akhir tahun.

Dana jaminan pengembang merupakan setoran jaminan dari pengembang untuk menjamin penyelesaian kewajiban pengembang di Bank.

25. EMPLOYEE BENEFITS AND OTHER LIABILITIES

	31 Desember/ December 31, 2015	
		<u>Employee benefits liabilities</u>
	371.871	<i>Bonuses and tantiem</i>
	145.800	<i>Long term employee benefits</i>
	<u>517.671</u>	<i>(Note 38b)</i>
		<u>Other liabilities</u>
	3.248.879	<i>Developers' security deposits</i>
	69.327	<i>(liabilities to third party)</i>
	<u>3.318.206</u>	<i>Others</i>
Total	<u>3.835.877</u>	Total

Provision for bonus represents unpaid employees' bonus for the current year which was not yet distributed at the end of the year.

Developer's security deposits represent security deposit from developer to ensure that the developer settle its obligation in the Bank.

26. EKUITAS

a. Modal Saham

Rincian modal dasar, modal ditempatkan dan disetor penuh Bank adalah sebagai berikut:

	31 Desember/December 31, 2016			
	Jumlah lembar saham/ Number of shares	Nilai nominal per lembar saham (Rupiah penuh)/ Par value per share (Full Rupiah)	Jumlah nilai saham/ Total value of shares	Persentase kepemilikan/ Percentage ownership
Modal Dasar				
Saham Seri A Dwiwarna	1	500	-	0,00%
Saham Biasa atas nama Seri B	20.478.431.999	500	10.239.216	100,00%
	<u>20.478.432.000</u>		<u>10.239.216</u>	<u>100,00%</u>
Modal Ditempatkan dan Disetor Penuh				
Saham Seri A Dwiwarna Pemerintah	1	500	-	0,00%
Saham Seri B Pemerintah	6.353.999.999	500	3.177.000	60,00%
Maryono (Direktur Utama)*	98.500	500	49	0,00%
Mansyur S. Nasution (Direktur)*	375.000	500	188	0,00%

* Termasuk dalam program MESOP

26. EQUITY

a. Capital Stock

The details of the Bank's authorized capital stock and issued and fully paid capital stock are as follows:

Authorized Capital
<i>Series A Dwiwarna Stock</i>
<i>Series B Common Stock</i>
Issued and Fully Paid Capital
<i>Series A Dwiwarna Stock</i>
<i>Government</i>
<i>Series B Stock</i>
<i>Government</i>
<i>Maryono</i>
<i>(President Director)*</i>
<i>Mansyur S. Nasution</i>
<i>(Director)*</i>

* Includes shares arising from the MESOP Programs

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26. EKUITAS (lanjutan)

a. Modal Saham (lanjutan)

Rincian modal dasar, modal ditempatkan dan disetor penuh Bank adalah sebagai berikut: (lanjutan)

31 Desember/December 31, 2016					
	Jumlah lembar saham/ Number of shares	Nilai nominal per lembar saham (Rupiah penuh)/ Par value per share (Full Rupiah)	Jumlah nilai saham/ Total value of shares	Persentase kepemilikan/ Percentage ownership	
Modal Ditempatkan dan Disetor Penuh (lanjutan)					Issued and Fully Paid Capital (continued)
Masyarakat (kepemilikan masing-masing dibawah 5% untuk setiap pihak)	4.235.526.500	500	2.117.763	40,00%	Public (ownership less than 5% each)
Total	10.590.000.000		5.295.000	100,00%	Total

26. EQUITY (continued)

a. Capital Stock (continued)

The details of the Bank's authorized capital stock and issued and fully paid capital stock are as follows: (continued)

31 Desember/December 31, 2015					
	Jumlah lembar saham/ Number of shares	Nilai nominal per lembar saham (Rupiah penuh)/ Par value per share (Full Rupiah)	Jumlah nilai saham/ Total value of shares	Persentase kepemilikan/ Percentage ownership	
Modal Dasar					Authorized Capital
Saham Seri A Dwiwarna	1	500	-	0,00%	Series A Dwiwarna Stock
Saham Biasa atas nama Seri B	20.478.431.999	500	10.239.216	100,00%	Series B Common Stock
Total	20.478.432.000		10.239.216	100,00%	
Modal Ditempatkan dan Disetor Penuh					Issued and Fully Paid Capital
Saham Seri A Dwiwarna Pemerintah	1	500	-	0,00%	Series A Dwiwarna Stock Government
Saham Seri B Pemerintah Maryono (Direktur Utama)*	98.500	500	49	0,00%	Series B Stock Government Maryono (President Director)*
Irman A Zahiruddin (Direktur)*	4.922.650	500	2.461	0,05%	Irman A Zahiruddin (Director)*
Mansyur S. Nasution (Direktur)*	375.000	500	188	0,00%	Mansyur S. Nasution (Director)*
Sis Apik Wijayanto (Direktur)*	100.000	500	50	0,00%	Sis Apik Wijayanto (Director)*
Masyarakat (kepemilikan masing-masing dibawah 5% untuk setiap pihak)	4.222.848.850	500	2.111.425	39,91%	Public (ownership less than 5% each)
Total	10.582.345.000		5.291.173	100,00%	Total

* Termasuk dalam program MESOP

* Includes shares arising from the MESOP Programs

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26. EKUITAS (lanjutan)

a. Modal Saham (lanjutan)

Saham Seri A Dwiwarna adalah saham yang memberikan hak-hak preferen kepada pemegangnya untuk menyetujui pengangkatan dan pemberhentian Dewan Komisaris dan Direksi, perubahan anggaran dasar, menyetujui penggabungan, peleburan, pengambilalihan dan pemisahan Bank, pengajuan permohonan agar Bank dinyatakan pailit dan pembubaran Bank.

Saham Seri B adalah saham biasa atas nama yang dapat dimiliki oleh masyarakat.

2016

Dengan adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP III tahap 7 pada tahun 2016 (Catatan 27), maka Bank menerbitkan saham seri B baru sejumlah 7.655.000 lembar saham dengan nilai nominal Rp500 (Rupiah Penuh) per lembar saham, sehingga meningkatkan jumlah lembar saham ditempatkan dan disetor penuh Bank sebesar 7.655.000 lembar saham atau sejumlah Rp3.827.

2015

Dengan adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP II tahap 7 dan 8, dan MESOP III tahap 5 dan 6, pada tahun 2015 (Catatan 27), maka Bank menerbitkan saham seri B baru sejumlah 14.649.000 lembar saham dengan nilai nominal Rp500 (Rupiah Penuh) per lembar saham, sehingga meningkatkan modal ditempatkan dan disetor penuh Bank sebesar 14.649.000 lembar saham atau sejumlah Rp7.325.

b. Tambahan modal disetor - Neto

Pada tahun 2016, dengan adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP III tahap 7, tambahan modal disetor meningkat sebesar Rp7.856 yang berasal dari pembelian 7.655.000 lembar saham MESOP III.

26. EQUITY (continued)

a. Capital Stock (continued)

Series A Dwiwarna share is the share that gives the shareholder preferential rights to approve the appointment or dismissal of Commissioners and Directors, changes in Articles of Association, approve on Bank's merger, dissolution, acquisition and separation, submission of request for bankruptcy and liquidation of Bank.

Series B shares are common shares that can be owned by the public.

2016

With the exercise of the purchased stock options during phase 7 of MESOP III in 2016 (Note 27), the Bank issued 7,655,000 new series B shares with a par value of Rp500 (full Rupiah) per share, thereby increasing the total shares issued and fully paid capital of the Bank by 7,655,000 shares or amounted to Rp3,827, respectively.

2015

With the exercise of the purchased stock options during phases 7 and 8 of MESOP II and phases 5 and 6 of MESOP III in 2015 (Note 27), the Bank issued 14,649,000 new series B shares with a par value of Rp500 (full Rupiah) per share, thereby increasing the issued and fully paid capital of the Bank by 14,649,000 shares or amounted to Rp7,325, respectively.

b. Additional paid-in capital - Net

In 2016, with the exercise of purchase stock options of MESOP III phases 7, the Bank's additional paid-in capital increased by Rp7,856, as a result of the conversion of 7,655,000 of MESOP III.

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26. EKUITAS (lanjutan)

b. Tambahan modal disetor – Neto (lanjutan)

Pada tahun 2015, dengan adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP II tahap 7 dan 8, dan MESOP III tahap 5 dan 6, tahun 2015 (Catatan 27), tambahan modal disetor meningkat sebesar Rp18.462, yang berasal dari pembelian 14.582.000 lembar saham dengan harga sebesar Rp1.297,44 (rupiah penuh) per lembar untuk MESOP II dan 67.000 lembar saham dengan harga sebesar Rp1.098,36 (rupiah penuh) per lembar untuk MESOP III.

c. Penggunaan Laba

Penggunaan Laba Tahun 2015

Alokasi penggunaan laba untuk tahun yang berakhir pada tanggal 31 Desember 2015 adalah sebagai berikut:

- a. dividen sebesar Rp370.181
- b. laba ditahan Rp1.480.726

Penggunaan Laba Tahun 2014

Alokasi penggunaan laba untuk tahun yang berakhir pada tanggal 31 Desember 2014 adalah sebagai berikut:

- a. dividen sebesar Rp223.119
- b. laba ditahan Rp892.473

27. PROGRAM KOMPENSASI MANAJEMEN DAN KARYAWAN BERBASIS SAHAM (MESOP)

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPS-LB) tanggal 6 Oktober 2009 pemegang saham memutuskan untuk menyetujui program kepemilikan saham PT Bank Tabungan Negara (Persero) Tbk oleh Manajemen dan Karyawan melalui penjabatan saham untuk Manajemen dan Karyawan (Management and Employee Stock Allocation/MESA) dan pemberian hak opsi kepada Manajemen dan Karyawan (Management and Employee Stock Option Plan/MESOP) dalam rangka IPO dengan ketentuan sebagai berikut:

- a. Program MESA diberikan maksimal sebesar 9,62% dari saham baru yang diterbitkan dan program MESOP maksimal sebesar 4% dari Modal Ditempatkan dan Disetor Penuh.

26. EQUITY (continued)

b. Additional paid-in capital – Net (continued)

In 2015, with the exercise of the purchased stock options during phases 7 and 8 of MESOP II and phases 5 and 6 of MESOP III in 2015 (Note 27), the Bank's additional paid-in capital increased by Rp18,462 as a result of the conversion of 14,582,000 shares at an exercise price of Rp1,297.44 (full Rupiah) per share for MESOP II and 67,000 shares at an exercise price of Rp1,098.36 (full Rupiah) per share for MESOP III.

c. Profit Distribution

Profit Distribution for Year 2015

Allocation of profit distribution for the year ended December 31, 2015 are as follow

- a. dividends amounted to Rp370,181
- b. retained earnings amounted to Rp1,480,726

Profit Distribution for Year 2014

Allocation of profit distribution for the year ended December 31, 2014 are as follow

- a. dividends amounted to Rp223,119
- b. retained earnings amounted to Rp892,473

27. MANAGEMENT AND EMPLOYEE STOCK OPTION PLAN (MESOP)

Based on the Extraordinary General Shareholders Meeting dated October 6, 2009, the shareholders approved the stock ownership of PT Bank Tabungan Negara (Persero) Tbk by management and employees through the Management and Employee Stock Allocation (MESA) program and grant of option right to Management and Employees under the Management and Employee Stock Option Plan (MESOP) in connection with the IPO, subject to the following terms:

- a. MESA program is allocated with a maximum of 9.62% of the newly issued shares and a maximum of 4% of the issued and fully paid-up capital for the MESOP program.

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**27. PROGRAM KOMPENSASI MANAJEMEN DAN
KARYAWAN BERBASIS SAHAM (MESOP)
(lanjutan)**

- b. Peserta program MESA dan MESOP adalah karyawan yang tercatat pada tanggal 31 Desember 2009 dan anggota Direksi, anggota Dewan Komisaris, anggota Dewan Pengawas Syariah, Sekretaris Dewan Komisaris dan anggota Komite Audit.
- c. Diskon harga saham untuk program MESA sebesar 20% dengan masa *lockup* selama enam bulan. Diskon dimaksud menjadi beban Bank.
- d. Hak opsi program MESOP dapat dilaksanakan dalam tiga tahap yaitu tahap I sebesar 40%, tahap II sebesar 30% dan tahap III sebesar 30%. Harga pelaksanaan sesuai peraturan dan ketentuan yang berlaku. Umur opsi lima tahun sejak diterbitkan dengan *vesting period* (masa tunggu) satu tahun yang mana dalam periode tersebut hak opsi tidak dapat digunakan untuk membeli saham Perseroan.
- e. Alokasi saham MESA dan MESOP antara manajemen dan karyawan adalah 5%:95% dan dilaksanakan dengan memperhatikan prinsip keadilan dan kewajaran, prestasi kerja, masa kerja, jabatan, hak dan kewajiban.
- f. Pengawasan program MESA dan MESOP dilakukan oleh Dewan Komisaris dan pelaksanaannya agar mengikuti ketentuan yang berlaku serta dilaporkan kepada Pemegang Saham.

MESOP Tahap I

Jumlah saham yang akan diterbitkan pada opsi saham Tahap I adalah 145.234.500 lembar dengan harga eksekusi adalah Rp855 (Rupiah penuh). Masa berlaku opsi adalah selama lima tahun dihitung dari tanggal pendistribusian hak opsi, 29 Januari 2010. Opsi saham mempunyai masa tunggu (*vesting period*) selama satu tahun yang berakhir pada tanggal 1 Februari 2011.

Periode eksekusi yang ditetapkan Bank dimulai pada tahun 2011 sampai dengan tahun 2014 setiap bulan Februari dan bulan Oktober selama 30 hari bursa di bulan bersangkutan.

Nilai wajar dari opsi saham tahap pertama yang dikeluarkan pada tanggal 29 Januari 2010 adalah sebesar Rp422,05 (Rupiah penuh) per lembar saham, sesuai dengan Laporan Penilaian yang dikeluarkan oleh PT Towers Watson pada tanggal 22 September 2010 dengan menggunakan model penentuan harga opsi Binomial.

**27. MANAGEMENT AND EMPLOYEE STOCK
OPTION PLAN (MESOP) (continued)**

- b. Participants of the MESA and MESOP programs are registered employees as of December 31, 2009 and the Board of Directors, the Board of Commissioners, members of the Sharia Supervisory Board, Secretary of the Board of Commissioners and members of the Audit Committee.
- c. Stock price discount in the MESA program amounted to 20% with a lockup period of six months. The discount will be charged as the Bank's expense.
- d. The MESOP program can be executed in three stages. Stage I amounting to 40%, stage II amounting to 30% and stage III amounting to 30%. The exercise price must comply with the prevailing rules and regulations. The option will expire in five years from the date of issuance with one year vesting period, which is the period the option is not exercisable.
- e. MESA and MESOP stock allocations to management and employees is 5%:95% and should be implemented by considering equality, fairness, work achievement, work position, rights and obligation concept.
- f. The implementation of MESA and MESOP is monitored by the Board of Commissioners to be reported to the stockholders and must comply with prevailing regulations.

MESOP Stage I

The number of shares, which will be issued during Stage I stock option is 145,234,500 shares with execution price of Rp855 (full Rupiah). The option period is five years from the date of distribution, January 29, 2010. The option has vesting period of one year until February 1, 2011.

The Bank determined that the execution period begins in 2011 until 2014 with execution periods every February and October of each year for 30 working days of the respective months.

The fair value of the option which was distributed on January 29, 2010 amounted to Rp422.05 (full Rupiah) per share, based on the Valuation Report by PT Towers Watson dated September 22, 2010, using the Binomial option pricing model.

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**27. PROGRAM KOMPENSASI MANAJEMEN DAN
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(lanjutan)**

**27. MANAGEMENT AND EMPLOYEE STOCK
OPTION PLAN (MESOP) (continued)**

MESOP Tahap I (lanjutan)

MESOP Stage I (continued)

Nilai wajar dari opsi yang diberikan merupakan estimasi dengan asumsi sebagai berikut: (lanjutan)

The fair value of the option is estimated using the following assumptions: (continued)

Suku bunga bebas risiko
Ekspektasi periode opsi
Ekspektasi ketidakstabilan harga saham
Ekspektasi dividen yang dihasilkan
Tingkat pengunduran diri karyawan

7,8%
5 tahun/years
50%
2%
1%

Risk free rate
Expected option period
Expected volatility rate
Expected dividend yield
Employee resignation rate

MESOP Tahap II

MESOP Stage II

Jumlah saham yang akan diterbitkan pada opsi saham Tahap II adalah 108.925.000 lembar dengan harga eksekusi adalah Rp1.297,44 (Rupiah penuh). Masa berlaku opsi adalah selama lima tahun dihitung dari tanggal pendistribusian hak opsi, 31 Januari 2011. Opsi saham mempunyai masa tunggu (vesting period) selama satu tahun yang berakhir pada tanggal 1 Februari 2012.

The number of shares, which will be issued during Stage II stock option is 108,925,000 shares with execution price of Rp1,297.44 (full Rupiah). The option period is five years from the date of distribution, January 31, 2011. The option has vesting period of one year until February 1, 2012.

Periode eksekusi yang ditetapkan Bank dimulai pada tahun 2012 sampai dengan tahun 2015 setiap bulan Februari dan bulan Oktober selama 30 hari bursa di bulan bersangkutan.

The Bank determined that the execution period begins in 2012 until 2015 with execution periods every February and October of each year for 30 working days of the respective months.

Nilai wajar dari opsi saham tahap kedua yang dikeluarkan pada tanggal 31 Januari 2011 adalah sebesar Rp463,87 (Rupiah penuh) per lembar saham, sesuai dengan Laporan Penilaian yang dikeluarkan oleh PT Towers Watson pada tanggal 12 Oktober 2011 dengan menggunakan model penentuan harga opsi Binomial.

The fair value of the option, which was distributed on January 31, 2011 amounted to Rp463.87 (Rupiah full amount) per share, based on the Valuation Report by PT Towers Watson dated October 12, 2011, using the Binomial option pricing model.

Nilai wajar dari opsi yang diberikan merupakan estimasi dengan asumsi sebagai berikut:

The fair value of the option is estimated using the following assumptions:

Suku bunga bebas risiko
Ekspektasi periode opsi
Ekspektasi ketidakstabilan harga saham
Ekspektasi dividen yang dihasilkan
Tingkat pengunduran diri karyawan

7,975%
5 tahun/years
50%
2%
1%

Risk free rate
Expected option period
Expected volatility rate
Expected dividend yield
Employee resignation rate

MESOP Tahap III

MESOP Stage III

Jumlah saham yang akan diterbitkan pada opsi saham tahap III adalah 108.925.500 lembar dengan harga eksekusi adalah Rp1.098,36 (Rupiah penuh). Masa berlaku opsi adalah selama lima tahun dihitung dari tanggal pendistribusian hak opsi, 31 Januari 2012. Opsi saham mempunyai masa tunggu (vesting period) selama satu tahun yang berakhir pada tanggal 1 Februari 2013.

The number of shares, which will be issued during Stage III, is 108,925,500 shares with execution price at Rp1,098.36 (full Rupiah). The option period is five years from the date of distribution, January 31, 2012. The option has vesting period of one year until February 1, 2013.

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**27. PROGRAM KOMPENSASI MANAJEMEN DAN
KARYAWAN BERBASIS SAHAM (MESOP)
(lanjutan)**

**27. MANAGEMENT AND EMPLOYEE STOCK
OPTION PLAN (MESOP) (continued)**

MESOP Tahap III (lanjutan)

MESOP Stage III (continued)

Periode eksekusi yang ditetapkan Bank dimulai pada tahun 2013 sampai dengan tahun 2016 setiap bulan Februari dan bulan Oktober selama 30 hari bursa di bulan bersangkutan.

The Bank determined that the execution period begins in 2013 until 2016 with execution periods every February and October of each year for 30 working days of the respective months.

Nilai wajar dari opsi saham tahap ketiga yang dikeluarkan pada tanggal 31 Januari 2012 adalah sebesar Rp427,93 (Rupiah penuh) per lembar saham, sesuai dengan laporan penilaian yang dikeluarkan oleh PT Towers Watson pada tanggal 28 Juni 2012 dengan menggunakan model penentuan harga opsi Binomial.

The fair value of the option, which was distributed on January 31, 2012, amounted to Rp427.93 (full Rupiah) per share, based on the valuation report by PT Towers Watson dated June 28, 2012, using the Binomial option pricing model.

Nilai wajar dari opsi yang diberikan merupakan estimasi dengan asumsi sebagai berikut:

The fair value of the option is estimated using the following assumptions:

Suku bunga bebas risiko	5,023%	Risk free rate
Ekspektasi periode opsi	5 tahun/years	Expected option period
Ekspektasi ketidakstabilan harga saham	50%	Expected volatility rate
Ekspektasi dividen yang dihasilkan	2%	Expected dividend yield
Tingkat pengunduran diri karyawan	1%	Employee resignation rate

Harga rata-rata tertimbang saham adalah Rp1.676 dan Rp1.139 untuk tahun yang berakhir masing-masing pada 31 Desember 2016 dan 2015.

The weighted average shares price is Rp1,676 and Rp1,139 for the year ended December 31, 2016 and 2015, respectively.

Ringkasan MESOP dan mutasi selama tahun yang berakhir 31 Desember 2016 dan 2015 adalah sebagai berikut:

The summary of the MESOP and its movements during the year ended December 31, 2016 and 2015 are as follows:

	31 Desember/December 31, 2016			
	Jumlah Opsi/Number of Options			
	MESOP Tahap I/ Stage I	MESOP Tahap II/ Stage II	MESOP Tahap III/ Stage III	
Opsi pada awal tahun	-	-	7.655.000	Options outstanding at beginning of the year
Opsi yang dieksekusi sepanjang tahun	-	-	(7.655.000)	Options exercised during the year
Opsi yang bisa dieksekusi pada akhir tahun	-	-	-	Options that can be exercised at end of the year
	31 Desember/December 31, 2015			
	Jumlah Opsi/Number of Options			
	MESOP Tahap I/ Stage I	MESOP Tahap II/ Stage II	MESOP Tahap III/ Stage III	
Opsi pada awal tahun	-	14.582.000	7.722.000	Options outstanding at beginning of the year
Opsi yang dieksekusi sepanjang tahun	-	(14.582.000)	(67.000)	Options exercised during the year
Opsi yang bisa dieksekusi pada akhir tahun	-	-	7.655.000	Options that can be exercised at end of the year

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28. PENDAPATAN BUNGA

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31	
	2016	2015
Kredit yang diberikan dan piutang		
Kredit yang diberikan	15.458.359	13.523.274
Giro pada Bank Indonesia	37.913	58.935
Giro pada bank lain	1.548	3.496
Penempatan pada Bank Indonesia dan bank lain	159.686	116.020
Efek-efek yang dibeli dengan janji dijual kembali	-	725
Nilai wajar melalui Laba rugi		
Obligasi pemerintah	15.141	5.914
Efek-efek	1.448	360
Tersedia untuk dijual		
Obligasi pemerintah	340.620	382.072
Efek-efek	202.740	166.888
Dimiliki hingga jatuh tempo		
Obligasi pemerintah	202.174	99.939
Efek-efek	81.843	97.513
Total	16.501.472	14.455.136

28. INTEREST INCOME

This account consists of:

Loans and receivables
Loans
Current accounts with Bank Indonesia
Current accounts with other banks
Placements with Bank Indonesia and other banks
Securities purchase under resale agreements
Fair value through profit or loss
Government bonds
Securities
Available-for-sale
Government bonds
Securities
Held-to-maturity
Government bonds
Securities
Total

29. BEBAN BUNGA

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31	
	2016	2015
Deposito berjangka	4.960.884	4.794.544
Surat-surat berharga yang diterbitkan	1.189.959	1.056.483
Tabungan	1.156.645	1.028.097
Pinjaman yang diterima	566.644	517.087
Giro	517.040	300.984
Simpanan dari bank lain	181.797	154.607
Pinjaman Subordinasi	150.868	-
Efek yang dijual dengan janji dibeli kembali	146.838	221.782
Total	8.870.675	8.073.584

29. INTEREST EXPENSE

This account consists of:

Time deposits
Securities issued
Savings deposits
Fund borrowings
Demand deposits
Deposits from other banks
Subordinated Loan
Securities sold under repurchase agreements
Total

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**30. PENDAPATAN OPERASIONAL LAINNYA -
LAIN-LAIN**

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended 31 December	
	2016	2015
Jasa perbankan	114.807	87.549
Jasa penagihan - <i>payment points</i>	7.599	5.252
Lainnya	108.274	101.988
Total	230.680	194.789

Jasa perbankan terdiri dari pendapatan dari transaksi transfer dana, pendapatan sewa *safe deposit box* dan pendapatan administrasi layanan ATM.

Lainnya terutama terdiri dari *servicing fee*, provisi atas Garansi Bank yang diterbitkan, dan komisi yang diterima dari perusahaan asuransi atas produk asuransi yang terjual.

**31. PENYISIHAN (PEMBALIKAN) KERUGIAN
PENURUNAN NILAI ASET KEUANGAN DAN
NON- ASET KEUANGAN**

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31	
	2016	2015
Kredit yang diberikan dan pembiayaan/piutang syariah (Catatan 10)	705.188	898.718
Efek-efek (Catatan 8)	2.440	2.599
Giro pada bank lain (Catatan 6)	(90)	1
Properti terbengkalai	(7)	(310)
Total	707.531	901.008

32. BEBAN UMUM DAN ADMINISTRASI

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31	
	2016	2015
Perbaikan dan pemeliharaan	723.567	568.877
Sewa	423.403	348.166
Promosi	401.474	416.690
Listrik, air dan komunikasi	235.774	220.006
Penyusutan (Catatan 11)	219.402	196.358
Beban kantor	188.080	156.780

30. OTHER OPERATING INCOME - OTHERS

This account consists of:

Bank services	
Collection services - <i>payment points</i>	
Others	
Total	

Bank services pertains to income from fund transfer transactions, safety deposit box rentals and ATM service charges.

Others consist mainly of servicing fees, provision from Guarantee Issued and commission received from insurance companies for insurance products sold by the Bank to its borrowers.

**31. PROVISION FOR (REVERSAL OF) IMPAIRMENT
LOSSES ON FINANCIAL AND NON-FINANCIAL
ASSETS**

This account consists of:

Loans and sharia financing/receivables (Note 10)	
Securities (Note 8)	
Current accounts with other banks (Note 6)	
Abandoned properties	
Total	

32. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

Repairs and maintenance	
Rent	
Promotion	
Electricity, water and telecommunications	
Depreciation (Note 11)	
Office expenses	

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32. BEBAN UMUM DAN ADMINISTRASI (lanjutan)

**32. GENERAL AND ADMINISTRATIVE EXPENSES
(continued)**

Akun ini terdiri dari: (lanjutan)

This account consists of: (continued)

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Transportasi	107.601	99.620	Transportation
Outsourcing	61.033	73.394	Outsourcing
Jasa profesional	50.843	25.796	Professional fees
Lainnya	54.529	45.579	Others
Total	2.465.706	2.151.266	Total

Lainnya terutama terdiri dari beban administrasi sekuritisasi aset, dan premi asuransi untuk gedung, kas dalam perjalanan serta kas dalam khasanah.

Others consist mainly of securitization asset administration expense and insurance premium on the building, cash in transit and cash in vault.

33. GAJI DAN TUNJANGAN KARYAWAN

33. SALARIES AND EMPLOYEE BENEFITS

Akun ini terdiri dari:

This account consists of:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Gaji dan upah			Salaries and wages
Rutin	1.229.115	1.014.614	Recurring
Tidak rutin	706.998	688.849	Non-recurring
Pelatihan dan pengembangan	136.377	106.012	Training and development
Lainnya	49.163	119.871	Others
Total	2.121.653	1.929.346	Total

Lainnya terdiri dari beban imbalan kerja, biaya perekrutan, pesangon dan tunjangan rekreasi karyawan.

Others consists mainly of employee benefits expense, recruitment costs, severance costs and employee recreational costs.

34. BEBAN OPERASIONAL LAINNYA - LAIN-LAIN

34. OTHER OPERATING EXPENSES – OTHERS

Akun ini terdiri dari:

This account consists of:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Imbalan atas jasa penagihan	71.387	66.697	Fees for collection services
Kerugian atas penyelesaian kredit bermasalah	35.699	30.936	Loss on bad debt settlement
Lainnya	406.815	82.200	Others
Total	513.901	179.833	Total

Lainnya terutama terdiri dari beban representasi dan jamuan makan dan minum rapat, serta beban cadangan atas potensi risiko operasional (Catatan 49c).

Others consist mainly of representation and entertainment expense, and provision for potential operational risk (Note 49c).

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**35. PENDAPATAN (BEBAN)
OPERASIONAL - NETO**

BUKAN

Akun ini terdiri dari:

**Tahun yang berakhir pada tanggal
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	2016	2015
Pendapatan sewa gedung	165	212
Pendapatan (beban) lainnya - neto	(22.313)	8.069
Total	(22.148)	8.281

Lainnya terutama terdiri dari beban denda administrasi dan beban bina lingkungan.

35. NON-OPERATING INCOME (EXPENSES) – NET

This account consists of:

*Building rental income equipment
Other income (expense) - net*

Total

Others consist mainly of administration penalty expense and community development expense.

36. PERPAJAKAN

a. Rekonsiliasi antara laba sebelum beban pajak menurut laporan laba rugi dan penghasilan komprehensif lain dengan taksiran penghasilan kena pajak, adalah sebagai berikut:

36. TAXATION

a. The reconciliation between income before tax expense, as shown in the statement of profit or loss and other comprehensive income are as follows:

**Tahun yang berakhir pada tanggal
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	2016	2015	
Laba sebelum beban pajak	3.330.084	2.541.886	<i>Income before tax expense</i>
Beda temporer:			<i>Temporary differences:</i>
Pembentukan cadangan kerugian penurunan nilai aset keuangan dan non-aset keuangan	514.112	350.540	<i>Provision for allowance for impairment losses on financial assets and non-financial assets</i>
Penyisihan untuk imbalan kerja	9.108	19.507	<i>Provision for employee benefits</i>
Penurunan (kenaikan) nilai efek-efek yang dimiliki untuk diperdagangkan	(10.144)	6.764	<i>Decrease (increase) in fair value of trading securities</i>
Kompensasi Berbasis Saham (MESOP)	(2.688)	(6.793)	<i>Employee stock option (MESOP)</i>
	510.388	370.018	
Beda tetap:			<i>Permanent differences:</i>
Kenikmatan karyawan	182.461	138.999	<i>Employee welfare</i>
Beban kantor	26.457	27.472	<i>Office expense</i>
Sewa	47.850	23.127	<i>Rent</i>
Sumbangan	13.957	-	<i>Donations</i>
Perbaikan dan pemeliharaan	6.218	4.371	<i>Repairs and maintenance</i>
Dana sosial dan representasi	54.906	3.937	<i>Social funds and representation</i>
Penyusutan atas aset tetap yang tidak dapat disusutkan menurut pajak	2.696	2.069	<i>Depreciation of premises and equipment which are non-depreciable for tax purposes</i>
Lain	19.026	22.266	<i>Others</i>
Pendapatan sewa tarif final	(165)	(212)	<i>Rent income subject to final tax</i>
	353.406	222.029	
Taksiran penghasilan kena pajak	4.193.878	3.133.933	<i>Estimated taxable income</i>

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36. PERPAJAKAN (lanjutan)

- a. Rekonsiliasi antara laba sebelum beban pajak menurut laporan laba rugi dan penghasilan komprehensif lain dengan taksiran penghasilan kena pajak, adalah sebagai berikut: (lanjutan)

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Beban pajak penghasilan	838.776	783.483	Income tax expense
Pajak penghasilan Pasal 25	(743.020)	(541.470)	Income tax - Article 25
Hutang pajak penghasilan badan (Catatan 14)	95.756	242.013	Corporate income tax payable (Note 14)

Taksiran penghasilan kena pajak tahun 2015 sesuai dengan Surat Pemberitahuan Tahunan (SPT) yang dilaporkan Bank kepada Kantor Pelayanan Pajak (KPP). Sampai dengan tanggal laporan ini, Bank belum melaporkan SPT tahun 2016 kepada Kantor Pelayanan Pajak (KPP).

Estimated taxable income in 2015 are consistent with Annual Tax Return (SPT) for corporate income tax that reported by Bank to Tax Office (KPP). As of date of this report, Bank has not yet reported the 2016 Tax Return to the Tax Office.

- b. Rincian pendapatan (beban) pajak tangguhan - neto dengan memperhitungkan pengaruh beda temporer pada tarif pajak adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Pembentukan atas kerugian penurunan nilai aset keuangan dan non-aset keuangan	128.528	87.635	Provision for allowance for impairment losses on financial and non-financial assets
Penyisihan untuk imbalan kerja	2.277	4.877	Provision for employee benefits
Kenaikan (penurunan) nilai wajar efek-efek yang dimiliki untuk diperdagangkan	(2.536)	1.691	Increase (decrease) in fair value of trading securities
Kompensasi berbasis saham (MESOP)	(672)	(1.699)	Employee stock option (MESOP)
Pendapatan (beban) Pajak Tangguhan - Neto	127.597	92.504	Deferred Tax benefit (expense) - Net

36. TAXATION (continued)

- a. The reconciliation between income before tax expense, as shown in the statement of profit or loss and other comprehensive income are as follows: (continued)

- b. The details of deferred tax benefit (expense)-net computed by computing the effect of temporary differences on tax rate are as follows:

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36. PERPAJAKAN (lanjutan)

c. Aset (Liabilitas) Pajak Tangguhan

Pengaruh pajak atas perbedaan temporer yang signifikan antara pelaporan keuangan dan pajak adalah sebagai berikut:

36. TAXATION (continued)

c. *Deferred tax assets (liabilities)*

The tax effects on significant outstanding temporary differences between financial and tax reporting purposes are as follows:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Aset (liabilitas) pajak tangguhan - dampak dari laporan laba rugi komprehensif dan penghasilan komprehensif lain			Deferred tax assets (liabilities) - effect from statement of profit or loss and other comprehensive income
Penyisihan untuk imbalan kerja Kompensasi berbasis saham (MESOP)	39.534	37.257	Provision for employee benefits Employee stock options (MESOP)
Cadangan kerugian penurunan nilai aset keuangan dan non-aset keuangan (Kenaikan) penurunan nilai efek-efek yang dimiliki untuk diperdagangkan	-	672	Allowance for impairment losses on financial and non-financial assets
	1.040	(127.488)	
	(2.488)	48	(Increase) decrease in fair value of trading securities
	38.086	(89.511)	
Aset (liabilitas) Pajak Tangguhan - efek dari ekuitas			Deferred Tax Assets (Liabilities) - effect from equity
Kerugian yang belum direalisasi atas efek-efek dan obligasi Pemerintah yang tersedia untuk dijual	38.522	44.563	Unrealized loss in fair value of - available for sale securities and government bonds
Pengukuran kembali imbalan pasti	26.183	35.382	Remeasurement of defined benefit obligation
	64.705	79.945	
Aset/(Liabilitas) Pajak Tangguhan - Neto	102.791	(9.566)	Deferred Tax Assets/ (Liabilities) - Net

Pada tanggal 31 Desember 2016 dan 2015, manajemen berkeyakinan bahwa estimasi Bank terhadap penghasilan atas manfaat pajak masa mendatang yang timbul dari perbedaan temporer akan dapat diakui di masa mendatang.

As of December 31, 2016 and 2015, management believes that the Bank's estimates of future taxable income indicate that the future income tax benefits arising from the temporary differences will be realized in the future.

d. Rekonsiliasi antara beban pajak penghasilan dengan menggunakan tarif pajak yang berlaku dari laba sebelum beban pajak dan beban pajak penghasilan seperti yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

d. The reconciliation between the tax expense computed by applying the applicable tax rate on the income before tax expense and the tax expense shown in the statement of profit or loss and other comprehensive income for the year ended December 31, 2016 and 2015, are as follows:

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36. PERPAJAKAN (lanjutan)

36. TAXATION (continued)

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Laba sebelum beban pajak	3.330.084	2.541.886	Income before tax expense
Beban pajak dengan tarif pajak yang berlaku	(666.017)	(635.472)	Tax expense at the applicable tax rate
Beda tetap	(70.681)	(55.507)	Permanent differences
Selisih Tarif Pajak	25.519	-	Tax Tariff Difference
Beban pajak	(711.179)	(690.979)	Tax expense

Pemeriksaan tahun pajak 2012

Pada tanggal 30 September 2014, Bank telah menerima Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No.PHP-201/WPJ.02/KP.10/2014 mengenai kekurangan pembayaran pajak PPh Pasal 4 ayat (2) untuk tahun pajak 2012. Atas SPHP tersebut, pada tanggal 10 November 2014, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) dengan rincian sebagai berikut:

Assessment for fiscal year 2012

On September 30, 2014, the Bank received Notification of Tax Audit Findings No.PHP-201/WPJ.02/KP.10/2014 regarding tax underpayment for Income Tax Article 4 (2) for fiscal year 2012. Based on Notification of Tax Audit Findings, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) on November 10, 2014 as follows:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)	
Tahun 2012			Year 2012
SKPKB PPh Pasal 4 ayat 2 No.00095/240/12/218/14	191	92	TAL Article 4 (2) No.00095/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00096/240/12/218/14	191	92	TAL Article 4 (2) No.00096/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00097/240/12/218/14	190	91	TAL Article 4 (2) No.00097/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00098/240/12/218/14	168	81	TAL Article 4 (2) No.00098/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00099/240/12/218/14	214	103	TAL Article 4 (2) No.00099/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00100/240/12/218/14	196	94	TAL Article 4 (2) No.00100/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00101/240/12/218/14	207	99	TAL Article 4 (2) No.00101/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00102/240/12/218/14	245	118	TAL Article 4 (2) No.00102/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00103/240/12/218/14	238	114	TAL Article 4 (2) No.00103/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00104/240/12/218/14	229	110	TAL Article 4 (2) No.00104/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00105/240/12/218/14	250	120	TAL Article 4 (2) No.00105/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00106/240/12/218/14	305	146	TAL Article 4 (2) No.00106/240/12/218/14
Total	2.624	1.260	Total

Pada tanggal 8 Desember 2014, Bank telah melakukan pembayaran atas seluruh tagihan dalam Surat Ketetapan Pajak Kurang Bayar (SKPKB) tersebut yaitu sebesar Rp3.884 (Catatan 13).

On December 8, 2014, the Bank has paid the entire amount in the Tax Assessment Letter (TAL) of Tax Underpayment amounted to Rp3,884 (Note 13).

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36. PERPAJAKAN (lanjutan)

Pemeriksaan tahun pajak 2012 (lanjutan)

Pada tanggal 20 Januari 2015, Bank mengajukan surat keberatan atas seluruh SKPKB tersebut di atas. Pada tanggal 14 Januari 2016, Kantor Pajak telah menerbitkan Surat Keputusan Keberatan yang menolak seluruh permohonan keberatan Bank. Pada tanggal 2 April 2016 Bank mengajukan permohonan banding atas Surat Keputusan Keberatan tersebut ke Pengadilan Pajak. Sampai dengan tanggal laporan ini, proses banding tersebut masih dalam proses.

Pemeriksaan tahun pajak 2013

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No.SPHP-294/WPJ.10/KP.1005/RIK.SIS/2016 tanggal 21 September 2016 mengenai hasil pemeriksaan terhadap Kantor Cabang Semarang untuk tahun 2013, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) dengan rincian sebagai berikut:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)
Tahun 2013		
SKPKB PPh Pasal 21 No.00001/243/13/511/16	64	30
SKPKB PPh Pasal 23 No.00060/203/13/511/16	0,2	0,1
Total	64,2	30,1

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)
Tahun 2013		
SKPKB PPh Pasal 4 ayat 2 No.00012/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00013/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00014/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00015/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00016/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00017/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00018/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00019/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00020/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00021/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00022/240/13/511/16	381	183
SKPKB PPh Pasal 4 ayat 2 No.00023/240/13/511/16	381	183
Total	4.572	2.196

36. TAXATION (continued)

Assessment for fiscal year 2012 (continued)

On January 20, 2015, the Bank filed letters of tax objection on all of the aforementioned underpayment TAL. On January 14, 2016, the Tax Office has issued Objection Decision Letters which has rejected all of the Bank's objections. On April 2, 2016, The Bank filed the appeal letters to the Tax Court on all of the aforementioned objection decision letters. As of date of this report, appeal process is still in process.

Assessment for fiscal year 2013

Based on Notification of Tax Audit Findings No. SPHP-294/WPJ.10/KP.1005/RIK.SIS/2016 dated September 21, 2016, regarding tax audit result conducted to the Semarang Branch Office for the year of 2013, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) as follows:

Year 2013
TAL Article 21 No.00001/243/13/511/16
TAL Article 23 No.00060/203/13/511/16
Total

Year 2013
TAL Article 4 (2) No.00012/240/13/511/16
TAL Article 4 (2) No.00013/240/13/511/16
TAL Article 4 (2) No.00014/240/13/511/16
TAL Article 4 (2) No.00015/240/13/511/16
TAL Article 4 (2) No.00016/240/13/511/16
TAL Article 4 (2) No.00017/240/13/511/16
TAL Article 4 (2) No.00018/240/13/511/16
TAL Article 4 (2) No.00019/240/13/511/16
TAL Article 4 (2) No.00020/240/13/511/16
TAL Article 4 (2) No.00021/240/13/511/16
TAL Article 4 (2) No.00022/240/13/511/16
TAL Article 4 (2) No.00023/240/13/511/16
Total

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36. PERPAJAKAN (lanjutan)

Pemeriksaan tahun pajak 2013 (lanjutan)

Pada tanggal 17 November 2016, Bank telah melakukan pembayaran atas seluruh tagihan dalam Surat Ketetapan Pajak Kurang Bayar (SKPKB). Pembayaran atas SKPKB PPh Pasal 21 dan Pasal 23 yaitu sebesar Rp94 telah dicatat sebagai biaya pajak di tahun 2016 karena bank setuju atas SKPKB tersebut. Sedangkan pembayaran atas SKPKB PPh Pasal 4 (2) yaitu sebesar Rp6.768 dicatat sebagai uang muka pajak (Catatan 13) karena Bank tidak setuju dengan SKPKB tersebut.

Pada tanggal 6 Januari 2017, Bank mengajukan surat keberatan atas SKPKB PPh Pasal 4 (2) tersebut di atas. Sampai dengan tanggal laporan ini, proses keberatan masih dalam proses.

Pajak atas penilaian kembali aset tetap

Bank berdasarkan surat No.1195/S/DIR/XII/2015 tanggal 8 Desember 2015 mengajukan kepada Kepala Kantor Wilayah DJP WP Besar "Permohonan penilaian kembali aset tetap untuk tujuan perpajakan yang diajukan tahun 2016 oleh wajib pajak yang belum melakukan penilaian kembali aset tetap".

Berdasarkan Peraturan Menteri Keuangan No.191/PMK.010/2015 tanggal 15 Oktober 2015, permohonan yang diajukan sampai dengan tanggal 31 Desember 2015, akan mendapatkan perlakuan khusus berupa pajak penghasilan yang bersifat final menjadi sebesar 3%. Sehubungan dengan estimasi atas kenaikan nilai wajar tanah, Bank telah melakukan pembayaran pajak sebesar Rp40.035 pada tanggal 10 Desember 2015 (Catatan 13).

Kemudian berdasarkan hasil penilaian dari Kantor Jasa Penilai Publik (KJPP), Bank telah menyampaikan surat No.473/S/DIR/V/2016 tanggal 23 Mei 2016 perihal tambahan dokumen terkait proses penilaian kembali aset tetap dimana pada tanggal 20 Mei 2016, Bank telah melunasi sisa pembayaran pajak sebesar Rp35.713. Kemudian Kantor Pajak telah menerbitkan surat Keputusan DJP No.KEP-435/WPJ.19/2016 tanggal 8 Juni 2016 mengenai persetujuan atas permohonan penilaian kembali aset tetap yang dilakukan oleh Bank.

36. TAXATION (continued)

Assessment for fiscal year 2013 (continued)

On November 17, 2016, the Bank has paid the entire amount in the Tax Assessment Letters (TAL) of Tax Underpayment. The payment of the TAL of Article 21 and Article 23 amounted to Rp94 has been charged as tax expenses in 2016 since Bank has agreed with the said TAL. However, in regard to the payment of the TAL of Article 4 (2) amounted to Rp6,768 has been charged as prepaid tax (Note 13) since Bank has not agreed with the said TAL.

On January 6, 2017, the Bank filed letters of tax objection on the aforementioned TAL of Article 4 (2). As of date of this report, tax objection is still in process.

Tax for revaluation of fixed assets

The Bank based on the letter No. 1195/S/DIR/XII/2015 on December 8, 2015 have submitted an application regarding "revaluation of fixed assets for tax purposes on 2016 by tax payer that have not revalued fixed assets".

Based on the regulation No.191/PMK/010/2015 on October 15, 2015, from the Ministry of Finance, applications that are submitted up to December 31, 2015 will receive special treatment in the form of final tax rate of 3%. In connection with the estimated increase in fair value of land, the Bank have made tax payment amounting to Rp40,035 on December 10, 2015 (Note 13).

Based on the revaluation report issued Public Appraisal Company, the Bank has reported a letter No.473/S/DIR/V/2016 dated May 23, 2016 regarding additional data for assets revaluation, in which on May 20, 2016, the Bank has paid the remaining tax of Rp35,713. Furthermore, The Tax Office has issued a Decision Letter No.KEP-435/WPJ.19/2016 dated June 8, 2016 that has granted the the Bank's request for assets revaluation.

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36. PERPAJAKAN (lanjutan)

Surat Tagihan Pajak Penghasilan tahun pajak 2014

Direktorat Jenderal Pajak berdasarkan Surat Tagihan Pajak No. 90005/106/14/093/15 tanggal 29 Desember 2015, menetapkan kekurangan pembayaran Pajak Penghasilan untuk tahun pajak 2014 adalah sebesar Rp166.342 serta sanksi administrasi sebesar Rp26.615, sehubungan dengan koreksi atas saldo Pembentukan Penyisihan Aktiva Produktif (PPAP) minimum Bank Indonesia. Manajemen berpendapat bahwa atas surat tagihan pajak tersebut tidak tepat dan perlakuannya di Bank sudah sesuai dengan peraturan perpajakan yang berlaku.

Pada tanggal 5 Januari 2016, Bank mengajukan permohonan pembatalan Surat Tagihan Pajak (STP) tersebut. Untuk memenuhi syarat pembatalan STP tersebut, pada tanggal 30 Desember 2015 Bank telah membayar deposit sebesar Rp166.342 dan dicatat dalam akun aset lain-lain sebagai uang muka pajak (Catatan 13). Kemudian berdasarkan Surat Keputusan Nomor KEP.00254/NKEB/WPJ.19/2016 tanggal 24 Februari 2016, Kantor Pajak telah mengabulkan permohonan Bank dan membatalkan STP tersebut serta mengembalikan kelebihan pembayaran pajak sebesar Rp166.342 kepada Bank pada bulan April 2016.

36. TAXATION (continued)

Tax Income Invoice Letter for fiscal year 2014

The Tax Office based on the tax invoice letter No. 90005/106/14/093/15 on December 29, 2015, have determined a deficit in income tax for 2014 amounting to Rp166,342 and administration fine amounting to Rp26,615, in relation to correction of provision of losses (PPAP). Management believes that the tax collection letter is not right and the Bank treatment is in accordance with the applicable tax legislation.

On January 5, 2016, Bank has submitted an appeal for the tax invoice. To qualify for the requirement in revoking the tax bill, on December 30, 2015 Bank have to pay a deposit amounting to Rp166,342 and it was recorded in other assets as prepaid taxes (Note 13). Based on Decision Letter No. KEP.00254/NKEB/WPJ.19/2016 dated February 24, 2016, the Tax Office has granted the Bank's appeal and revoked the Tax Collection Letter and accordingly paid back the tax overpayment of Rp166,342 to the Bank on April 2016.

37. KOMITMEN DAN KONTINJENSI

Saldo komitmen dan kontinjensi pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
KOMITMEN		
Liabilitas Komitmen		
Fasilitas kredit kepada nasabah yang belum ditarik	16.446.763	13.209.613
KONTINJENSI		
Tagihan Kontinjensi		
Pendapatan bunga dalam penyelesaian	1.954.131	1.908.418
Liabilitas Kontinjensi		
Garansi yang diterbitkan (Catatan 24)	(2.730.151)	(1.460.068)
Kontinjensi - neto	(776.020)	448.350

37. COMMITMENTS AND CONTINGENCIES

The outstanding commitments and contingencies as of December 31, 2016 and 2015 are as follows:

COMMITMENTS
Commitments payable
Unused loan facility commitments
CONTINGENCIES
Contingent receivables
Interest income on non-performing assets
Contingent payables
Guarantees issued (Note 24)
Contingencies - net

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38. IMBALAN KERJA

Program pensiun imbalan pasti

Efektif tanggal 1 Januari 2004, semua pekerja yang baru diangkat sebagai pekerja tetap tidak diikutsertakan dalam program pensiun imbalan pasti ("Program Pensiun") dan hak atas manfaat pensiun diberikan berdasarkan persyaratan yang ditetapkan dalam peraturan dengan memperhatikan faktor penghargaan per tahun masa kerja dan penghasilan dana pensiun. Program dana Pensiun diadministrasikan dan dikelola oleh Dana Pensiun PT Bank Tabungan Negara (Persero) Tbk (DPBTN).

Sesuai dengan ketentuan, Program Pensiun dibiayai dari iuran karyawan dan iuran Bank. Iuran karyawan adalah sebesar 5% dari penghasilan dasar pensiun karyawan dan atas sisa jumlah yang perlu didanakan kepada DPBTN merupakan kontribusi Bank.

Program pensiun iuran pasti

Karyawan Bank diikutsertakan dalam program pensiun iuran pasti yang berlaku efektif sejak bulan Januari 2004. Program Pensiun ini dikelola oleh Dana Pensiun Lembaga Keuangan PT Bank Negara Indonesia (Persero) Tbk (DPLK).

Imbalan kerja jangka panjang lainnya

Bank memberikan imbalan kerja kepada pegawai berupa penghargaan masa kerja dan Masa Persiapan Pensiun (MPP) yaitu 1 tahun sebelum pegawai mencapai usia pensiun normal (usia 56 tahun).

Karyawan Bank juga memperoleh manfaat dari pemberian program kesejahteraan, kontribusi karyawan terhadap dana kesejahteraan sebesar 2,57% dikali gaji bersih dan kontribusi Bank sebesar 8,93%. Aset program diadministrasikan dan dikelola oleh Yayasan Kesejahteraan Pegawai PT Bank Tabungan Negara (YKPBTN).

Perhitungan aktuaris atas imbalan kerja pada tanggal 31 Desember 2016 dan 2015 adalah berdasarkan laporan aktuaris tanggal 25 Januari 2017 dan 11 Januari 2016 dari aktuaris independen Bestama Aktuaria.

38. EMPLOYEE BENEFITS

Defined benefit pension plan

Effective January 1, 2004, all newly appointed permanent employees are not included in the defined benefit pension plan ("Pension Plan") and the right to pension benefits is given based on the established conditions which are stated in the regulations with consideration to the yearly gratuity factor over the working period and income on the Pension Fund. The Pension Plan's assets are being administered and managed by Dana Pensiun PT Bank Tabungan Negara (Persero) Tbk (DPBTN).

According to the regulation, the pension plan is funded through contributions from both the employees and the Bank. Employees' contributions are computed at 5% of the employees' basic pension salaries and any remaining amount required to fund DPBTN represents the contributions by the Bank.

Defined contribution plan

The Bank's employees are included in the defined contribution pension plan which was effective since January 2004. This defined contribution pension plan is managed by Dana Pensiun Lembaga Keuangan PT Bank Negara Indonesia (Persero) Tbk (DPLK).

Other long-term employee benefits

The Bank provides employee benefits in the form of allowance for gratuity for services and retirement preparation period (MPP), which is within one year from the normal pension age (56 years old).

Bank employees are also given welfare program, employees' contributions are 2.57% of their net wages for welfare program benefits and the Bank contributions are 8.93%. The plan assets are being administered and managed by Yayasan Kesejahteraan Pegawai PT Bank Tabungan Negara (YKPBTN).

The actuarial valuation of employee benefits as of December 31, 2016 and 2015 is based on the actuarial reports dated January 25, 2017 and January 11, 2016, of Bestama Aktuaria, an independent actuary.

The original financial statements included herein are in the Indonesian language.

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38. IMBALAN KERJA (lanjutan)

Asumsi-asumsi utama yang digunakan dalam perhitungan aktuaris adalah sebagai berikut:

	31 Desember/ Desember 31, 2016	31 Desember/ December 31, 2015	
Tingkat kenaikan penghasilan dasar pensiun	6,00%	6,00%	Basic pensionable annual salary increase rate
Tingkat mortalita (kematian)	GAM-1971	GAM-1971	Mortality rate
Tingkat cacat	1,00%	1,00%	Disability rate
Tingkat Diskonto			Discount rate
Imbalan Jangka Panjang Lainnya - Penghargaan Masa Kerja	8,10%	8,90%	Other long-term benefits - Gratuity
Program Pesangon Pensiun - Selisih DPLK	8,40%	9,10%	Retirement severance program - Difference from DPLK
Masa Persiapan Pensiun	8,00%	8,80%	Retirement Preparation Period
Program Pensiun Imbalan Pasti	7,80%	8,80%	Deferred Benefit Pension Plan
Program Kesejahteraan	7,80%	8,80%	Welfare Program

Penghargaan masa kerja, program pesangon pensiun-selisih DPLK, masa persiapan pensiun dan program kesejahteraan dicantumkan dalam program lainnya.

Gratuity for services, retirement severance program-difference from DPLK, retirement preparation period and welfare program are included in other benefits.

a. Biaya imbalan kerja

a. Employee benefits expense

31 Desember/December 31, 2016				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Biaya jasa kini	28.458	37.251	65.709	Current service cost
luran peserta	(7.362)	(7.575)	(14.937)	Contribution from participant
Beban (pendapatan) bunga neto	(564)	11.607	11.043	Net interest (income) cost
Kerugian aktuarial	-	8.735	8.735	Actuarial loss
Biaya Jasa Lalu	54.141	28.950	83.091	Past service cost
Beban imbalan kerja - neto	74.673	78.968	153.641	Employee benefits expense - net

31 Desember/December 31, 2015				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Biaya jasa kini	27.259	34.250	61.509	Current service cost
luran peserta	(7.570)	(7.767)	(15.337)	Contribution from participant
Beban (pendapatan) bunga neto	(591)	8.456	7.865	Net interest (income) cost
Kerugian aktuarial	-	22.635	22.635	Actuarial loss
Biaya jasa lalu	45.458	-	45.458	Past service cost
Beban imbalan kerja - neto	64.556	57.574	122.130	Employee benefits expense - net

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38. IMBALAN KERJA (lanjutan)

38. EMPLOYEE BENEFITS (continued)

b. Mutasi atas kewajiban imbalan kerja

b. *Movements of liabilities for employee benefits*

31 Desember/December 31, 2016				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	-	145.800	145.800	<i>Balance at beginning of year</i>
Beban imbalan kerja tahun berjalan - neto	74.673	78.969	153.642	<i>Employee benefits expense during the year - net</i>
Pengukuran kembali liabilitas (aset) imbalan kerja - neto	(40.750)	3.953	(36.797)	<i>Reameasurement of employee benefit liability (asset) - net</i>
Pembayaran manfaat aktual	(33.923)	(58.929)	(92.852)	<i>Actual benefit paid</i>
Saldo kewajiban pada akhir tahun (Catatan 25)	-	169.793	169.793	<i>Balance liabilities at end of year (Note 25)</i>

31 Desember/December 31, 2015				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	-	118.548	118.548	<i>Balance at beginning of year</i>
Beban imbalan kerja tahun berjalan - neto	64.556	57.574	122.130	<i>Employee benefits expense during the year - net</i>
Pengukuran kembali liabilitas (aset) imbalan kerja - neto	(30.083)	24.607	(5.476)	<i>Reameasurement of employee benefit liability (asset) - net</i>
Pembayaran manfaat aktual	(34.473)	(54.929)	(89.402)	<i>Actual benefit paid</i>
Saldo kewajiban pada akhir periode (Catatan 25)	-	145.800	145.800	<i>Balance liabilities at end of period (Note 25)</i>

c. Mutasi nilai kini liabilitas imbalan kerja adalah sebagai berikut:

c. *The movements in the present value of liabilities for employee benefits are as follows:*

31 Desember/December 31, 2016				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.198.417	709.589	1.908.006	<i>Balance at beginning of year</i>
Biaya jasa kini	28.458	37.251	65.709	<i>Current service cost</i>
Beban bunga	103.175	60.844	164.019	<i>Interest cost</i>
Biaya Jasa Lalu	54.141	28.950	83.091	<i>Past service cost</i>
Manfaat yang dibayarkan	(80.398)	(75.040)	(155.438)	<i>Benefits paid</i>
Kerugian aktuaria	94.683	104.171	198.854	<i>Actuarial loss</i>
Saldo pada akhir tahun	1.398.476	865.765	2.264.241	<i>Balance at end of year</i>

31 Desember/December 31, 2015				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.148.605	753.888	1.902.493	<i>Balance at beginning of year</i>
Biaya jasa kini	27.259	34.250	61.509	<i>Current service cost</i>
Beban bunga	90.186	58.458	148.644	<i>Interest cost</i>
Biaya jasa lalu	45.458	-	45.458	<i>Past service cost</i>
Manfaat yang dibayarkan	(69.808)	(67.509)	(137.317)	<i>Benefits paid</i>
(Keuntungan) kerugian aktuaria	(43.283)	(69.498)	(112.781)	<i>Actuarial (gain) loss</i>
Saldo pada akhir tahun	1.198.417	709.589	1.908.006	<i>Balance at end of year</i>

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38. IMBALAN KERJA (lanjutan)

38. EMPLOYEE BENEFITS (continued)

d. Mutasi nilai wajar aset program adalah sebagai berikut:

d. The movements in the fair value of plan assets are as follows:

31 Desember/December 31, 2016

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.497.692	670.720	2.168.412	Balance at beginning of year
Hasil pengembangan aset program	131.548	77.980	209.528	Return on plan asset
Kontribusi Bank	33.923	29.241	63.164	Contributions by the Bank
Kontribusi pegawai	7.362	7.575	14.937	Employees contribution
Manfaat yang dibayarkan	(80.398)	(45.352)	(125.750)	Benefits paid
Saldo pada akhir tahun	1.590.127	740.164	2.330.291	Balance at end of year

31 Desember/December 31, 2015

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.437.731	642.870	2.080.601	Balance at beginning of year
Hasil pengembangan aset program	87.726	32.662	120.388	Return on plan asset
Kontribusi Bank	34.473	26.985	61.458	Contributions by the Bank
Kontribusi pegawai	7.570	7.767	15.337	Employees contribution
Manfaat yang dibayarkan	(69.808)	(39.564)	(109.372)	Benefits paid
Saldo pada akhir tahun	1.497.692	670.720	2.168.412	Balance at end of year

e. Pengukuran kembali (aset) liabilitas imbalan kerja neto

e. Remeasurement of net employee benefit (asset) liabilities

31 Desember/December 31, 2016

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	113.202	28.324	141.526	Balance at beginning of year
Kerugian aktuaris	94.683	95.435	190.118	Actuary loss
Imbal hasil atas aset program	(1.472)	(19.332)	(20.804)	Return on plan assets
Perubahan atas dampak atas aset diluar bunga neto aset/liabilitas	(133.961)	(72.150)	(206.111)	Change in effect of the asset ceiling excluding net interest of asset/liabilities
Saldo pada akhir tahun	72.452	32.277	104.729	Balance at the end of year

31 Desember/December 31, 2015

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	143.285	3.717	147.002	Balance at beginning of year
(Keuntungan) aktuaris	(43.283)	(92.133)	(135.416)	Actuary (gain)
Imbal hasil atas aset program	26.182	17.935	44.117	Return on plan asset
Perubahan atas dampak atas aset diluar bunga neto aset/liabilitas	(12.982)	98.805	85.823	Change in effect of the asset ceiling excluding net interest of asset/liabilities
Saldo pada akhir periode	113.202	28.324	141.526	Balance at the end of period

f. Portofolio investasi aset program yang ditempatkan dalam bentuk instrumen keuangan bank terdiri dari Surat Berharga Negara, Obligasi, Deposito Berjangka dan Saham.

f. The asset program's investment portfolio that placed in the form of bank's financial instruments consist of government securities, bonds, time deposits and shares of stocks.

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39. PELAPORAN SEGMENT

39. SEGMENT REPORTING

Informasi segmen usaha berdasarkan jenis usaha:

Segment information based on business type are as follows:

31 Desember 2016/December 31, 2016

	Konvensional/ Conventional	Syariah/ Sharia	Eliminasi/ Elimination	Total	
Pendapatan segmen	16.501.472	637.347	-	17.138.819	Segment income
Beban segmen	(8.961.627)	(13.647)	-	(8.975.274)	Segment expenses
Pendapatan segmen - neto	7.539.845	623.700	-	8.163.545	Segment Income - net
Pendapatan operasional lainnya	1.241.506	41.316	-	1.282.822	Other operating income
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(598.296)	(109.235)	-	(707.531)	Provision for impairment losses on financial assets and non-financial assets
Beban operasional lainnya	(5.132.653)	(253.951)	-	(5.386.604)	Other operating expenses
Laba operasional	3.050.402	301.830	-	3.352.232	Income from operations
Pendapatan (beban) bukan operasional - neto	(97.741)	75.593	-	(22.148)	Non-operating income (expenses) - net
Beban pajak	(711.179)	-	-	(711.179)	Tax expense
Laba tahun berjalan	2.241.482	377.423	-	2.618.905	Income for the year
Total aset	198.269.727	18.125.394	(2.226.642)	214.168.479	Total assets
Total liabilitas	181.405.570	15.859.015	(2.226.642)	195.037.943	Total liabilities

31 Desember 2015/December 31, 2015

	Konvensional/ Conventional	Syariah/ Sharia	Eliminasi/ Elimination	Total	
Pendapatan segmen	14.455.136	511.073	-	14.966.209	Segment income
Beban segmen	(8.143.967)	(11.166)	-	(8.155.133)	Segment expenses
Pendapatan segmen - neto	6.311.169	499.907	-	6.811.076	Segment Income - net
Pendapatan operasional lainnya	1.070.040	36.486	-	1.106.526	Other operating income
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(718.428)	(182.580)	-	(901.008)	Provision for impairment losses on financial assets and non-financial assets
Beban estimasi kerugian komitmen dan kontinjensi	-	7.198	-	7.198	Estimated losses on commitments and contingencies
Beban operasional lainnya	(4.278.836)	(211.351)	-	(4.490.187)	Other operating expenses
Laba operasional	2.383.945	149.660	-	2.533.605	Income from operations
Pendapatan (beban) bukan operasional - neto	(102.389)	110.670	-	8.281	Non-operating income (expenses) - net
Beban pajak	(690.979)	-	-	(690.979)	Tax expense
Laba tahun berjalan	1.590.577	260.330	-	1.850.907	Income for the year
Total aset	159.835.661	13.268.941	(1.297.010)	171.807.592	Total assets
Total liabilitas	147.534.993	11.709.502	(1.297.010)	157.947.485	Total liabilities

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**40. JAMINAN PEMERINTAH TERHADAP
KEWAJIBAN PEMBAYARAN BANK UMUM**

Berdasarkan Keputusan Presiden Republik Indonesia No. 15 tahun 2004 tentang pengakhiran tugas dan pembubaran BPPN, dinyatakan dalam pasal 8 bahwa dengan diakhirinya tugas dan dibubarkannya BPPN, Program Penjaminan Pemerintah terhadap kewajiban pembayaran bank umum yang semula dilakukan oleh BPPN berdasarkan Keputusan Presiden Republik Indonesia No. 26 tahun 1998 dan Keputusan Presiden Republik Indonesia No. 27 tahun 1998, selanjutnya dilaksanakan oleh Menteri Keuangan melalui Unit Pelaksanaan Penjaminan Pemerintah (UP3) sebagaimana diatur oleh Keputusan Presiden Republik Indonesia No. 17 tahun 2004, yang diatur lebih lanjut dengan Keputusan Menteri Keuangan No. 84/KMK.06/2004 tanggal 27 Februari 2004 tentang Perubahan atas Keputusan Menteri Keuangan Republik Indonesia No. 179/KMK.017/2000 tentang Syarat, Tatacara dan Ketentuan Pelaksanaan Jaminan Pemerintah terhadap Kewajiban Pembayaran Bank Umum.

Program Penjaminan Pemerintah melalui UP3 telah berakhir pada tanggal 22 September 2005, sebagaimana dinyatakan dalam Peraturan Menteri Keuangan Republik Indonesia No. 68/PMK.05/2005 tanggal 10 Agustus 2005 tentang Perhitungan Dan Pembayaran Premi Program Penjaminan Terhadap Pembayaran Bank Umum untuk periode 1 Juli sampai 21 September 2005. Sebagai pengganti UP3 Pemerintah telah membentuk Lembaga Independen, yaitu Lembaga Penjamin Simpanan (LPS) berdasarkan Undang-undang Republik Indonesia No.24 tahun 2004 tanggal 22 September 2004 tentang Lembaga Penjamin Simpanan dimana LPS menjamin dana masyarakat termasuk dana dari bank lain dalam bentuk giro, deposito, sertifikat deposito, tabungan dan/atau bentuk lainnya yang dipersamakan dengan itu.

Berdasarkan salinan Peraturan LPS No. 1/PLPS/2006 tanggal 9 Maret 2006 tentang "Program Penjaminan Simpanan" diatur besarnya saldo yang dijamin untuk setiap nasabah pada satu bank adalah paling tinggi sebesar Rp100 juta (angka penuh).

**40. GOVERNMENT GUARANTEES ON THE
OBLIGATIONS OF COMMERCIAL BANKS**

Based on Article 8 of the Decision No. 15 year 2004 of the President of the Republic of Indonesia regarding the termination of the role and winding-up of IBRA, stated on article 8 that in relation with the task completion and dismissal of IBRA the Government Guarantee Program on the obligations of domestic banks which was originally handled by IBRA based on the Decisions of the President of the Republic of Indonesia No. 26 year 1998 and No. 27 year 1998 would be handled by the Ministry of Finance, specifically by the Government Guarantee Implementation Unit Pelaksanaan Penjaminan Pemerintah (UP3) as provided in the Decision of the President of the Republic of Indonesia No. 17 year 2004, which was further regulated by the Decision No. 84/KMK.06/2004 dated February 27, 2004 of the Ministry of Finance regarding the Amendment of Decision No. 179/KMK.017/2000 of the Ministry of Finance on the Terms, Implementation Guidelines, and Conditions of the Government Guarantees on the obligations of commercial banks.

The Guarantee Program by the Government through UP3 ended on September 22, 2005, as stated in Regulation No. 68/PMK.05/2005 dated August 10, 2005 of the Ministry of Finance concerning the Calculation and Payments of Premium on Guarantee Program from Commercial Banks for the period July 1 to September 21, 2005. The Government established the Deposit Insurance Corporation (LPS), an independent agency, to replace UP3, based on Law No. 24 year 2004 dated September 22, 2004 of the Republic of Indonesia regarding the establishment Deposit Insurance Corporation (LPS) to guarantee public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposit, savings deposits and/or other equivalent form.

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Government Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer is at a maximum of Rp100 million (full amount).

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40. JAMINAN PEMERINTAH TERHADAP KEWAJIBAN PEMBAYARAN BANK UMUM (lanjutan)

Sesuai dengan Peraturan Pemerintah No. 66 Tahun 2008 tanggal 13 Oktober 2008 tentang "Besaran Nilai Simpanan yang Dijamin Lembaga Penjamin Simpanan" maka nilai simpanan setiap nasabah pada satu bank yang dijamin oleh Pemerintah naik menjadi sebesar Rp2 miliar (angka penuh) dari semula Rp100 juta (angka penuh), efektif sejak tanggal tersebut di atas.

Suku bunga penjaminan LPS pada tanggal 31 Desember 2016 dan 2015 masing-masing adalah sebesar 6,25% dan 7,50% untuk simpanan dalam mata uang Rupiah, dan masing-masing sebesar 0,75% dan 1,25% untuk simpanan dalam mata uang asing.

Pada tanggal 31 Desember 2016 dan 2015, Bank telah membayar premi program penjaminan masing-masing sebesar Rp285.344 dan Rp229.549.

41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI

Dalam kegiatan normal usaha, Bank melakukan transaksi dengan pihak berelasi karena hubungan kepemilikan dan/atau kepengurusan. Semua transaksi dengan pihak-pihak berelasi telah dilakukan dengan kebijakan dan syarat yang telah disepakati bersama.

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2016 dan 2015:

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
Lembaga Pembiayaan Ekspor Indonesia	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Efek-efek/Securities
PT Bank Mandiri (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Giro pada bank lain, Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek, Simpanan dari Bank Lain dan Garansi yang diterbitkan / <i>Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities, Deposits from Other Banks and Guarantees issued</i>

40. GOVERNMENT GUARANTEES ON THE OBLIGATIONS OF COMMERCIAL BANKS (continued)

In accordance with Government Regulation No. 66 of 2008, dated October 13, 2008 regarding "The Amount of Public Savings Guaranteed by the Indonesia Deposit Insurance Corporation", the total amount of customers' saving accounts in banks which is guaranteed by the Government has increased to Rp2 billion (full amount), from the previous Rp100 million (full amount), effective on the date stated above.

LPS interest rates guarantee as of December 31, 2016 and 2015 were 6.25% and 7.50%, respectively, for deposits in Rupiah and 0.75% and 1.25% for deposits in foreign currencies.

The Bank paid a premium on the guarantee program amounting to Rp285,344 and Rp229,549 as of December 31, 2016 and 2015, respectively.

41. TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, Bank enters into certain transactions with parties which are related to the management and/or owned by the same ultimate shareholder. All transactions with related parties have met the agreed terms and conditions.

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2016 and 2015:

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
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Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2016 dan 2015 (lanjutan):

**41. TRANSACTIONS WITH RELATED PARTIES
(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2016 and 2015 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
PT Bank Rakyat Indonesia (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Giro pada bank lain, Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek dan Simpanan dari Bank Lain/ <i>Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities and Deposits from Other Banks</i>
PT Bank Negara Indonesia (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Giro pada bank lain, Efek-efek, Simpanan dari Bank Lain, dan Pinjaman yang Diterima / <i>Current accounts with other banks, Securities, Deposits from Other Banks, and Fund Borrowings</i>
PT Bank Syariah Mandiri	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Giro pada bank lain dan Garansi yang diterbitkan / <i>Current accounts with other banks and Guarantees issued</i>
PT BRISyariah	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Penempatan pada Bank Indonesia dan Bank Lain/ <i>Placement with Bank Indonesia and other banks</i>
PT Pupuk Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Efek-efek dan Garansi yang diterbitkan / <i>Securities and Guarantees issued</i>
PT Perusahaan Listrik Negara (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Efek-efek dan Garansi yang diterbitkan/ <i>Securities and Guarantees issued</i>
Perum Percetakan Negara RI (Perum PNRI)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Permodalan Nasional Madani	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
Pemerintah Republik Indonesia (RI)	Kepemilikan saham mayoritas melalui Kementerian Keuangan RI/ <i>Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia</i>	Pinjaman yang diterima, Obligasi Pemerintah dan Garansi yang diterbitkan / <i>Fund borrowings, Government Bonds and Guarantees issued</i>

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
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**41. TRANSACTIONS WITH RELATED PARTIES
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Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2016 dan 2015 (lanjutan):

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2016 and 2015 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
PT Sarana Multigriya Finance (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Pinjaman yang diterima dan Pinjaman Subordinasi/ <i>Fund borrowings and Subordinated Loan</i>
PT PP Pracetak (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Yodya Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT HK Realtindo	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Adhi Karya (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Jasamarga Bali Tol	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Inhutani IV (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Adhi Persada Properti	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Amarta Karya	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
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**41. TRANSACTIONS WITH RELATED PARTIES
(continued)**

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2016 dan 2015 (lanjutan):

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2016 and 2015 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
PT Utama Karya	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / <i>Loans and sharia financing/receivables and Guarantees issued</i>
PT PP Properti	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT PPA Finance	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT Wijaya Karya Industri dan Konstruksi	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah/ <i>Loans and sharia financing/receivables</i>
PT BNI Life Insurance	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Wijaya Karya (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Jasa Marga (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Barata Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Sucofindo (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Angkasa Pura (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Pupuk Sriwidjaja Palembang (Pusri)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
(lanjutan)**

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2016 dan 2015 (lanjutan):

**41. TRANSACTIONS WITH RELATED PARTIES
(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2016 and 2015 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
PT Telekomunikasi Indonesia (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Timah (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Pertamina (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Pindad (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Brantas Abipraya (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Antam (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Indonesia Asahan Alumunium (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Perkebunan Nusantara V (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>
PT Kereta Api Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Garansi yang diterbitkan/ <i>Guarantees issued</i>

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
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Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2016 dan 2015 (lanjutan):

**41. TRANSACTIONS WITH RELATED PARTIES
(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2016 and 2015 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
Manajemen Kunci/ Key Management	Hubungan pengendalian kegiatan perusahaan/ Control on company's activities	Kredit yang Diberikan dan Pembiayaan/piutang Syariah dan Simpanan dari Nasabah/ Loans and sharia financing/receivables and Deposit from Customers
a. Transaksi dengan pihak berelasi karena hubungan kepemilikan dengan pemerintah Republik Indonesia:		a. Transactions with related parties due to ownership relation with government of the Republic of Indonesia:
	<u>31 Desember/ December 31, 2016</u>	<u>31 Desember/ December 31, 2015</u>
Aset		Assets
Giro pada bank lain (Catatan 6)	16.958	39.918
Penempatan pada Bank Indonesia dan bank lain (Catatan 7)	268	160.000
Efek-efek (Catatan 8)	998.812	101.224
Obligasi pemerintah (Catatan 9)	9.243.639	8.230.908
Kredit yang diberikan dan pembiayaan/piutang syariah (Catatan 10)	2.037.903	1.355.393
Total aset untuk pihak-pihak berelasi	12.297.580	9.887.443
Cadangan kerugian penurunan nilai dari pihak-pihak berelasi	(877)	(336)
Total dari aset pihak-pihak berelasi - neto	12.296.703	9.887.107
Persentase total aset pihak berelasi terhadap total aset	5,74%	5,75%
Liabilitas		Liabilities
Simpanan dari nasabah (Catatan 15,16 dan 17)	83.630.966	61.498.158
Simpanan dari bank lain (Catatan 18)	500.000	151.484
Pinjaman yang diterima (Catatan 21)	1.999.921	5.728.553
Pinjaman Subordinasi (Catatan 22)	2.999.118	-
Total liabilitas untuk pihak-pihak berelasi	89.130.005	67.378.195
Persentase total liabilitas pihak berelasi terhadap total liabilitas	45,70%	42,66%

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
(lanjutan)**

**41. TRANSACTIONS WITH RELATED PARTIES
(continued)**

a. Transaksi dengan pihak berelasi karena hubungan kepemilikan dengan pemerintah Republik Indonesia (lanjutan):

a. Transactions with related parties due to ownership relation with government of the Republic of Indonesia (continued):

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Pendapatan bunga dan bagi hasil			Interest income and income from profit sharing
Penempatan pada Bank Indonesia dan bank lain	22.332	5.757	Placements with Bank Indonesia and other banks
Efek-efek	42.454	17.079	Securities
Obligasi pemerintah	568.417	494.136	Government bonds
Kredit yang diberikan dan pembiayaan/piutang syariah	69.460	59.949	Loans and sharia financing/receivables
Total pendapatan bunga dan bagi hasil dari pihak-pihak berelasi	702.663	576.921	Total interest income and income from profit sharing from related parties
Persentase terhadap total pendapatan bunga dan bagi hasil	4,09%	3,85%	Percentage to total interest income and income from profit sharing
Beban bunga dan bonus			Interest and bonus expenses
Simpanan dari nasabah	3.392.776	2.954.635	Deposits from customers
Efek-efek yang dijual dengan janji dibeli kembali	-	6.560	Securities sold under repurchase agreements
Pinjaman yang diterima	357.222	392.863	Fund borrowings
Pinjaman Subordinasi	150.750	-	Subordinated Loan
Total beban bunga dan bonus dari pihak berelasi	3.900.748	3.354.058	Total interest and bonus expenses from related parties
Persentase terhadap total beban bunga dan bonus	43,46%	41,13%	Percentage to total interest and bonus expense
	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Komitmen dan Kontinjensi pada Rekening Administratif (Catatan 24)			Commitments and Contingencies in Administrative Accounts (Note 24)
Garansi yang diterbitkan	568.502	50.041	Guarantees issued
Fasilitas kredit yang belum ditarik (committed)	-	8.350	Unused loan facility (committed)
Total Komitmen dan Kontinjensi Rekening Administratif dari pihak berelasi	568.502	58.391	Total Commitments and Contingencies in Administrative Accounts from related parties
Persentase terhadap total komitmen dan kontinjensi pada rekening administratif	16,25%	2,81%	Percentage to total commitments and contingencies in administrative accounts

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
(lanjutan)**

**41. TRANSACTIONS WITH RELATED PARTIES
(continued)**

b. Transaksi dengan manajemen kunci:

b. Transactions with key management personnel:

	31 Desember/ December 31, 2016	31 Desember/ December 31, 2015	
Aset			Assets
Kredit yang diberikan dan piutang/ pembiayaan syariah (Catatan 10)	83.535	48.422	Loan and sharia financing/receivables (Note 10)
Cadangan kerugian penurunan nilai dari pihak-pihak berelasi	-	-	Allowance for impairment losses for related parties
Total kredit yang diberikan dan piutang/pembiayaan syariah dari manajemen kunci	83.535	48.422	Total loan and sharia financing/ receivables from key management personnel
Persentase terhadap total aset	0,04%	0,03%	Percentage to total assets
Liabilitas			Liabilities
Simpanan dari nasabah (Catatan 15,16 dan 17)	60.402	46.940	Deposits from customers (Notes 15,16, and 17)
Kompensasi karyawan kunci (Catatan 38)	115.320	95.304	Compensation of key employees (Notes 38)
Total liabilitas dari manajemen kunci	175.722	142.244	Total liabilities from key management personnel
Persentase terhadap total liabilitas	0,09%	0,09%	Percentage to total liabilities
	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31		
	2016	2015	
Pendapatan bunga dan bagi hasil			Interest income and income from profit sharing
Kredit yang diberikan dan pembiayaan/piutang syariah	3.757	3.948	Loans and sharia financing/ receivables
Persentase terhadap total pendapatan bunga dan bagi hasil	0,02%	0,03%	Percentage to total interest income and income from profit sharing
Beban bunga dan bonus			Interest and bonus expenses
Simpanan dari nasabah	2.172	1.548	Deposits from customers
Persentase terhadap total beban bunga dan bonus	0,02%	0,02%	Percentage to total interest and bonus expense

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**41. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
(lanjutan)**

b. Transaksi dengan manajemen kunci (lanjutan):

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31	
	2016	2015
Beban gaji dan tunjangan:		
Direksi (Catatan 1f)	52.767	37.216
Dewan Komisaris (Catatan 1f)	20.785	16.292
Karyawan Kunci	86.922	146.123
Total	160.474	199.631
Persentase terhadap total beban gaji dan tunjangan karyawan	7,56%	10,35%

**41. TRANSACTIONS WITH RELATED PARTIES
(continued)**

b. Transactions with key management personnel (continued):

Salaries and employee benefits:
Board of Directors (Note 1f)
Board of Commissioners (Note 1f)
Key Employees

Total

**Percentage to total salaries
and employee benefits**

**42. ASET DAN LIABILITAS MONETER DALAM
MATA UANG ASING**

Posisi Devisa Neto

Perhitungan Posisi Devisa Neto (PDN) didasarkan pada Peraturan Bank Indonesia No. 5/13/PBI/2003 tanggal 17 Juli 2003 sebagaimana telah diubah dengan perubahan keempat Peraturan Bank Indonesia No. 17/5/PBI/2015 tanggal 29 Mei 2015. Berdasarkan peraturan tersebut, Bank diwajibkan untuk menjaga rasio PDN laporan posisi keuangan dan secara keseluruhan maksimum 20% dari jumlah modal. PDN adalah penjumlahan nilai absolut yang dinyatakan dalam Rupiah dari selisih bersih antara aset dan liabilitas dalam mata uang asing dan selisih bersih dari tagihan dan liabilitas komitmen dan kontinjensi yang dicatat dalam rekening administratif yang didenominasi dalam setiap mata uang asing.

PDN Bank pada tanggal-tanggal 31 Desember 2016 dan 2015:

**42. ASSETS AND LIABILITIES DENOMINATED IN
FOREIGN CURRENCIES**

Net Open Position

The Net Open Position (NOP) is calculated based on Bank Indonesia Regulation No. 5/13/ PBI/2003 dated July 17, 2003 which was fourth amended by Bank Indonesia Regulation No. 17/5/PBI/2015 dated May 29, 2015. Based on this regulation, the Bank is required to maintain Net Open Position ratio of the overall statement of financial position at a maximum of 20% of the total capital. The NOP is the sum of the absolute values, which are stated in Rupiah, of the net difference between the assets and liabilities denominated in each foreign currency and the net difference of the receivables and payables of both commitments and contingencies recorded in the administrative accounts denominated in each foreign currency.

The Bank's NOP as of December 31, 2016 and 2015 are as follows:

	31 Desember/December 31, 2016			
	Aset/ Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/ Net Open Position	
<u>Laporan posisi keuangan dan Rekening administratif</u>				<u>Statement of financial position Administrative accounts</u>
Dolar Amerika Serikat	585.126	544.433	40.693	United States Dollar
Euro Eropa	80	-	80	European Euro
Yen Jepang	6.211	8	6.203	Japanese Yen
Pound Sterling Inggris	48	-	48	Great Britain Poundsterling
Dolar Singapura	10.642	-	10.642	Singapore Dollar
Dolar Australia	224	-	224	Australian Dollar
Renminbi	255	-	255	Renminbi
Ringgit Malaysia	15	-	15	Malaysian Ringgit
Riyal Arab Saudi	246	-	246	Saudi Riyal
			58.406	
Modal (Catatan 43)			20.219.637	Capital (Note 43)
Rasio PDN			0,29%	NOP ratio

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**42. ASET DAN LIABILITAS MONETER DALAM
MATA UANG ASING (lanjutan)**

Posisi Devisa Neto (lanjutan)

PDN Bank pada tanggal-tanggal 31 Desember 2016 dan 2015:

**42. ASSETS AND LIABILITIES DENOMINATED IN
FOREIGN CURRENCIES (continued)**

Net Open Position (continued)

The Bank's NOP as of December 31, 2016 and 2015 are as follows:

31 Desember/December 31, 2015			
Aset/ Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/ Net Open Position	
<u>Laporan posisi keuangan dan Rekening administratif</u>			<u>Statement of financial position Administrative accounts</u>
Dolar Amerika Serikat	663.008	442.226	220.782
Euro Eropa	9.876	191	9.685
Yen Jepang	9.244	-	9.244
Pound Sterling Inggris	3	-	3
Dolar Singapura	1.579	-	1.579
Dolar Australia	275	-	275
Renminbi	329	-	329
Dolar Hongkong	1	-	1
Ringgit Malaysia	21	13	8
Riyal Arab Saudi	47	-	47
		241.953	
Modal (Catatan 43)		13.893.026	Capital (Note 43)
Rasio PDN		1,74%	NOP ratio

**43. RASIO LIABILITAS PENYEDIAAN MODAL
MINIMUM**

Bank secara aktif mengelola modalnya sesuai dengan peraturan yang berlaku. Tujuan utamanya adalah untuk memastikan bahwa setiap saat Bank dapat menjaga kecukupan modalnya untuk menutup risiko bawaan (inherent risk) pada kegiatan perbankan tanpa mengurangi optimalisasi nilai pemegang saham.

CAR pada tanggal 31 Desember 2016 dihitung berdasarkan Peraturan Otoritas Jasa Keuangan (OJK) No. 34/POJK.03/2016 tanggal 22 September 2016 tentang Perubahan atas Peraturan OJK No. 11/POJK.03/2016 tanggal 29 Januari 2016 tentang Kewajiban Penyediaan Modal Minimum Bank Umum.

CAR pada tanggal 31 Desember 2015 dihitung berdasarkan Peraturan Bank Indonesia (PBI) No. 15/12/PBI/2013 tentang Kewajiban Penyediaan Modal Minimum Bank Umum dimana modal untuk risiko kredit terdiri dari modal inti (modal inti utama/Common Equity Tier 1 dan modal inti tambahan) dan modal pelengkap.

**43. MINIMUM REQUIRED CAPITAL ADEQUACY
RATIO (CAR)**

Bank actively manages its capital in accordance with the regulatory requirements. The primary objective of which is to ensure that Bank, at all times, maintains adequate capital to cover inherent risks to its banking activities without prejudice to optimizing shareholder's value.

CAR on December 31, 2016 was calculated based on Otoritas Jasa Keuangan (OJK) No. 34/POJK.03/2016 on date September 22, 2016 concerning of Change regulation No. 11/POJK.03/2016 on date January 29, 2016 concerning the Minimum Capital Requirement for Commercial Banks.

CAR on December 31, 2015 was calculated based on Peraturan Bank Indonesia No. 15/12/PBI/2013 concerning of the Minimum Capital Requirement for Commercial Banks where capital for credit risk consist of core capital (main core capital main / Common Equity Tier 1 capital and additional core capital) and supplementary capital.

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**43. RASIO LIABILITAS PENYEDIAAN MODAL
MINIMUM (lanjutan)**

Sejak tanggal 21 Agustus 2015, Bank telah menerapkan Peraturan Otoritas Jasa Keuangan (POJK) No. 11/POJK.03/2015 Tentang Ketentuan Kehati-Hatian Dalam Rangka Stimulus Perekonomian Nasional Bagi Bank Umum.

Peraturan tersebut menetapkan bahwa bobot risiko kredit beragunan rumah tinggal paling rendah sebesar 35% untuk kredit konsumsi dalam rangka kepemilikan rumah tinggal (KPR) atau apartemen (KPA) atau kredit konsumsi dengan agunan berupa rumah tinggal atau apartemen dengan syarat tertentu, atau paling rendah sebesar 20% untuk KPR yang merupakan program Pemerintah Indonesia dengan syarat tertentu.

Selain itu, bobot risiko kredit kepada Usaha Mikro Kecil Menengah (UMKM) yang dijamin oleh lembaga penjaminan atau asuransi kredit berstatus BUMD ditetapkan sebesar 50% sepanjang memenuhi persyaratan yang ditetapkan.

Peraturan Otoritas Jasa Keuangan (POJK) No.11/POJK.03/2015 berlaku sampai dengan 21 Agustus 2017.

Berdasarkan profil risiko Bank masing-masing per 31 Desember 2016 dan 2015, yaitu *low to moderate dan satisfactory*, maka CAR minimum per 31 Desember 2016 dan 2015 ditetapkan masing-masing sebesar 9%.

Penentuan kepatuhan Bank terhadap peraturan dan rasio yang berlaku didasarkan pada peraturan praktis akuntansi yang berbeda dalam beberapa hal dengan Standar Akuntansi Keuangan di Indonesia.

Pada tanggal-tanggal 31 Desember 2016 dan 2015, Bank telah memenuhi rasio sesuai yang disyaratkan Bank Indonesia untuk rasio kecukupan modal.

**43. MINIMUM REQUIRED CAPITAL ADEQUACY
RATIO (CAR) (continued)**

Since August 21, 2015, the Bank has implemented Regulation of the Financial Services Authority (POJK) No. 11/POJK.03/2015 concerning prudential provisions in the Framework of the National Economic Stimulus for Commercial Banks.

The regulation stipulates that the weight of risk for credit backed residences is on minimum of 35% for consumer credit in relation with the possession of house (KPR) or an apartment (KPA) or consumer loan with collateral such as house or apartment with certain conditions, or at least by 20% for a mortgage which is a program of the Government of Indonesia with certain conditions.

In addition, the risk weight of credit to Small Medium Enterprise (SME) is guaranteed by a guarantee institution or BUMD credit insurance status of enterprises is set at 50% as long as it is fulfilling the requirement throughout meet the requirements set.

Regulation of the Financial Services Authority (POJK) No.11/POJK.03/2015 is valid up to August 21, 2017.

Based on the risk profile as of December 31, 2016 and 2015, respectively, which are both *low to moderate and satisfactory*, the minimum CAR for December 31, 2016 and 2015, by 9% to less, respectively.

The determination of the Bank's compliance with regulations and applicable ratios are based on the practical accounting rules differ in several aspects with the Financial Accounting Standards in Indonesia.

As of December 31, 2016 and 2015, the Bank has fulfilled the required ratios of Bank Indonesia for the capital adequacy ratio.

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**43. RASIO LIABILITAS PENYEDIAAN MODAL
MINIMUM (lanjutan)**

Perhitungan CAR Bank pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

		31 Desember/ December 31, 2016	31 Desember/ December 31, 2015
Modal Inti	a	16.443.159	12.171.623
Modal Pelengkap (Maksimal 100% dari Modal Inti)	b	3.776.478	1.721.403
Modal Pelengkap Tambahan yang Dialokasikan untuk Mengantisipasi Risiko Pasar	c	-	-
Jumlah Modal Inti dan Modal Pelengkap	d=a+b	20.219.637	13.893.026
Jumlah Modal Inti, Modal Pelengkap dan Modal Pelengkap Tambahan yang Dialokasikan untuk Mengantisipasi Risiko Pasar	e=c+d	20.219.637	13.893.026
Penyertaan	f	-	-
Jumlah Modal untuk Risiko Kredit	g=d-f	20.219.637	13.893.026
Jumlah Modal untuk Risiko Kredit dan Risiko Pasar	h=e-f	20.219.637	13.893.026
Aset Tertimbang Menurut Risiko Kredit	i	86.188.782	70.474.182
ATMR untuk Risiko Pasar	j	343.820	222.737
ATMR untuk risiko operasional	k	12.899.251	11.185.168
Jumlah ATMR untuk Risiko Kredit dan Risiko operasional	l=i+k	99.088.033	81.659.350
Jumlah ATMR untuk Risiko Kredit, Risiko Operasional dan Risiko Pasar	m=i+j+k	99.431.853	81.882.087
CAR untuk Risiko Kredit dan Risiko Operasional	n=g/l	20,41%	17,01%
CAR untuk Risiko Kredit Risiko Operasional dan Risiko Pasar	o=h/m	20,34%	16,97%
CAR Minimum yang Diwajibkan		9%	9%

**43. MINIMUM REQUIRED CAPITAL ADEQUACY
RATIO (CAR) (continued)**

The computation of the Bank's CAR as of December 31, 2016 and 2015 follows:

Core Capital Supplementary Capital (Maximum of 100% of Core Capital)
Additional Supplementary Capital Allocated for Anticipation of Market Risk
Total Core Capital and Supplementary Capital
Total Core Capital, Supplementary Capital and Additional Supplementary Capital Allocated for Anticipation of Market Risk Investment
Total Capital for Credit Risk
Total Capital for Credit Risk and Market Risk
Risk Weighted Assets Credit Risk
Risk Weighted Assets (RWA) for Market Risk
Risk Weighted Assets (RWA) for Operational Risk
Total Risk Weighted Assets (RWA) for Credit Risk and Operational Risk
(RWA) for Credit Risk, Operational Risk and Market Risk
CAR for Credit Risk and Operational Risk
CAR for Credit Risk Operational Risk and Market Risk
Minimum CAR

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44. MANAJEMEN RISIKO

Bank portofolio asetnya didominasi oleh Kredit Pemilikan Rumah (KPR) yang dipengaruhi oleh adanya perubahan iklim bisnis eksternal seperti inflasi dan tingkat BI rate. Upaya meminimalkan dampak negatif tersebut dilakukan dengan pengelolaan risiko secara *day to day risk management activities*, dengan berlandaskan prinsip *Good Corporate Governance* (GCG) untuk memastikan seluruh proses dan mekanisme yang terjadi dalam mencapai tujuan perusahaan, mencegah perusahaan dari penyimpangan dan risiko yang dapat mengakibatkan kegagalan pencapaian tujuan perusahaan, serta berlandaskan prinsip kehati-hatian untuk memastikan pertumbuhan kinerja Bank yang sehat dan berkesinambungan.

Sebagai tindak lanjut penerapan Pilar 1 Basel II, Bank telah mengimplementasikan pengukuran risiko kredit dengan menggunakan *Standardized Approach* sesuai dengan SE BI No. 13/6/DPNP tanggal 18 Februari 2011 perihal Pedoman Perhitungan Aset Tertimbang Menurut Risiko (ATMR) untuk Risiko Kredit dengan Menggunakan Pendekatan Standar. Selain dari itu Bank juga telah melakukan perhitungan kebutuhan modal minimum dengan menggunakan *Basic Indicator Approach* untuk risiko operasional sesuai dengan SE BI No. 11/3/DPNP tanggal 27 Januari 2009 perihal Perhitungan Aset Tertimbang Menurut Risiko (ATMR) untuk Risiko Operasional. Penggunaan Pendekatan Indikator Dasar (PID) dan *Standardized Model* untuk risiko pasar sesuai dengan SE BI No. 9/33/DPNP tanggal 18 Desember 2007 perihal Pedoman Penggunaan Metode Standar dalam Perhitungan Kewajiban Penyediaan Modal Minimum Bank Umum dengan Memperhitungkan Risiko Pasar, sebagaimana telah diubah dengan SE BI No. 14/21/DPNP tanggal 18 Juli 2012.

Guna melengkapi pengukuran risiko khususnya risiko pasar dan risiko likuiditas, bank melakukan *stress test* dengan *worst case scenario* sebagaimana diatur dalam Pedoman Kebijakan Manajemen Risiko (PKMR) yaitu minimal 1 (satu) kali dalam setahun untuk risiko kredit dan setiap triwulan untuk risiko likuiditas. Selain melakukan *scenario analysis* terhadap aktivitas bank secara keseluruhan, bank juga melakukan *scenario analysis* terhadap aktivitas tertentu, khususnya aktivitas baru, yang berpotensi meningkatkan eksposur risiko suku bunga. Saat ini, *stress test* yang dilakukan oleh bank difokuskan pada 3 (tiga) jenis risiko yaitu risiko kredit, risiko pasar (termasuk di dalamnya risiko suku bunga) dan risiko likuiditas.

44. RISK MANAGEMENT

The bulk of the Bank's loan portfolio consists of mortgage loans (KPR) that are affected by changes in the external business environment such as inflation and the BI rate. Efforts to minimize the negative impact is being done through risk management activities on a daily basis, with the principles of Good Corporate Governance (GCG) as the basis to ensure that all the processes and mechanisms in connection to achieve the Bank's objectives, to prevent the bank from deviations and risks that can lead to failure in achieving corporate objectives. The principle of prudence is the basis of risk management activities to ensure the healthy growth of the Bank's performance and sustainability.

As a follow up to the implementation of Pillar 1 of Basel II, the Bank has implemented a credit risk measurement using the Standardized Approach in accordance with SE BI No. 13/6/DPNP dated February 18, 2011 regarding the Guidelines for Calculation of Risk Weighted Assets (RWA) for Credit Risk by Using Standardized Approach. Apart from that, the Bank has been doing the calculation of minimum capital requirements using the Basic Indicator Approach for operational risk in accordance with SE BI No. 11/3/DPNP dated January 27, 2009 regarding the calculation of risk weighted assets (RWA) for Operational Risk. The use of Basic Indicator Approach (BIA) and the Standardized Model for market risk are in accordance with SE BI No. 9/33/DPNP dated December 18, 2007 regarding the Guidelines for the Use of Standardized Method in the Calculation of Capital Adequacy Ratio on Market Risk for Commercial Banks, which was changed with SE BI No. 14/21/DPNP dated July 18, 2012.

In measuring risks, particularly market risk and liquidity risk, the Bank conducts stress testing using worst case scenario as set forth in the Risk Management Policy Manual (RMPM), which is being carried out at least once a year for credit risk and quarterly for liquidity risk. In addition to scenario analysis of the Bank's activities as a whole, the Bank also performs scenario analysis on specific activities, especially new activity, which could potentially increase the interest rate risk exposure. Currently, the stress tests conducted by the Bank is focused on 3 (three) types of risks, namely, credit risk, market risk (including interest rate risk) and liquidity risk.

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44. MANAJEMEN RISIKO (lanjutan)

Bank melakukan *stress testing* secara berkala untuk menilai kecukupan modal dalam hal terjadinya kejadian-kejadian risiko yang bersifat ekstrim atau *catastrophy*. Bank juga telah melakukan kaji ulang terhadap Pedoman Kebijakan Manajemen Risiko (PKMR) guna meningkatkan fungsi *risk control system minimal 1* (satu) tahun sekali. Untuk selanjutnya, berkaitan dengan rencana implementasi Basel III Bank telah melakukan persiapan penerapan kerangka kerja Basel III dan terlibat di dalam *working group* masing-masing jenis risiko di bawah koordinasi Otoritas Jasa Keuangan.

Struktur Manajemen Risiko

Tata kelola risiko Bank yang berlandaskan prinsip GCG terwujud dari terlibatnya seluruh organ Bank dalam pengelolaan manajemen risiko. Hal ini dapat dilihat dari susunan organisasi manajemen risiko Bank. Dewan Komisaris dan Direksi bertanggung jawab untuk memastikan penerapan Manajemen Risiko telah memadai sesuai dengan karakteristik, kompleksitas dan profil risiko Bank. Dewan Komisaris dan Direksi berperan aktif pada proses manajemen risiko dalam rangka memitigasi risiko Bank melalui Kualitas Penerapan Manajemen Risiko yang meliputi tata kelola risiko, kerangka manajemen risiko, proses manajemen risiko, kecukupan sumber daya manusia, dan kecukupan sistem informasi manajemen risiko, serta kecukupan sistem pengendalian risiko.

Komite Manajemen Risiko

Komite Manajemen Risiko (KMR) berperan aktif dalam memberikan pertimbangan-pertimbangan terhadap risiko yang melekat pada kebijakan yang akan ditetapkan Direksi maupun memberikan evaluasi terhadap ketentuan-ketentuan yang dinilai kurang sesuai dengan perkembangan terkini dan perlu dilakukan penyesuaian. KMR terlibat secara aktif dalam melakukan penilaian risiko yang melekat pada setiap produk dan/atau jasa/aktivitas baru sehingga Bank dapat melakukan langkah-langkah mitigasi yang diperlukan. Selain itu apabila dipandang perlu KMR dapat melakukan evaluasi terhadap Pedoman Kebijakan Manajemen Risiko (PKMR).

44. RISK MANAGEMENT (continued)

The Bank conducts periodic stress testing to assess capital adequacy in anticipation of the occurrence of risk events that are extreme or catastrophic. The Bank also conducts a review of the RMPM at least once a year in order to improve the function of the risk control system. Henceforth, with regard to the implementation of Basel III, the Bank has a plan to implement the Basel III framework by involving in each types of risk working group in coordination with the Financial Services Authority.

Risk Management Structure

The Bank's risk governance, which is based on the principles of GCG, involves the entire Bank in managing risks. This can be seen in the composition of the Bank's risk management organizational structure. The Board of Commissioners (BOC) and Board of Directors (BOD) are responsible for ensuring the proper implementation of risk management in accordance to the characteristics, complexity and risk profile of the Bank. The BOC and BOD play an active role in the risk management process in order to mitigate the risk of the Bank through Quality of Risk Management Implementation which covers risk governance, risk management framework, risk management process, the adequacy of human resources and risk management information systems, as well as the adequacy of risk management systems.

Risk Management Committee

The Bank's Risk Management Committee (RMC) is actively involved in providing advice on the inherent risks associated to new policies to be established by the BOD and providing evaluation to the regulations that are considered to be outdated and require updating. The RMC is also actively involved in conducting risk measurement of the risks associated to new products and/or services to enable the Bank to take the necessary mitigating actions. The RMC may evaluate the RMPM, if necessary.

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44. MANAJEMEN RISIKO (lanjutan)

Satuan Kerja Manajemen Risiko

Risk Management Division (RMD) merupakan Satuan Kerja Manajemen Risiko (SKMR) pada Bank, dipimpin oleh seorang Kepala Divisi yang bertanggung jawab langsung kepada *Risk, Compliance & Strategic Director*. Struktur organisasi *Risk Management Division* terdiri dari *Market Risk Management Department*, *Credit Risk Management Department*, *Operational Risk Management Department* dan *Risk Officer Coordination Department*.

Market Risk Management Department berfungsi untuk melakukan pengelolaan Risiko Pasar dan Risiko Likuiditas. Fungsi *Credit Risk Management Department* melakukan pengelolaan Risiko Kredit sedangkan *Operational Risk Management Department* berfungsi mengelola Risiko Operasional, Risiko Kepatuhan, Risiko Strategik, Risiko Reputasi dan Risiko Hukum. Setiap *Departement Head* dibantu oleh Unit *Policy & Procedure* dan Unit *Assessment & Measurement*.

Risk Officer Coordination (ROC) bertanggung jawab melakukan koordinasi dan supervisi terhadap *Risk Officer* dalam melakukan pemantauan implementasi manajemen risiko di Bank. Dalam menjalankan fungsi pemantauan risiko, ROC dibantu oleh *Risk Superintendent (RS)* pada tingkat Divisi, *Regional Risk Superintendent (RRS)* pada tingkat Kantor Wilayah dan *Branch Risk Officer (BRO)* di Kantor Cabang di bawah koordinasi *Risk Officer Coordination (ROC)* yang bertanggung jawab langsung kepada Kepala *Risk Management Division (RMD)*.

RS dan RRS merupakan pejabat yang bertanggung jawab langsung pada ROC dan bertugas melakukan pemantauan implementasi manajemen risiko di Divisi dan Kantor Wilayah (*Regional Office*) dengan melakukan proses identifikasi, pengukuran, pemantauan dan merekomendasikan pengendalian risiko kepada Divisi dan Kantor Wilayah dimana RS dan RRS bertugas. BRO adalah pejabat yang bertanggung jawab langsung kepada ROC dan bertugas melakukan pemantauan implementasi manajemen risiko di Kantor Cabang dengan melakukan proses identifikasi, pengukuran, pemantauan dan merekomendasikan pengendalian risiko kepada Kantor Cabang dimana BRO bertugas.

44. RISK MANAGEMENT (continued)

Risk Management Division

Risk Management Division (RMD) is a *Risk Management Working Unit (RMWU)* at the Bank, led by a *Division Head* that is responsible directly to the *Risk, Compliance & Strategic Director*. The organizational structure of the RMD consists of the *Market Risk Management Department*, *Credit Risk Management Department*, *Operational Risk Management Department* and *Risk Officer Coordination Department*.

Market Risk Management Department is responsible for managing market risk and liquidity risk. *Credit Risk Management Department* is responsible for credit risk management, while *Operational Risk Management Department* is responsible for managing operational risk, compliance risk, strategic risk, reputational risk and legal risk. The *Department Head* is assisted by *Policy & Procedure Unit* and *Assessment & Measurement Unit*.

Risk Officer Coordination (ROC) has a responsibility in coordinating and supervising the *Risk Officer* during monitoring the implementation of risk management in the Bank. In performing risk monitoring functions, ROC assisted by the *Risk Superintendent (RS)* at the Division level, the *Regional Risk Superintendent (RRS)* at the level of the *Regional Office* and *Branch Risk Officer (BRO)* in the *Branch Office* under the coordination of *Risk Coordination Officer (ROC)* which is directly responsible to the *Head of Risk Management Division (RMD)*.

RS and RRS is directly responsible to the ROC and is responsible for the monitoring of the implementation of risk management in the Division and Regional Office, including the process of identification, measurement, monitoring and recommending risk controls to the Division and Regional office where the RS and RRS is assigned. The BRO is also directly responsible to the ROC and is responsible for the monitoring of the implementation of risk management at branch offices, including the process of identification, measurement, monitoring and recommending risk controls to the branch office where the BRO is assigned.

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44. MANAJEMEN RISIKO (lanjutan)

**Kebijakan dan Prosedur Pengelolaan
Manajemen Risiko**

Bank telah memiliki panduan kebijakan di bidang manajemen risiko yaitu Pedoman Kebijakan Manajemen Risiko (PKMR) di mana di dalamnya telah mencakup ketentuan-ketentuan minimal yang disyaratkan di dalam Peraturan Bank Indonesia. Pengkajian ulang terhadap kebijakan internal juga dilakukan agar sesuai dengan ketentuan terkini dari regulator dengan melakukan *gap analysis* serta mengakomodasi *best practices* yang lazim digunakan untuk meningkatkan kualitas penerapan manajemen risiko.

Sistem informasi manajemen risiko pada tahap awal difokuskan pada pengumpulan dan perbaikan *database* risiko yang diharapkan dapat dikembangkan dan diaplikasikan ke dalam sistem teknologi informasi secara bertahap agar proses pengukuran risiko dan pemantauan risiko dapat dilakukan secara terintegrasi dan dapat disajikan secara tepat waktu.

Profil Risiko

Sesuai PBI No.11/25/PBI/2009 tanggal 1 Juli 2009 tentang Perubahan Atas Peraturan Bank Indonesia No. 5/8/PBI/2003 tentang Penerapan Manajemen Risiko Bagi Bank Umum, RMD menyampaikan laporan profil risiko kepada Otoritas Jasa Keuangan per triwulan yang memuat tentang eksposur risiko kredit, risiko pasar, risiko likuiditas, risiko operasional, risiko kepatuhan, risiko hukum, risiko reputasi dan risiko strategik. Selanjutnya berdasarkan PBI No. 13/1/PBI/2011 tanggal 5 Januari 2011 dan SE BI No. 13/24/DPNP tanggal 25 Oktober 2011 tentang Penilaian Tingkat Kesehatan Bank Umum, meliputi penilaian faktor profil risiko yang meliputi penilaian terhadap risiko inheren dan kualitas penerapan manajemen risiko dalam aktivitas operasional Bank.

Secara umum risiko komposit profil risiko Bank triwulan IV tahun 2015 dan 2014 berada pada peringkat low to moderate, yang tercermin dari tingkat risiko inheren moderate dan tingkat kualitas penerapan manajemen risiko dengan peringkat *satisfactory*. Risiko Inheren meliputi strategi bisnis, karakteristik bisnis, kompleksitas produk dan aktivitas Bank, industri dimana Bank melakukan kegiatan usaha, serta kondisi makro ekonomi. Kualitas Penerapan Manajemen Risiko meliputi tata kelola risiko, kerangka manajemen risiko, proses manajemen risiko, kecukupan sumber daya manusia, dan kecukupan sistem informasi manajemen risiko, serta kecukupan sistem pengendalian risiko.

44. RISK MANAGEMENT (continued)

Risk Management Policies and Procedures

The Bank's risk management policies are formalized in the RMPM. RMPM sets out the minimum requirements based on Bank Indonesia regulations. A regular review is conducted on internal policies to comply with the prevailing regulations from regulatory bodies. Gap analysis are performed and best practices are applied to enhance the quality of the risk management implementation.

The Bank also performs risk management on information systems which focuses on risk database collection and improvement. The data is gradually developed and applied in the information technology system so that risk measurement and monitoring can be integrated into the Bank's risk management on a timely basis.

Risk Profile

In accordance with PBI No.11/25/PBI/2009 dated July 1, 2009 regarding the Amendment to Bank Indonesia Regulation No. 5/8/PBI/2003 on Risk Management for Commercial Banks, RMD submits on a quarterly basis a risk profile report to the Financial Services Authority, which contains exposure to credit risk, market risk, liquidity risk, operational risk, compliance risk, legal risk, reputational risk and strategic risk. Furthermore, based on PBI No. 13/1/PBI/2011 dated January 5, 2011 and SE BI No. 13/24/DPNP dated October 25, 2011 regarding a Bank's health level, the assessment of the risk profile will cover the inherent risk and quality of risk management implementation through the operational activities of the Bank.

In general, the Bank's composite risk profile during the fourth quarter of 2015 and 2014 is low to moderate, which is reflected in the moderate inherent risk level and satisfactory level of quality of risk management implementation. Inherent risks include business strategy, business characteristics, complexity of products and activities of the Bank, the industry in which the Bank conducts business, as well as macroeconomic conditions. The quality of risk management implementation covers risk governance, risk management framework, risk management process, the adequacy of human resources and risk management information systems, as well as the adequacy of the risk management system.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit

Pengelolaan risiko kredit merupakan bagian dari pengelolaan manajemen risiko secara keseluruhan, yang mengacu pada Peraturan Bank Indonesia (PBI) No. 11/25/PBI/2009 tanggal 1 Juli 2009 tentang Perubahan atas Peraturan Bank Indonesia No.5/8/PBI/2003 tentang Penerapan Manajemen Risiko bagi Bank Umum dimana Risiko Kredit merupakan risiko yang terjadi akibat kegagalan debitur dan/atau pihak lain dalam memenuhi kewajiban mereka kepada Bank.

Bank secara teratur meninjau dan memperbarui Pedoman Kebijakan Manajemen Risiko serta Pedoman Kebijakan Kredit dan Pembiayaan

Eksposur Risiko Kredit dipantau sejak proses pemberian kredit sampai dengan jatuh tempo kredit. Pemantauan risiko diantaranya adalah memastikan kepatuhan dengan persyaratan kredit, kecukupan agunan dan penanganan kredit bermasalah.

Pemantauan risiko secara reguler dilakukan oleh RMD, RS, RRS dan BRO untuk memastikan bahwa unit kerja melakukan kegiatan kredit secara konsisten menerapkan ketentuan dan Standar Operasional Prosedur (SOP) sesuai dengan batasan yang ditetapkan oleh Bank.

Langkah strategis lainnya dalam penerapan manajemen risiko kredit Bank adalah dengan melakukan penyebaran risiko kredit dan pengendalian konsentrasi kredit dengan meningkatkan portofolio kredit maupun pembiayaan di luar sektor perumahan (non-housing related).

- (i) Analisa eksposur maksimum terhadap risiko kredit setelah memperhitungkan dampak agunan dan mitigasi risiko kredit lainnya:

Nilai tercatat dari aset keuangan Bank selain kredit yang diberikan menggambarkan eksposur maksimum atas risiko kredit.

44. RISK MANAGEMENT (continued)

Credit Risk

Credit risk management is part of the overall risk management, which is defined in Bank Indonesia Regulation (PBI) No. 11/25/PBI/2009 dated July 1, 2009 regarding the Amendment to Bank Indonesia Regulation No. 5/8/PBI/2003 regarding Risk Management Implementation for Commercial Banks, as the risk arising from the failure of debtors and/or other parties to fulfill their obligations to the Bank.

The Bank regularly reviews and updates the RMPM Guidelines as well as the Credit and Financing Manual Policy.

Credit risk exposure is monitored from the credit granting process until the maturity of the credit. Credit risk monitoring includes, among others, ensuring compliance with the terms of the loan, adequacy of collateral and handling of non-performing loans.

Regular risk monitoring is undertaken by RMD, RS, RRS, and BRO to ensure that the business units carrying out credit activities are consistently implementing regulation and Standard Operating Procedures (SOP) based on the limits set by the Bank.

Another strategic step in the implementation of the Bank's credit risk management is to distribute credit risk and minimize credit concentration by increasing the loan portfolio as well as financing non-housing related sectors.

- (i) *Analysis on maximum exposures against credit risks considering the impact of collateral and other credit risks mitigation:*

The carrying value of the Bank's financial assets other than loans represents its maximum exposure to credit risk.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

- (i) Analisa eksposur maksimum terhadap risiko kredit setelah memperhitungkan dampak agunan dan mitigasi risiko kredit lainnya: (lanjutan)

Bank menetapkan jenis dan nilai agunan yang dijamin sesuai skema kredit dan perkiraan tingkat risiko kredit dari *counterparty* sebagai *second way out* yang ditetapkan. Jenis dari agunan terdiri dari:

- Physical collateral*, berupa tanah dan bangunan.
- Financial collateral*, berupa simpanan (tabungan, giro dan deposito), surat berharga, dan lain-lain.
- Lainnya berupa garansi, lembaga penjamin, dan lain-lain.

Pemberian kredit yang dilaksanakan oleh Bank diatur dalam kebijakan dan prosedur perkreditan dimana untuk setiap jenis atau skema kredit telah ditentukan agunan minimal yang harus dipenuhi.

Untuk segmen kredit komersial yang umumnya merupakan kredit yasa griya, sesuai ketentuan perkreditan wajib dijamin oleh agunan yang memadai. Agunan dapat berupa *physical collateral*, *financial collateral* atau lainnya berupa tagihan usaha atau garansi. Untuk seluruh agunan khususnya *physical collateral* akan dilakukan retaksasi dimana nilai likuidasi atas agunan tersebut yang akan dipergunakan dalam menentukan kecukupan nilai agunan (coverage ratio).

Selain aspek agunan untuk meminimalkan risiko kredit, pemberian kredit oleh Bank selalu dilakukan berdasarkan evaluasi dan analisa kelayakan sehingga kemampuan pengembalian kredit (*first way out*) dapat dipastikan.

Adanya keharusan bagi debitur untuk memenuhi agunan yang dipersyaratkan, evaluasi atas kelayakan kredit, pengikatan kredit secara legal dan prosedur *pre screening* akan menurunkan *credit risk* eksposur Bank ke tingkat yang layak dan dapat diterima.

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

- (i) Analysis on maximum exposures against credit risks considering the impact of collateral and other credit risks mitigation: (continued)

The Bank determined the type and value of collateral according to the loan scheme as well as estimated credit risk level from the counterparty as a determined second way out. The types of collateral are as follows:

- Physical collateral*, such as land and buildings.
- Financial collateral*, such as third party funds (saving deposits, demand deposits and time deposits), securities, etc.
- Others, such as guarantees, guarantee institution, etc.

The loan granting conducted by the Bank is stipulated in the loan policy and procedure in which every loan type or scheme has minimum determinable collaterals that should be fulfilled.

For commercial loans segment which generally represent yasa griya loan, according to the loan policy has to be collateralized adequately. The collaterals can be physical collateral, financial collateral or others such as accounts receivable or guarantees. All collaterals particularly for physical collateral will be assessed in which the collateral's liquidation value will be use in determining the coverage ratio.

In addition collateral aspect to minimize credit risk, loan granting is conducted based on evaluation and feasibility analysis so that the loan repayment ability (*first way out*) can be ascertained.

The necessity for debtors to comply with collaterals requirement, loan feasibility evaluation, notarial agreement and pre screening procedures will decrease the Bank's credit risk exposure to the acceptable level.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit

a) Sektor geografis

Tabel berikut menggambarkan rincian eksposur kredit Bank pada nilai tercatat, yang dikategorikan berdasarkan area geografis pada tanggal 31 Desember 2016 dan 2015. Untuk tabel ini, Bank telah mengalokasikan eksposur area berdasarkan wilayah geografis tempat mereka beroperasi.

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

(ii) Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following tables provide details of the Bank's credit exposures at their carrying amounts, as categorized by geographical region as of December 31, 2016 and 2015. For these tables, the Bank has allocated exposures to the regions based on the geographical area where activities are undertaken.

31 Desember/December 31, 2016

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others**)	Total	
Giro pada Bank Indonesia	10.697.378	-	-	-	-	10.697.378	Current accounts with Bank Indonesia
Giro pada bank lain	316.097	72	5.376	852	391	322.788	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	17.581.350	-	-	-	-	17.581.350	Placements with Bank Indonesia and other banks
Efek-efek	4.186.141	-	-	-	-	4.186.141	Securities
Obligasi Pemerintah	9.243.639	-	-	-	-	9.243.639	Government bonds
Kredit yang diberikan dan piutang/pendanaan syariah							Loans and sharia financing/receivables
Konsumer							Consumer
Pemilikan rumah	-	49.123.438	30.275.261	18.619.391	19.941.294	117.959.384	Housing loan
Non-kepemilikan rumah	-	3.614.168	3.912.525	1.412.244	2.478.207	11.417.144	Non-housing loan
Modal kerja	-	16.055.004	6.448.540	2.824.257	3.421.198	28.748.999	Working capital
Investasi	-	2.479.524	1.500.348	238.852	635.072	4.853.796	Investment
Sindikasi	-	78.801	-	-	-	78.801	Syndicated
Direksi dan karyawan:							Director and Employees
- Pihak ketiga	-	628.853	341.231	161.678	179.333	1.311.095	Third party
- Pihak berelasi	-	44.620	16.553	9.108	6.881	77.162	Related party
Bunga yang masih akan diterima	104.775	704.366	454.542	254.797	346.349	1.864.829	Interest receivable
Aset lain-lain*)	1.194.703	19.326	6.268	7.228	9.970	1.237.495	Other assets*)
Total kotor	43.324.083	72.748.172	42.960.644	23.528.407	27.018.695	209.580.001	Total gross
Cadangan kerugian penurunan nilai						(2.131.957)	Allowances for impairment losses
Neto						207.448.044	Net

31 Desember/December 31, 2015

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others**)	Total	
Giro pada Bank Indonesia	10.986.351	-	-	-	-	10.986.351	Current accounts with Bank Indonesia
Giro pada bank lain	199.985	72	1.975	540	361	202.933	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	7.539.477	300.000	-	-	-	7.839.477	Placements with Bank Indonesia and other banks
Efek-efek	1.819.562	-	-	-	-	1.819.562	Securities
Obligasi Pemerintah	8.230.908	-	-	-	-	8.230.908	Government bonds

*) Terdiri dari tagihan kepada pihak ketiga

**) Lain-lain terdiri dari Kalimantan, Sulawesi, Bali, Maluku dan Papua.

*) Consists of third party receivables

**) Others consists of Kalimantan, Sulawesi, Bali, Maluku and Papua.

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44. MANAJEMEN RISIKO (lanjutan)

44. RISK MANAGEMENT (continued)

Risiko Kredit (lanjutan)

Credit Risk (continued)

(ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)

(ii) Concentration of risks of financial assets with credit risk exposure (continued)

a) Sektor geografis (lanjutan)

a) Geographical sectors (continued)

31 Desember/December 31, 2015

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others**)	Total	
Kredit yang diberikan dan piutang/pembiayaan syariah							Loans and sharia financing/receivables
Konsumer							Consumer
Pemilikan rumah	-	41.164.962	25.203.000	15.009.077	16.429.022	97.806.061	Housing loan
Non-kepemilikan rumah	-	3.516.193	3.854.528	1.443.926	2.512.222	11.326.869	Non-housing loan
Modal kerja	-	12.829.364	5.728.241	2.847.855	3.267.153	24.672.613	Working capital
Investasi	-	2.037.214	1.225.868	332.962	742.373	4.338.417	Investment
Sindikasi	-	79.268	-	-	-	79.268	Syndicated
Direksi dan karyawan:							Director and Employees
- Pihak ketiga	-	319.742	181.765	96.983	98.871	697.361	Third party -
- Pihak berelasi	-	19.694	7.377	3.512	4.632	35.215	Related party -
Bunga yang masih akan diterima	104.690	593.297	372.654	205.139	272.709	1.548.489	Interest receivable
Aset lain-lain*)	608.346	9.683	17.895	2.816	4.931	643.671	Other assets*)
Total kotor	29.489.319	60.869.489	36.593.303	19.942.810	23.332.274	170.227.195	Total gross
Cadangan kerugian penurunan nilai						(2.064.151)	Allowances for impairment losses
Neto						168.163.044	Net

*) Terdiri dari tagihan kepada pihak ketiga

*) Consists of third party receivables

***) Lain-lain terdiri dari Kalimantan, Sulawesi, Bali, Maluku dan Papua.

***) Others consists of Kalimantan, Sulawesi, Bali, Maluku and Papua.

Eksposur risiko kredit atas rekening administratif pada tanggal-tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

Credit risk exposure related to administrative accounts as of December 31, 2016 and 2015 are as follows:

31 Desember/December 31, 2016

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others*)	Total	
Fasilitas kredit yang belum ditarik **)	-	566.221	105.844	20.614	76.172	768.851	Unused loan facilities **)
Garansi yang diterbitkan	-	2.547.725	106.995	50.726	24.705	2.730.151	Guarantees issued
Total	-	3.113.946	212.839	71.340	100.877	3.499.002	Total

31 Desember/December 31, 2015

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others*)	Total	
Fasilitas kredit yang belum ditarik **)	-	412.026	101.576	81.348	22.901	617.851	Unused loan facilities **)
Garansi yang diterbitkan	-	1.149.330	218.680	32.070	59.988	1.460.068	Guarantees issued
Total	-	1.561.356	320.256	113.418	82.889	2.077.919	Total

*) Lain-lain Terdiri dari Kalimantan, Sulawesi, Bali, Maluku dan Papua

*) Others consists of Kalimantan, Sulawesi, Bali, Maluku and Papua

***) Hanya fasilitas kredit komitmen yang belum ditarik

***) Only for committed unused loan facility

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)

b) Sektor industri

Tabel berikut ini menggambarkan rincian eksposur kredit Bank pada nilai tercatat (tanpa memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan sektor industri pada tanggal-tanggal 31 Desember 2016 dan 2015:

31 Desember/December 31, 2016

	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies**)	Perseorangan/ Individuals	Total	
Giro pada Bank Indonesia	10.697.378	-	-	-	-	10.697.378	Current accounts with Bank Indonesia
Giro pada bank lain	-	322.788	-	-	-	322.788	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	17.581.082	268	-	-	-	17.581.350	Placements with Bank Indonesia and other banks
Efek-efek	2.022.752	1.580.341	524.891	58.157	-	4.186.141	Securities
Obligasi Pemerintah	9.243.639	-	-	-	-	9.243.639	Government bonds
Kredit yang diberikan dan pembiayaan/piutang syariah	-	508.601	488.645	29.287.941	134.161.194	164.446.381	Loans and sharia financing/receivables
Bunga yang masih akan diterima	82.716	13.707	8.785	399.385	1.360.236	1.864.829	Interest receivable
Aset lain-lain*)	353.939	206.181	5.293	507.560	164.522	1.237.495	Other assets*)
Total kotor	39.981.506	2.631.886	1.027.614	30.253.043	135.685.952	209.580.001	Total gross
Cadangan kerugian penurunan nilai						(2.131.957)	Allowances for impairment losses
Neto						207.448.044	Net

31 Desember/December 31, 2015

	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies**)	Perseorangan/ Individuals	Total	
Giro pada Bank Indonesia	10.986.351	-	-	-	-	10.986.351	Current accounts with Bank Indonesia
Giro pada bank lain	-	202.933	-	-	-	202.933	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	7.529.477	310.000	-	-	-	7.839.477	Placements with Bank Indonesia and other banks
Efek-efek	1.110.691	153.551	467.095	88.225	-	1.819.562	Securities
Obligasi Pemerintah	8.230.908	-	-	-	-	8.230.908	Government bonds
Kredit yang diberikan dan pembiayaan/piutang syariah	-	14.358	464.489	26.427.249	112.049.708	138.955.804	Loans and sharia financing/receivables
Bunga yang masih akan diterima	94.426	2.522	7.909	239.483	1.204.149	1.548.489	Interest receivable
Aset lain-lain*)	1.675	180.685	-	370.760	90.551	643.671	Other assets*)
Total kotor	27.953.528	864.049	939.493	27.125.717	113.344.408	170.227.195	Total gross
Cadangan kerugian penurunan nilai						(2.064.151)	Allowances for impairment losses
Neto						168.163.044	Net

*) Terdiri dari tagihan kepada pihak ketiga.

***) Termasuk perusahaan yang bergerak di industri perumahan, konstruksi, manufaktur, transportasi, perdagangan dan komunikasi, perdagangan, pertanian, pertambangan dan industri lainnya.

*) Consists of third party receivables.

***) Includes other companies under real estate, construction, manufacturing, transportation, warehousing and communication, trading, farming, mining and other industries.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)

b) Sektor industri (lanjutan)

Eksposur risiko kredit yang terkait dengan unsur rekening administratif adalah sebagai berikut pada tanggal-tanggal 31 Desember 2016 dan 2015:

31 Desember/December 31, 2016

	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies*)	Perseorangan/ Individuals	Total	
Fasilitas kredit yang belum ditarik **)	-	-	16.283	-	752.568	768.851	Unused loan facilities**)
Garansi yang diterbitkan	-	-	-	2.730.151	-	2.730.151	Guarantees issued
Total	-	-	16.283	2.730.151	752.568	3.499.002	Total

31 Desember/December 31, 2015

	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies*)	Perseorangan/ Individuals	Total	
Fasilitas kredit yang belum ditarik **)	-	-	200	549.015	68.636	617.851	Unused loan facilities**)
Garansi yang diterbitkan	-	-	-	1.460.068	-	1.460.068	Guarantees issued
Total	-	-	200	2.009.083	68.636	2.077.919	Total

*) Termasuk perusahaan yang bergerak di industri perumahan, konstruksi, manufaktur, transportasi, pergudangan dan komunikasi, perdagangan, pertanian, pertambangan dan industri lainnya.

**) Hanya fasilitas kredit komitmen yang belum ditarik

*) Includes other companies under real estate, construction, manufacturing, transportation, warehousing and communication, trading, farming, mining and other industries.

**) Only for committed unused loan facility

(iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai

1. Giro pada Bank Lain

(iii) Information about impaired and not impaired financial assets

1. Current Accounts with Other Banks

31 Desember/December 31, 2016

	Tidak mengalami penurunan nilai/ Not Impaired	Mengalami penurunan nilai/ Impaired	Total	
Rupiah	117.971	-	117.971	Rupiah
Mata Uang Asing	203.337	1.480	204.817	Foreign currencies
Total	321.308	1.480	322.788	Total
Cadangan kerugian penurunan nilai			(1.482)	Allowance for impairment losses
Neto			321.306	Net

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai (lanjutan)

1. Giro pada Bank Lain (lanjutan)

31 Desember/December 31, 2015

	Tidak mengalami penurunan nilai/ Not Impaired	Mengalami penurunan nilai/ Impaired	Total
Rupiah	77.075	-	77.075
Mata Uang Asing	124.286	1.572	125.858
Total	201.361	1.572	202.933
Cadangan kerugian penurunan nilai			(1.572)
Neto			201.361

2. Penempatan pada Bank Indonesia dan bank lain

Per 31 Desember 2016 dan 2015, aset keuangan ini tidak mengalami penurunan nilai secara individual maupun kolektif.

3. Efek-efek

31 Desember/December 31, 2016

	Tidak mengalami penurunan nilai/ Not Impaired	Mengalami penurunan nilai/ Impaired	Total
Sertifikat Bank Indonesia	1.179.355	-	1.179.355
Sertifikat Deposito Bank Indonesia	843.397	-	843.397
Obligasi <i>Negotiable certificate of deposits</i>	806.775	7.018	813.793
Reksadana	645.198	-	645.198
<i>Medium Term Notes</i>	82.553	-	82.553
	199.670	-	199.670
Efek Beragunan Aset	422.175	-	422.175
Total	4.179.123	7.018	4.186.141
Cadangan kerugian penurunan nilai			(14.441)
Neto			4.171.700

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

(iii) Information about impaired and not impaired financial assets (continued)

1. Current Accounts with Other Banks (continued)

	Total
Rupiah	77.075
Foreign currencies	125.858
Total	202.933
Allowance for impairment losses	(1.572)
Net	201.361

2. Placements with Bank Indonesia and other banks

As of December 31, 2016 and 2015, these financial assets are not impaired individually as well as collectively.

3. Securities

	Total
Certificates of Bank Indonesia	1.179.355
Deposits Certificates of Bank Indonesia	843.397
Bonds	813.793
<i>Negotiable certificate of deposits</i>	645.198
<i>Mutual Fund</i>	82.553
<i>Medium Term Notes</i>	199.670
Residential Mortgage-Backed Securities	422.175
Total	4.186.141
Allowance for impairment losses	(14.441)
Net	4.171.700

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai (lanjutan)

3. Efek-efek (lanjutan)

31 Desember/December 31, 2015				
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total	
Sertifikat Bank Indonesia	815.977	-	815.977	<i>Certificates of Bank Indonesia</i>
Sertifikat Deposito Bank Indonesia	294.714	-	294.714	<i>Deposits Certificates of Bank Indonesia</i>
Obligasi <i>Negotiable certificate of deposits</i>	205.494	7.018	212.512	<i>Bonds Negotiable certificate of deposits</i>
Reksadana	49.281	-	49.281	<i>Mutual Fund</i>
Efek Beragunan Aset	82.577	-	82.577	<i>Residential Mortgage-Backed Securities</i>
Total	1.812.544	7.018	1.819.562	Total
Cadangan kerugian penurunan nilai			(12.001)	<i>Allowance for impairment losses</i>
Neto			1.807.561	Net

4. Rekening administratif

Per 31 Desember 2016 dan 2015, rekening administratif tidak mengalami penurunan nilai secara individual maupun kolektif.

5. Kredit yang diberikan dan pembiayaan/piutang syariah

Per 31 Desember 2016 dan 2015, aset keuangan ini mengalami penurunan nilai secara individual maupun kolektif sesuai ketentuan dalam PSAK No. 55 dan Peraturan Bank Indonesia (POJK).

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

(iii) Information about impaired and not impaired financial assets (continued)

3. Securities (continued)

4. Administrative account

As of December 31, 2016 and 2015, these administrative account items are not impaired individually as well as collectively.

5. Loans and sharia financing/receivables

As of December 31, 2016 and 2015, these financial assets are impaired subject to individual and collective impairment according to SFAS No. 55 and Bank Indonesia regulations (POJK).

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai (lanjutan)

5. Kredit yang diberikan dan pembiayaan/ piutang syariah (lanjutan)

Ikhtisar kredit yang diberikan dan pembiayaan/ piutang syariah yang diberikan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

(iii) Information about impaired and not impaired financial assets (continued)

5. Loans and sharia financing/receivables (continued)

Loans and sharia financing/receivables, as of December 31, 2016 and 2015, are summarized as follows:

31 Desember/December 31, 2016

	Belum jatuh tempo atau tidak mengalami penurunan nilai/Neither past due nor impaired		Telah jatuh tempo tetapi tidak mengalami penurunan nilai/ Past-due but not impaired	Mengalami penurunan nilai/ Impaired	Total	
	Tingkat tinggi/ High grade	Tingkat standar/ Standard grade				
Perumahan	109.285.897	22.639.567	17.013.930	202.783	149.142.177	Property
Konstruksi	5.285.070	345.898	733.849	43.613	6.408.430	Construction
Jasa-jasa dunia usaha	3.825.560	152.475	861.408	-	4.839.443	Business services
Perdagangan, restoran dan hotel	555.530	234.821	682.485	211.546	1.684.382	Trading, restaurants and hotels
Jasa-jasa sosial	716.810	57.155	92.977	25.154	892.096	Social services
Manufaktur	98.968	25.228	54.447	23.800	202.443	Manufacturing
Transportasi, pergudangan dan komunikasi	66.204	14.070	69.648	23.556	173.478	Transportation, warehousing and communications
Pertanian	15.799	11.365	28.530	26.794	82.488	Farming
Pertambangan	124.843	19.931	49.869	6.298	200.941	Mining
Listrik, gas dan air	22.383	15.283	315	-	37.981	Electricity, gas and water
Lain-lain	589.827	63.734	128.961	-	782.522	Others
Total	120.586.891	23.579.527	19.716.419	563.544	164.446.381	Total
Cadangan kerugian penurunan nilai					(2.116.034)	Allowance for impairment losses
Neto					162.330.347	Net

31 Desember/December 31, 2015

	Belum jatuh tempo atau tidak mengalami penurunan nilai/Neither past due nor impaired		Telah jatuh tempo tetapi tidak mengalami penurunan nilai/ Past-due but not impaired	Mengalami penurunan nilai/ Impaired	Total	
	Tingkat tinggi/ High grade	Tingkat standar/ Standard grade				
Perumahan	83.932.421	23.388.014	17.604.110	291.207	125.215.752	Property
Konstruksi	1.674.084	1.966.805	718.635	47.218	4.406.742	Construction
Jasa-jasa dunia usaha	801.800	2.260.256	620.141	36.638	3.718.835	Business services
Perdagangan, restoran dan hotel	1.142.663	332.576	586.853	135.268	2.197.360	Trading, restaurants and hotels
Jasa-jasa sosial	619.218	88.559	67.299	30.414	805.490	Social services
Manufaktur	165.583	27.691	68.001	19.135	280.410	Manufacturing
Transportasi, pergudangan dan komunikasi	70.045	45.514	78.993	4.938	199.490	Transportation, warehousing and communications
Pertanian	28.994	16.181	57.080	26.794	129.049	Farming
Pertambangan	50.899	14.744	56.597	10.692	132.932	Mining
Listrik, gas dan air	8.507	8.059	8.996	-	25.562	Electricity, gas and water
Lain-lain	1.589.898	64.319	188.060	1.905	1.844.182	Others
Total	90.084.112	28.212.718	20.054.765	604.209	138.955.804	Total
Cadangan kerugian penurunan nilai					(2.050.578)	Allowance for impairment losses
Neto					136.905.226	Net

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44. MANAJEMEN RISIKO (lanjutan)

44. RISK MANAGEMENT (continued)

Risiko Kredit (lanjutan)

Credit Risk (continued)

(iv) Tabel dibawah menunjukkan kualitas aset keuangan berdasarkan golongan aset untuk semua aset keuangan yang mempunyai risiko kredit (cadangan kerugian penurunan nilai bruto):

(iv) The tables below shows the quality of financial assets by class of assets for all financial assets with credit risk (gross of allowance for impairment losses):

	31 Desember/December 31, 2016						
	Belum jatuh tempo dan tidak mengalami penurunan nilai/ <i>neither past due nor impaired</i>	Tingkat Tinggi/ <i>High Grade</i>	Tingkat standar/ <i>Standard grade</i>	Jatuh tempo dan tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total	
Nilai wajar melalui laba rugi							Fair value through profit or loss
Efek	548.521	-	-	-	-	548.521	Securities
Obligasi Pemerintah	1.130.579	-	-	-	-	1.130.579	Government bonds
Tersedia untuk dijual							Available for sale
Efek	3.334.425	-	-	-	5.018	3.339.443	Securities
Obligasi Pemerintah	5.076.450	-	-	-	-	5.076.450	Government bonds
Dimiliki hingga jatuh tempo							Held to maturity
Efek	296.177	-	-	-	2.000	298.177	Securities
Obligasi Pemerintah	3.036.610	-	-	-	-	3.036.610	Government bonds
Kredit dan piutang							Loans and receivables
Giro pada bank Indonesia	10.697.378	-	-	-	-	10.697.378	Current accounts with Bank Indonesia
Giro pada bank lain	321.308	-	-	-	1.480	322.788	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	17.581.350	-	-	-	-	17.581.350	Placements with Bank Indonesia and other banks
Kredit yang diberikan dan piutang/ pembiayaan syariah							Loans and sharia financing/ receivables
Konsumer							Consumer
Pemilikan rumah Non kepemilikan rumah	85.081.655	19.695.034	13.182.695	-	-	117.959.384	Housing loan
Modal kerja	8.574.432	1.499.758	1.342.954	-	-	11.417.144	Non-housing loan
Investasi	22.436.645	1.912.886	4.113.642	285.826	-	28.748.999	Working capital
Sindikasi	3.035.062	468.580	1.072.436	277.718	-	4.853.796	Investment
Direksi dan karyawan	78.801	-	-	-	-	78.801	Syndicated
- Pihak ketiga	1.303.244	3.159	4.692	-	-	1.311.095	Directors and employees
- Pihak yang berelasi	77.052	110	-	-	-	77.162	Third parties - Related parties -
Bunga yang masih akan diterima	1.864.829	-	-	-	-	1.864.829	Interests receivable
Aset lain-lain ^{*)}	-	1.237.495	-	-	-	1.237.495	Other assets ^{*)}
Total	164.474.518	24.817.022	19.716.419	572.042	209.580.001		Total
Cadangan kerugian nilai						(2.131.957)	Allowance for impairment losses
Neto						207.448.044	Net

*) Terdiri dari tagihan kepada pihak ketiga

*) Consists of third party receivables

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Risiko Kredit (lanjutan)

(iv) Tabel dibawah menunjukkan kualitas aset keuangan berdasarkan golongan aset untuk semua aset keuangan yang mempunyai risiko kredit (cadangan kerugian penurunan nilai bruto) (lanjutan):

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

(iv) The tables below shows the quality of financial assets by class of assets for all financial assets with credit risk (gross of allowance for impairment losses) (continued):

	31 Desember/December 31, 2015					
	Belum jatuh tempo dan tidak mengalami penurunan nilai/ neither past due nor impaired	Tingkat Tinggi/ High Grade	Tingkat standar/ Standard grade	Jatuh tempo dan tidak mengalami penurunan nilai/ Past due but not impaired	Mengalami penurunan nilai/ Impaired	
Nilai wajar melalui laba rugi						Fair value through profit or loss
Efek	-	-	-	-	-	Securities
Obligasi Pemerintah	19.267	-	-	-	19.267	Government bonds
Tersedia untuk dijual						Available for sale
Efek	1.456.034	-	-	5.018	1.461.052	Securities
Obligasi Pemerintah	5.111.280	-	-	-	5.111.280	Government bonds
Dimiliki hingga jatuh tempo						Held to maturity
Efek	356.510	-	-	2.000	358.510	Securities
Obligasi Pemerintah	3.100.361	-	-	-	3.100.361	Government bonds
Kredit dan piutang						Loans and receivables
Giro pada bank Indonesia	10.986.351	-	-	-	10.986.351	Current accounts with Bank Indonesia
Giro pada bank lain	201.361	-	-	1.572	202.933	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	7.839.477	-	-	-	7.839.477	Placements with Bank Indonesia and other banks
Kredit yang diberikan dan piutang/ pembiayaan syariah						Loans and sharia financing/ receivables
Konsumer						Consumer
Pemilikan rumah	62.410.332	20.841.981	14.553.748	-	97.806.061	Housing loan
Non kepemilikan rumah	8.174.434	1.557.484	1.594.951	-	11.326.869	Non-housing loan
Modal kerja	16.482.663	4.771.745	3.030.203	388.002	24.672.613	Working capital
Investasi	2.226.486	1.024.694	871.030	216.207	4.338.417	Investment
Sindikasi	79.268	-	-	-	79.268	Syndicated
Direksi dan karyawan						Directors and employees
- Pihak ketiga	678.559	13.969	4.833	-	697.361	Third parties -
- Pihak yang berelasi	32.370	2.845	-	-	35.215	Related parties -
Bunga yang masih akan diterima	1.548.489	-	-	-	1.548.489	Interests receivable
Aset lain-lain ^{*)}	-	643.671	-	-	643.671	Other assets ^{*)}
Total	120.703.242	28.856.389	20.054.765	612.799	170.227.195	Total
Cadangan kerugian nilai					(2.064.151)	Allowance for impairment losses
Neto					168.163.044	Net

*) Terdiri dari tagihan kepada pihak ketiga

*) Consists of third party receivables

Kualitas kredit didefinisikan sebagai berikut:

The credit quality are defined as follows:

Tingkat tinggi

High grade

(a) Giro pada Bank Indonesia, giro pada bank lain, penempatan pada Bank Indonesia dan bank lain yaitu giro atau penempatan pada institusi Pemerintah, transaksi dengan bank yang memiliki reputasi baik dengan tingkat kemungkinan gagal bayar atas kewajiban yang rendah.

(a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with government institution transaction with reputable banks with low probability of default for its liabilities.

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Risiko Kredit (lanjutan)

- (iv) Tabel dibawah menunjukkan kualitas aset keuangan berdasarkan golongan aset untuk semua aset keuangan yang mempunyai risiko kredit (cadangan kerugian penurunan nilai bruto) (lanjutan):

Kualitas kredit didefinisikan sebagai berikut (lanjutan):

Tingkat tinggi (lanjutan)

- (b) Kredit yang diberikan dan piutang/pembiayaan syariah, bunga yang masih akan diterima, dan tagihan kepada pihak ketiga yaitu debitur dengan riwayat pembayaran yang sangat baik dan tidak pernah menunggak sepanjang jangka waktu kredit, debitur dengan tingkat stabilitas dan keragaman yang tinggi, memiliki akses setiap saat untuk memperoleh pendanaan dalam jumlah besar dari pasar terbuka, memiliki kemampuan membayar yang kuat dan rasio-rasio neraca yang konservatif.
- (c) Efek-efek dan obligasi pemerintah yaitu efek-efek yang dikeluarkan oleh Pemerintah RI, efek-efek dan obligasi yang termasuk dalam *investment grade* dengan rating minimal BBB- (Pefindo) atau Baa3 (Moody's).

Tingkat standar

- (a) Giro pada Bank Indonesia, giro pada bank lain, penempatan pada Bank Indonesia dan bank lain yaitu giro atau penempatan pada bank lokal yang tidak terdaftar di bursa.
- (b) Kredit yang diberikan dan piutang/pembiayaan syariah, bunga yang masih akan diterima, dan tagihan kepada pihak ketiga yaitu debitur dengan riwayat pembayaran yang baik dan tidak pernah menunggak 90 hari atau lebih, akses terbatas ke pasar modal atau ke pasar keuangan lainnya, tingkat pendapatan dan kinerja keseluruhan tidak stabil, memiliki kemampuan membayar yang cukup.

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

- (iv) The tables below shows the quality of financial assets by class of assets for all financial assets with credit risk (gross of allowance for impairment losses) (continued):

The credit quality are defined as follows (continued):

High grade (continued)

- (b) Loans and sharia financing/receivables, interests receivables and third party receivables are receivables from borrowers with very satisfactory track record of loan repayment and whose accounts did not turn past due during the term of the loan, borrowers with high degree of stability and diversity, has access to raise substantial amounts of funds through public market at any time, very strong debt service capacity and has conservative statement of financial position ratios.
- (c) Securities and government bonds are Sovereign securities issued by government of RI, investment grade securities and bonds with a rating of at least BBB- (Pefindo) or Baa3 (Moody's).

Standard grade

- (a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with the local banks not listed in the stock exchange.
- (b) Loans and sharia financing/receivables, interests receivables and third party receivables are receivables from borrowers who have an average track record of loan repayment and whose account did not turn past due for 90 days and over, smaller corporations with limited access to public capital markets or to alternative financial market, volatility of earnings and overall performance, debt service capacity is adequate.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(iv) Tabel dibawah menunjukkan kualitas aset keuangan berdasarkan golongan aset untuk semua aset keuangan yang mempunyai risiko kredit (cadangan kerugian penurunan nilai bruto) (lanjutan):

Kualitas kredit didefinisikan sebagai berikut (lanjutan):

Tingkat standar (lanjutan)

- (c) Efek-efek dan obligasi Pemerintah yaitu efek-efek dan obligasi dengan rating antara idBB+ sampai dengan idB (Pefindo) atau Ba1 sampai dengan B2 (Moody's).
- (v) Analisis umur pinjaman yang jatuh tempo tetapi tidak mengalami penurunan nilai pada tanggal 31 Desember 2016 dan 2015, sebagai berikut:

44. RISK MANAGEMENT (continued)

Credit Risk (continued)

(iv) The tables below show the quality of financial assets by class of assets for all financial assets with credit risk (gross of allowance for impairment losses) (continued):

The credit quality are defined as follows (continued):

Standard grade (continued)

- (c) Securities and Government bonds with a rating between idBB+ to idB (Pefindo) or Ba1 to B2 (Moody's).
- (v) The aging analysis of past due but not impaired loans as of December 31, 2016 and 2015, follows:

31 Desember/December 31, 2016						
	1 sampai 90 hari/ 1 to 90 days	91 sampai 120 hari/ 91 to 120 days	121 sampai 180 hari/ 121 to 180 days	lebih dari 180 hari/ More than 180 days	Total	
Konsumer						Consumer
Pemilikan rumah	10.767.222	139.870	224.602	2.051.001	13.182.695	Housing Loan
Non kepemilikan rumah	1.001.546	20.370	32.446	288.592	1.342.954	Non housing loan
Modal kerja	3.018.762	49.469	43.271	1.002.140	4.113.642	Working capital
Investasi	840.907	21.212	12.099	198.218	1.072.436	Investment
Direktur dan karyawan	1.512	186	92	2.902	4.692	Directors and employees
Total	15.629.949	231.107	312.510	3.542.853	19.716.419	Total
Cadangan kerugian nilai					(1.569.473)	Allowance for impairment losses
Neto					18.146.946	Net

31 Desember/December 31, 2015						
	1 sampai 90 hari/ 1 to 90 days	91 sampai 120 hari/ 91 to 120 days	121 sampai 180 hari/ 121 to 180 days	lebih dari 180 hari/ More than 180 days	Total	
Konsumer						Consumer
Pemilikan rumah	11.680.597	138.699	258.851	2.475.601	14.553.748	Housing Loan
Non kepemilikan rumah	1.230.320	21.976	25.866	316.789	1.594.951	Non housing loan
Modal kerja	1.874.952	10.339	27.976	1.116.936	3.030.203	Working capital
Investasi	259.020	40.400	66.119	505.491	871.030	Investment
Direktur dan karyawan	1.970	327	251	2.285	4.833	Directors and employees
Total	15.046.859	211.741	379.063	4.417.102	20.054.765	Total
Cadangan kerugian nilai					(1.698.558)	Allowance for impairment losses
Neto					18.356.207	Net

The original financial statements included herein are in the Indonesian language.

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44. MANAJEMEN RISIKO (lanjutan)

44. RISK MANAGEMENT (continued)

Risiko Kredit (lanjutan)

Credit Risk (continued)

(vi) Mutasi cadangan berdasarkan jenis kredit yang diberikan adalah sebagai berikut:

(vi) Movements in allowance for impairment losses by type of loans are as follows:

31 Desember/December 31, 2016

	Konsumsi/Consumer						
	Pemilikan Rumah/Housing Loan	Non-kepemilikan rumah/Non-Housing Loan	Modal Kerja/Working Capital	Investasi/Investment	Sindikasi/Syndicated	Direksi dan Karyawan/Directors and Employess	
Saldo awal tahun	696.724	73.316	1.024.521	255.125	36	856	Balance at beginning of year
Penyisihan kerugian penurunan nilai selama tahun berjalan	198.191	99.660	262.116	143.785	(5)	1.441	Provision for impairment losses during the year
Penerimaan kembali kredit yang telah dihapus bukukan	6.696	26	10.278	2.489	-	-	Recovery of loans written-off
Penghapusbukuan kredit	(178.478)	(73.052)	(278.610)	(128.796)	-	(285)	Loans written-off
Saldo akhir tahun	723.133	99.950	1.018.305	272.603	31	2.012	Balance at end of year
Penurunan nilai individual	-	-	197.391	172.681	-	-	Individual impairment
Penurunan nilai kolektif	723.133	99.950	820.914	99.922	31	2.012	Collective impairment
Jumlah kotor kredit yang secara individu ditentukan sebagai mengalami penurunan nilai sebelum dikurangi kerugian penurunan nilai atas penilaian secara individual	-	-	285.826	277.718	-	-	Gross amount of loans individually determined to be impaired, before deducting any individually assessed impairment losses

31 Desember/December 31, 2015

	Konsumsi/Consumer						
	Pemilikan Rumah/Housing Loan	Non-kepemilikan rumah/Non-Housing Loan	Modal Kerja/Working Capital	Investasi/Investment	Sindikasi/Syndicated	Direksi dan Karyawan/Directors and Employess	
Saldo awal tahun	776.922	74.860	602.307	115.946	12	136	Balance at beginning of year
Penyisihan kerugian penurunan nilai selama tahun berjalan	100.794	3.997	595.583	197.600	24	720	Provision for impairment losses during the year
Penerimaan kembali kredit yang telah dihapus bukukan	1.867	232	12.463	1.714	-	-	Recovery of loans written-off
Penghapusbukuan kredit	(182.859)	(5.773)	(185.832)	(60.135)	-	-	Loans written-off
Saldo akhir tahun	696.724	73.316	1.024.521	255.125	36	856	Balance at end of year
Penurunan nilai individual	-	-	204.135	87.292	-	-	Individual impairment
Penurunan nilai kolektif	696.724	73.316	820.386	167.833	36	856	Collective impairment
Jumlah kotor kredit yang secara individu ditentukan sebagai mengalami penurunan nilai sebelum dikurangi kerugian penurunan nilai atas penilaian secara individual	-	-	388.002	216.207	-	-	Gross amount of loans individually determined to be impaired, before deducting any individually assessed impairment losses

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Likuiditas

Risiko Likuiditas merupakan risiko akibat ketidakmampuan Bank untuk memenuhi kewajiban yang jatuh tempo dari sumber pendanaan arus kas dan/atau dari aset likuid berkualitas tinggi yang dapat diagunkan, tanpa mengganggu aktivitas dan kondisi keuangan Bank. Ketidakmampuan memperoleh sumber pendanaan arus kas sehingga menimbulkan Risiko Likuiditas dapat disebabkan antara lain oleh:

- a. ketidakmampuan menghasilkan arus kas yang berasal dari aset produktif maupun yang berasal dari penjualan aset termasuk aset likuid; dan/atau
- b. ketidakmampuan menghasilkan arus kas yang berasal dari penghimpunan dana, transaksi antar Bank, dan pinjaman yang diterima.

Secara umum, tujuan utama manajemen risiko untuk risiko likuiditas adalah untuk meminimalkan kemungkinan ketidakmampuan Bank dalam memperoleh sumber pendanaan arus kas. Dengan demikian bank dapat memenuhi setiap kewajiban finansial yang sudah diperjanjikan secara tepat waktu, dan agar senantiasa dapat memelihara tingkat likuiditas yang memadai dan optimal. Kebijakan pengelolaan risiko likuiditas antara lain mencakup pengawasan aktif Dewan Komisaris dan Direksi, yang pada intinya mengatur penerapan Manajemen Risiko likuiditas pada Bank, Kebijakan, Prosedur dan Penetapan Limit yang secara umum mencakup strategi manajemen risiko likuiditas, tingkat risiko yang akan diambil (*risk appetite*) dan toleransi risiko (*risk tolerance*) dan Sistem Informasi Manajemen Risiko serta Sistem Pengendalian Internal dengan menerapkan pengendalian internal dan kaji ulang independen yang memadai terhadap penerapan Manajemen Risiko untuk Risiko likuiditas yang dilaksanakan oleh *Internal Audit Division* (IAD) dan *Risk Management Division* (RMD).

Pengendalian Risiko Likuiditas melalui strategi pendanaan, pengelolaan posisi likuiditas dan pemantauan risiko likuiditas harian, pengelolaan aset likuid yang berkualitas tinggi, dan rencana pendanaan darurat serta penerapan sistem informasi manajemen risiko secara wajar untuk mendukung pelaksanaan proses identifikasi, pengukuran, pemantauan, dan pengendalian, serta pelaporan risiko likuiditas dalam kondisi normal dan kondisi krisis secara lengkap, akurat, terkini dan berkesinambungan.

44. RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk arising from the inability of the Bank to meet the maturing obligations from cash flow funding sources and/or from high-quality liquid assets that can be pledged, without disturbing the activities and financial condition of the Bank. The inability to obtain funding for cash flows resulting to liquidity risk can be contributed, among others, by:

- a. *inability to generate cash flows from productive assets as well as from the sale of assets, including liquid assets; and/or*
- b. *inability to generate cash flows from funding, interbank transactions and fund borrowings.*

In general, the main objective of risk management for liquidity risk is to minimize the possibility of the Bank's inability to obtain source of cash flow funding. Thus, the bank can meet some financial obligations that have been agreed upon in a timely manner, and to always be able to maintain adequate and optimal levels of liquidity. Liquidity risk management policies include the active supervision of the BOC and BOD who basically set the implementation of the Bank's liquidity risk management, policy, procedures and determination of limits, which generally includes the liquidity risk management strategy, level of risk to be taken (risk appetite) and risk tolerance, and risk management process, information systems and internal control systems by implementing internal controls and adequate independent review of the risk management implementation for liquidity risk which are being carried out by the Management and conducted by the Internal Audit Division (IAD) and Risk Management Division (RMD).

Liquidity risk management is being carried out through funding strategy, liquidity positions and monitoring of daily liquidity, management of high quality liquid assets, planning the emergency funding as well as implementation of a sound risk management information system to support the process of identification, measurement, monitoring and control, as well as reporting of liquidity risk under normal and extreme conditions in a comprehensive, accurate, timely and sustainable manner.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Likuiditas (lanjutan)

Alat pengukuran yang digunakan dalam pengukuran Risiko Likuiditas antara lain adalah Rasio Likuiditas, Profil Maturitas, Proyeksi arus kas, dan *stress testing* (pengujian terhadap kemampuan Bank untuk memenuhi kebutuhan likuiditas pada kondisi krisis dengan menggunakan skenario *stress* secara spesifik pada Bank maupun skenario *stress* pada faktor pasar).

Tabel jatuh tempo berikut menyajikan informasi mengenai perkiraan sisa jatuh tempo dari aset dan liabilitas keuangan:

44. RISK MANAGEMENT (continued)

Liquidity Risk (continued)

The tools used in the measurement of liquidity risk among others are liquidity ratio, maturity profile, cash flow projection, and stress testing (testing the Bank's ability to meet liquidity needs on a state of crisis by using the specific stress scenarios on the Bank as well as on the market factor).

The following maturity tables provide information about the expected maturities of the Bank's financial assets and liabilities:

31 Desember/December 31, 2016							
Total	Lainnya/ Others *)	≤ 1 Bulan/ ≤ 1 Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ > 6 - 12 Months	> 12 Bulan/ > 12 Months		
ASET							ASSETS
Kas	1.006.682	-	1.006.682	-	-	-	Cash
Giro pada Bank Indonesia	10.697.378	-	10.697.378	-	-	-	Current accounts with Bank Indonesia
Giro pada bank lain Penempatan pada Bank Indonesia dan bank lain	321.306	(1.482)	322.788	-	-	-	Current accounts with other banks Placements with Bank Indonesia and other banks
Efek-efek Obligasi Pemerintah	17.581.350	-	17.581.350	-	-	-	Securities Government bonds
Kredit yang diberikan dan pembiayaan/piutang syariah	4.171.700	(14.441)	3.887.964	-	28.002	270.175	Loans and sharia financing/receivables
Bunga yang masih akan diterima	9.243.639	-	194.934	1.331.812	193.792	7.523.101	Interest receivable
Aset lain-lain**)	162.330.347	(2.116.034)	2.880.401	4.544.817	5.322.568	151.698.595	Other assets**)
Total	208.454.726	(2.131.957)	39.673.821	5.876.629	5.544.362	159.491.871	Total
LIABILITAS							LIABILITIES
Liabilitas segera ***)	1.817.436	-	1.817.436	-	-	-	Liabilities due immediately***)
Simpanan nasabah	159.987.717	-	107.130.144	18.691.730	1.744.598	32.421.245	Deposits from customers
Simpanan dari bank lain	3.652.735	-	3.599.117	53.218	400	-	Deposits from other banks
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	-	-	-	-	1.385.000	Securities sold under repurchase agreements
Surat berharga yang diterbitkan	14.919.910	-	-	932.111	1.052.384	12.935.415	Securities issued
Pinjaman yang diterima	4.999.616	-	-	3.000.000	1.999.616	-	Fund borrowings
Pinjaman subordinasi	2.999.118	-	-	-	-	2.999.118	Subordinated Loans
Bunga yang masih harus dibayar	382.551	-	382.551	-	-	-	Interest payables
Liabilitas lain-lain****)	3.209.034	-	3.209.034	-	-	-	Other liabilities****)
Total	193.353.117	-	116.138.282	22.677.059	4.796.998	49.740.778	Total
Perbedaan jatuh tempo	15.101.609	(2.131.957)	(76.464.461)	(16.800.430)	747.364	109.751.093	Maturity gap

*) Cadangan kerugian penurunan nilai atas aset keuangan.

**) Terdiri dari tagihan pihak ketiga.

***) Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

****) Terdiri dari setoran jaminan dan dana jaminan pengembang.

*) Allowance for impairment losses on financial assets.

**) Consists of third party receivables.

***) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

****) Consists of guarantee deposits and developers' security deposits.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Likuiditas (lanjutan)

Tabel jatuh tempo berikut menyajikan informasi mengenai perkiraan sisa jatuh tempo dari aset dan liabilitas keuangan (lanjutan):

31 Desember/December 31, 2015

	Total	Lainnya/ Others *)	≤ 1 Bulan/ ≤ 1 Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ > 6 - 12 Months	> 12 Bulan/ > 12 Months	
ASET							ASSETS
Kas	1.181.219	-	1.181.219	-	-	-	Cash
Giro pada Bank Indonesia	10.986.351	-	10.986.351	-	-	-	Current accounts with Bank Indonesia
Giro pada bank lain Penempatan pada Bank Indonesia dan bank lain	201.361	(1.572)	202.933	-	-	-	Current accounts with other banks Placements with Bank Indonesia and other banks
Efek-efek	7.839.477	-	7.839.477	-	-	-	Securities
Obligasi Pemerintah	1.807.561	(12.001)	1.461.052	38.002	-	320.508	Government bonds
Kredit yang diberikan dan pembiayaan/piutang syariah	8.230.908	-	-	26.901	1.285.412	6.918.595	Loans and sharia financing/receivables
Bunga yang masih akan diterima	136.905.226	(2.050.578)	2.858.707	4.183.498	4.151.482	127.762.117	Interest receivable
Aset lain-lain**)	1.548.489	-	1.548.489	-	-	-	Other assets**)
	643.671	-	643.671	-	-	-	
Total	169.344.263	(2.064.151)	26.721.899	4.248.401	5.436.894	135.001.220	Total
LIABILITAS							LIABILITIES
Liabilitas segera ***)	1.599.948	-	1.599.948	-	-	-	Liabilities due immediately***)
Simpanan nasabah	127.708.670	-	102.159.451	15.663.814	7.334.495	2.550.910	Deposits from customers
Simpanan dari bank lain	1.721.198	-	1.173.206	547.592	400	-	Deposits from other banks
Efek-efek yang dijual dengan janji dibeli kembali	2.135.091	-	-	-	750.091	1.385.000	Securities sold under repurchase agreements
Surat berharga yang diterbitkan	12.492.202	-	-	996.844	1.558.806	9.936.552	Securities issued
Pinjaman yang diterima	7.726.728	-	-	1.506.968	4.217.679	2.002.081	Fund borrowings
Bunga yang masih harus dibayar	357.364	-	357.364	-	-	-	Interest payables
Liabilitas lain-lain****)	2.698.574	-	2.698.574	-	-	-	Other liabilities****)
Total	156.439.775	-	107.988.543	18.715.218	13.861.471	15.874.543	Total
Perbedaan jatuh tempo	12.904.488	(2.064.151)	(81.266.644)	(14.466.817)	(8.424.577)	119.126.677	Maturity gap

*) Cadangan kerugian penurunan nilai atas aset keuangan.

***) Terdiri dari tagihan pihak ketiga.

****) Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

*****) Terdiri dari setoran jaminan dan dana jaminan pengembang.

*) Allowance for impairment losses on financial assets.

***) Consists of third party receivables.

****) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

*****) Consists of guarantee deposits and developers' security deposits.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Likuiditas (lanjutan)

Tabel di bawah ini menunjukkan sisa jatuh tempo kontraktual dari liabilitas keuangan berdasarkan pada arus kas yang tidak didiskonto (pokok dan bunga) (tidak diaudit):

31 Desember/December 31, 2016							
Total	On demand	≤ 1 Bulan/ Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ Months	> 12 Bulan/ Months		
LIABILITAS							LIABILITIES
Liabilitas segera *)	1.817.436	-	1.817.436	-	-	-	Liabilities due immediately*)
Simpanan nasabah							Deposits from customers
Deposito berjangka	84.276.338	-	49.424.453	19.860.828	1.853.716	13.137.341	Time deposits
Tabungan	35.987.091	35.987.091	-	-	-	-	Savings deposits
Giro	46.372.502	26.084.959	-	-	-	20.287.543	Demand deposits
Simpanan dari bank lain	3.834.533	14.977	3.819.556	-	-	-	Deposits from other banks
Efek-efek yang dijual							Securities sold under
dengan janji dibeli kembali	1.685.908	-	24.139	24.139	48.277	1.589.353	repurchase agreements
Surat berharga yang							
diterbitkan	16.964.841	-	75.000	1.301.858	1.666.858	13.921.125	Securities issued
Pinjaman yang diterima	5.187.396	-	33.750	3.118.250	2.035.396	-	Fund borrowings
Pinjaman Subordinasi	2.242.500	-	22.500	112.500	135.000	1.972.500	Subordinated Loan
Bunga yang masih harus							
dibayar	382.551	-	382.551	-	-	-	Interest payables
Liabilitas lain-lain**)	3.209.034	-	3.209.034	-	-	-	Other liabilities**)
Total	201.960.130	62.087.027	58.808.419	24.417.575	5.739.247	50.907.862	Total

31 Desember/December 31, 2015							
Total	On demand	≤ 1 Bulan/ Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ Months	> 12 Bulan/ Months		
LIABILITAS							LIABILITIES
Liabilitas segera *)	1.599.948	-	1.599.948	-	-	-	Liabilities due immediately*)
Simpanan nasabah							Deposits from customers
Deposito berjangka	70.377.470	-	42.958.433	16.807.274	7.871.941	2.739.822	Time deposits
Tabungan	31.782.416	31.782.416	-	-	-	-	Savings deposits
Giro	31.677.230	31.677.230	-	-	-	-	Demand deposits
Simpanan dari bank lain	1.875.804	18.271	1.857.533	-	-	-	Deposits from other banks
Efek-efek yang dijual							Securities sold under
dengan janji dibeli kembali	2.715.612	-	40.981	55.924	817.110	1.801.597	repurchase agreements
Surat berharga yang							
diterbitkan	18.529.189	-	75.000	1.458.063	2.131.188	14.864.938	Securities issued
Pinjaman yang diterima	8.243.816	-	-	1.606.821	4.499.032	2.137.963	Fund borrowings
Bunga yang masih harus							
dibayar	357.364	-	357.364	-	-	-	Interest payables
Liabilitas lain-lain**)	2.698.574	-	2.698.574	-	-	-	Other liabilities**)
Total	169.857.423	63.477.917	49.587.833	19.928.082	15.319.271	21.544.320	Total

*) Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

***) Terdiri dari setoran jaminan dan dana jaminan pengembang

*) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

***) Consists of guarantee deposits and developers' security deposits.

Risiko Pasar

Risiko Pasar merupakan risiko pada laporan posisi keuangan dan rekening administratif, akibat perubahan secara keseluruhan dari kondisi pasar.

Market Risk

Market risk is the risk on statement of financial position and administrative accounts, due to changes in overall market conditions.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Pasar (lanjutan)

Dalam melakukan pengukuran risiko pasar, Bank menggunakan perhitungan *Standard Method* yang digunakan untuk menghitung Kewajiban Penyediaan Modal Minimum (KPMM) untuk Risiko Pasar. Risiko nilai tukar yang timbul dari fluktuasi nilai tukar dikelola dengan cara menjaga Posisi Devisa Neto sesuai dengan peraturan Bank Indonesia. Gejala eksternal juga diakomodasi dengan dilakukan *stress testing* untuk melihat sejauh mana Bank dapat bertahan dengan beberapa skenario perubahan kondisi eksternal, khususnya perubahan suku bunga pasar.

Termasuk di dalam risiko pasar adalah risiko perubahan harga instrumen keuangan akibat perubahan faktor-faktor pasar, seperti perubahan suku bunga dan perubahan nilai tukar.

i. Risiko tingkat suku bunga

Risiko tingkat bunga timbul dari adanya kemungkinan bahwa perubahan tingkat suku bunga akan mempengaruhi arus kas di masa yang akan datang dari nilai wajar instrumen keuangan.

Tabel di bawah ini menyajikan informasi mengenai tingkat suku bunga rata-rata per tahun untuk aset dan liabilitas keuangan yang penting untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2016 dan 2015:

Aset	31 Desember/December 31, 2016		31 Desember/December, 2015		Assets
	Rupiah	Mata Uang Asing/ Foreign currencies	Rupiah	Mata Uang Asing/ Foreign currencies	
Giro pada bank lain	0,25%	0,01%	0,63%	0,01%	Current accounts with other Bank
Penempatan pada Bank Indonesia dan Bank Lain	5,89%	-	6,27%	-	Placements with Bank Indonesia and other Banks
Efek-efek	5,71%	-	6,70%	-	Securities
Obligasi Pemerintah					Government bonds
Tingkat bunga tetap	7,84%	4,26%	7,29%	4,21%	Fixed interest rate
Tingkat bunga Mengambang	5,72%	-	5,96%	-	Variable interest rate
Kredit yang diberikan dan Piutang Syariah	12,52%	-	12,35%	-	Loans and sharia financing/receivables
Liabilitas					Liabilities
Simpanan nasabah					Deposits from customers
Giro	1,48%	0,00%	2,40%	0,00%	Demand deposits
Tabungan	4,22%	-	4,08%	-	Savings deposits
Deposito Berjangka	6,33%	0,05%	6,73%	0,05%	Time deposits
Simpanan dari Bank lain					Deposits from other banks
Giro	2,13%	-	1,51%	-	Demand deposits
Deposito Berjangka	6,00%	-	9,09%	-	Time deposits
Inter-bank call money	4,70%	-	5,44%	-	Inter-bank call money
Efek-efek yang dijual dengan janji dibeli kembali	7,31%	-	8,17%	-	Securities sold under repurchase agreements
Surat berharga yang diterbitkan	9,18%	-	9,36%	-	Securities issued
Pinjaman yang diterima					Fund Borrowings
Kredit Likuiditas Bank Indonesia	-	-	0,42%	-	Bank Indonesia Liquidity Loans
Rekening Dana Investasi	-	-	5,51%	-	Investment funds account

44. RISK MANAGEMENT (continued)

Market Risk (continued)

In measuring market risk, the Bank uses the *Standardized Method* in calculating CAR for market risk. Exchange rate risk arises from fluctuations in exchange rates maintained by keeping the net open position in accordance with Bank Indonesia regulations. External shocks are also being considered by stress testing, which is done to measure the extent to which the Bank can survive some scenario changes in external conditions, particularly changes in market interest rates.

Market risk includes the risk of price changes of financial instruments due to changes in market factors, such as changes in interest rates and exchange rates.

i. Interest rate risk

Interest rate risks arise from the possibility that changes in interest rates will affect future cash flows from the fair values of financial instruments.

The following table presents information on the average annual interest rates for significant financial assets and liabilities for the year ended December 31, 2016 and 2015:

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44. MANAJEMEN RISIKO (lanjutan)

44. RISK MANAGEMENT (continued)

Risiko Pasar (lanjutan)

Market Risk (continued)

i. Risiko tingkat suku bunga (lanjutan)

i. Interest rate risk (continued)

Tabel di bawah ini mengikhtisarkan eksposur Bank terhadap risiko tingkat suku bunga (gross) (tidak diaudit):

The tables below summarize the Bank's exposure to interest rate risk (gross) (unaudited):

31 Desember/December 31, 2016

Suku bunga mengambang/Variable interest rate						
	Tidak lebih dari 3 bulan/ Not more than 3 months	Lebih dari 3 bulan tetapi tidak lebih dari 1 tahun/ More than 3 months but less than 1 year	Lebih dari 1 tahun/ More than 1 year	Suku bunga tetap/ Fixed interest rate	Tidak dikenakan bunga/syariah Non-interest bearing/sharia	Total
Aset Keuangan						
Kas	-	-	-	-	1.006.682	1.006.682
Giro pada Bank Indonesia	9.883.127	-	-	-	814.251	10.697.378
Giro pada bank lain	321.988	-	-	-	800	322.788
Penempatan pada Bank Indonesia dan bank lain	-	-	-	15.046.350	2.535.000	17.581.350
Efek-efek	400.474	-	-	3.670.112	115.555	4.186.141
Obligasi Pemerintah	6.051.796	-	-	3.141.015	50.828	9.243.639
Kredit yang diberikan dan piutang /pembiayaan syariah	2.572.610	7.145.191	83.246.893	57.257.266	14.224.421	164.446.381
Bunga yang masih akan diterima Aset lain-lain*)	-	-	-	-	1.864.829	1.864.829
	-	-	-	-	1.237.495	1.237.495
Total aset keuangan	19.229.995	7.145.191	83.246.893	79.114.743	21.849.861	210.586.683
Liabilitas Keuangan						
Liabilitas segera**)	-	-	-	-	1.817.436	1.817.436
Simpanan dari nasabah						
Giro	22.586.453	-	-	20.057.227	3.202.375	45.846.055
Tabungan	32.191.649	-	-	585.186	2.049.373	34.826.208
Deposito berjangka	-	-	-	69.536.953	9.778.501	79.315.454
Simpanan dari bank lain	755.420	-	-	2.888.468	8.847	3.652.735
Surat-surat berharga diterbitkan	-	-	-	14.919.910	-	14.919.910
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	-	-	-	-	1.385.000
Pinjaman yang diterima	-	-	-	4.999.616	-	4.999.616
Pinjaman subordinasi	-	-	-	2.999.118	-	2.999.118
Bunga yang masih harus dibayar	-	-	-	-	382.551	382.551
Liabilitas lain-lain***)	-	-	-	-	3.209.034	3.209.034
Total liabilitas keuangan	56.918.522	-	-	115.986.478	20.448.117	193.353.117
Gap repricing suku bunga-kotor	(37.688.527)	7.145.191	83.246.893	(36.871.735)	1.401.744	17.233.566

31 Desember/December 31, 2015

Suku bunga mengambang/Variable interest rate						
	Tidak lebih dari 3 bulan/ Not more than 3 months	Lebih dari 3 bulan tetapi tidak lebih dari 1 tahun/ More than 3 months but less than 1 year	Lebih dari 1 tahun/ More than 1 year	Suku bunga tetap/ Fixed interest rate	Tidak dikenakan bunga/syariah Non-interest bearing/sharia	Total
Aset Keuangan						
Kas	-	-	-	-	1.181.219	1.181.219
Giro pada Bank Indonesia	10.344.884	-	-	-	641.467	10.986.351
Giro pada bank lain	202.447	-	-	-	486	202.933
Penempatan pada Bank Indonesia dan bank lain	-	-	-	6.606.977	1.232.500	7.839.477
Efek-efek	361.170	-	-	1.312.808	145.584	1.819.562
Obligasi Pemerintah	5.781.806	-	-	2.398.306	50.796	8.230.908
Kredit yang diberikan dan piutang /pembiayaan syariah	2.709.044	5.895.548	85.407.272	33.720.294	11.223.646	138.955.804
Bunga yang masih akan diterima Aset lain-lain*)	-	-	-	-	1.548.489	1.548.489
	-	-	-	-	643.671	643.671
Total aset keuangan	19.399.351	5.895.548	85.407.272	44.038.385	16.667.858	171.408.414
Liabilitas Keuangan						
Liabilitas segera**)	-	-	-	-	-	-
Simpanan dari nasabah						
Giro	22.586.453	-	-	20.057.227	3.202.375	45.846.055
Tabungan	32.191.649	-	-	585.186	2.049.373	34.826.208
Deposito berjangka	-	-	-	69.536.953	9.778.501	79.315.454
Simpanan dari bank lain	755.420	-	-	2.888.468	8.847	3.652.735
Surat-surat berharga diterbitkan	-	-	-	14.919.910	-	14.919.910
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	-	-	-	-	1.385.000
Pinjaman yang diterima	-	-	-	4.999.616	-	4.999.616
Pinjaman subordinasi	-	-	-	2.999.118	-	2.999.118
Bunga yang masih harus dibayar	-	-	-	-	382.551	382.551
Liabilitas lain-lain***)	-	-	-	-	3.209.034	3.209.034
Total liabilitas keuangan	56.918.522	-	-	115.986.478	20.448.117	193.353.117
Gap repricing suku bunga-kotor	(37.688.527)	7.145.191	83.246.893	(36.871.735)	1.401.744	17.233.566

*) Terdiri dari tagihan kepada pihak ketiga.

*) Consists of third party receivables.

**) Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

**) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

***) Terdiri dari setoran jaminan dan dana jaminan pengembang.

***) Consists of guarantee deposits and developers' security deposits.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Pasar (lanjutan)

i. Risiko tingkat suku bunga (lanjutan)

Tabel di bawah ini mengikhtisarkan eksposur Bank terhadap risiko tingkat suku bunga (gross) (tidak diaudit): (lanjutan)

44. RISK MANAGEMENT (continued)

Market Risk (continued)

i. Interest rate risk (continued)

The tables below summarize the Bank's exposure to interest rate risk (gross) (unaudited): (continued)

31 Desember/December 31, 2015						
Suku bunga mengambang/Variable interest rate						
	Tidak lebih dari 3 bulan/ Not more than 3 months	Lebih dari 3 bulan tetapi tidak lebih dari 1 tahun/ More than 3 months but less than 1 year	Lebih dari 1 tahun/ More than 1 year	Suku bunga tetap/ Fixed interest rate	Tidak dikenakan bunga/syariah Non-interest bearing/sharia	Total
Liabilitas Keuangan						
Liabilitas segera**)	-	-	-	-	1.599.948	1.599.948
Simpanan dari nasabah						
Giro	29.152.160	-	-	-	2.216.283	31.368.443
Tabungan	28.953.249	-	-	449.485	1.354.947	30.757.681
Deposito berjangka	-	-	-	58.049.240	7.533.306	65.582.546
Simpanan dari bank lain	14.917	-	-	1.704.519	1.762	1.721.198
Surat-surat berharga diterbitkan	-	-	-	12.492.202	-	12.492.202
Efek-efek yang dijual						
dengan janji dibeli kembali	1.385.000	-	-	750.091	-	2.135.091
Pinjaman yang diterima	-	-	-	7.726.728	-	7.726.728
Bunga yang masih harus dibayar	-	-	-	-	357.364	357.364
Liabilitas lain-lain***)	-	-	-	-	2.698.574	2.698.574
Total liabilitas keuangan	59.505.326	-	-	81.172.265	15.762.184	156.439.775
Gap repricing suku bunga-kotor	(40.105.975)	5.895.548	85.407.272	(37.133.880)	905.674	14.968.639

*) Terdiri dari tagihan kepada pihak ketiga.

***) Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

****) Terdiri dari setoran jaminan dan dana jaminan pengembang.

*) Consists of third party receivables.

***) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

****) Consists of guarantee deposits and developers' security deposits.

Analisis sensitivitas untuk beberapa faktor pasar menunjukkan bagaimana laba atau rugi dan ekuitas dapat dipengaruhi oleh perubahan dari beberapa faktor risiko sesuai dengan tabel dibawah ini. Secara umum, sensitivitas diestimasi dengan membandingkan suatu nilai awal ke nilai tertentu setelah perubahan tertentu dari faktor pasar, dengan mengasumsikan seluruh variabel lainnya tetap. Sensitivitas atas laporan laba rugi dan penghasilan komprehensif lain merupakan efek atas perubahan estimasi suku bunga atas laba rugi untuk suatu periode, berdasarkan nilai suku bunga mengambang atas aset dan liabilitas yang diperdagangkan dan tidak diperdagangkan yang dimiliki Bank pada tanggal-tanggal 31 Desember 2016 dan 2015. Analisis sensitivitas atas ekuitas dihitung dengan menilai kembali perubahan estimasi suku bunga tetap atas aset keuangan yang tersedia untuk dijual pada tanggal-tanggal 31 Desember 2016 dan 2015. Jumlah sensitivitas atas ekuitas didasarkan pada asumsi bahwa terdapat perubahan paralel dalam kurva imbal hasil.

Sensitivity analyses for several market factors showing how profit or loss and equity could be affected by changes in the relevant risk factor are shown in the tables below. In general, sensitivity is estimated by comparing an initial value to the value derived after a specified change in the market factor, assuming all other variables are constant. The sensitivity of the statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates on the profit or loss for a period, based on the variable rate trading and non-trading financial assets and liabilities held by the Bank as of December 31, 2016 and 2015. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets as of December 31, 2016 and 2015 for the effects of the assumed changes in interest rates. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Pasar (lanjutan)

i. Risiko tingkat suku bunga (lanjutan)

Tabel dibawah ini menunjukkan sensitivitas dari laporan laba rugi dan penghasilan komprehensif lain dan ekuitas Bank terhadap kemungkinan perubahan wajar atas suku bunga untuk aset dan liabilitas keuangan dengan suku bunga tetap (tidak diaudit) pada tanggal-tanggal 31 Desember 2016 dan 2015:

31 Desember/December 31, 2016

	Perubahan basis poin/Change in basis point	Dampak ke laporan laba rugi komprehensif/ Impact to Statement of Comprehensive Income	Dampak ke ekuitas/ Impact to Equity	
Rupiah	+125	(3.391)	(80.241)	Rupiah
	+50	(1.404)	(27.276)	
	-50	1.473	28.819	
	-125	3.822	90.250	
Dolar Amerika Serikat	+125	10.228	-	United States Dollar
	+50	4.091	-	
	-50	(4.091)	-	
	-125	(10.228)	-	

31 Desember/December 31, 2015

	Perubahan basis poin/Change in basis point	Dampak ke laporan laba rugi komprehensif/ Impact to Statement of Comprehensive Income	Dampak ke ekuitas/ Impact to Equity	
Rupiah	+50	(139)	(19.407)	Rupiah
	-50	142	20.588	
	+125	(344)	(46.491)	
	-125	359	53.894	
Dolar Amerika Serikat	+50	(264)	-	United States Dollar
	-50	277	-	
	+125	(638)	-	
	-125	717	-	

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Pasar (lanjutan)

i. Risiko tingkat suku bunga (lanjutan)

Tabel dibawah ini menunjukkan sensitivitas dari laporan laba rugi terhadap kemungkinan perubahan wajar atas suku bunga untuk aset dan liabilitas keuangan dengan suku bunga variable (tidak diaudit) pada tanggal-tanggal 31 Desember 2016 dan 2015:

31 Desember/December 31, 2016	
Perubahan basis poin/ Change in basis point	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Rupiah	±125
	±50
	±3.606
	±1.439

31 Desember/December 31, 2015	
Perubahan basis poin/ Change in basis point	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Rupiah	±50
	±125
	±121.211
	±303.027

ii. Risiko Nilai Tukar

Risiko nilai tukar adalah kemungkinan kerugian yang timbul dari perubahan kurs valuta asing. Bank mengelola paparan terhadap pengaruh fluktuasi nilai tukar dengan Posisi Devisa Neto sesuai dengan peraturan OJK (tidak diaudit).

31 Desember/December 31, 2016	
Perubahan persentase nilai tukar mata uang asing/ Percentage change in foreign currency rate	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Dolar Amerika Serikat	±0,30%
	±0,35%
	±136
	±156

44. RISK MANAGEMENT (continued)

Market Risk (continued)

i. Interest rate risk (continued)

The tables below demonstrate the sensitivity of profit or loss to reasonably possible changes in interest rates for variable rate financial assets and liabilities (unaudited) as of December 31, 2016 and 2015:

31 Desember/December 31, 2016	
Perubahan basis poin/ Change in basis point	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Rupiah	±125
	±50
	±3.606
	±1.439

31 Desember/December 31, 2015	
Perubahan basis poin/ Change in basis point	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Rupiah	±50
	±125
	±121.211
	±303.027

ii. Exchange rate risk

Exchange rate risk is the probability of loss to earnings arising from changes in foreign exchange rates. The Bank manages exposure to effects of fluctuations in exchange rates with Net Open Position based on OJK regulations (unaudited).

31 Desember/December 31, 2016	
Perubahan persentase nilai tukar mata uang asing/ Percentage change in foreign currency rate	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
United States Dollar	±0,30%
	±0,35%
	±136
	±156

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Pasar (lanjutan)

ii. Risiko Nilai Tukar (lanjutan)

Risiko nilai tukar adalah kemungkinan kerugian yang timbul dari perubahan kurs valuta asing. Bank mengelola paparan terhadap pengaruh fluktuasi nilai tukar dengan Posisi Devisa Neto sesuai dengan peraturan OJK (tidak diaudit). (lanjutan)

31 Desember/December 31, 2015

	Perubahan persentase nilai tukar mata uang asing/ Percentage change in foreign currency rate	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income	
Dolar Amerika Serikat	±0,30% ±0,35%	±266 ±311	United States Dollar

Sensitivitas atas laporan laba rugi dan penghasilan komprehensif lain merupakan dampak yang diestimasi atas perubahan yang diasumsikan atas perubahan nilai tukar berdasarkan aset dan liabilitas keuangan dalam mata uang asing.

Pada tanggal 31 Desember 2016 dan 2015, dampak atas perubahan nilai tukar mata uang lainnya seperti Pound Sterling Inggris, Euro Eropa, Yen Jepang, Dolar Singapura, Dolar Australia dan Dolar Hongkong tidak material.

Risiko Operasional

Risiko Operasional merupakan risiko akibat ketidakcukupan dan/atau tidak berfungsinya proses internal, kesalahan manusia, kegagalan sistem, dan/atau adanya kejadian-kejadian eksternal yang mempengaruhi operasional Bank.

Risiko Operasional yang timbul harus segera diantisipasi. Pencadangan modal yang dilakukan Bank dihitung berdasarkan kebutuhan modal minimum (CAR) merupakan salah satu langkah antisipasi agar eksposur Risiko Operasional tidak sampai mengganggu permodalan.

Dalam rangka menghitung kebutuhan modal minimum (CAR) untuk risiko operasional, Bank menerapkan Pendekatan Indikator Dasar (Basic Indicator Approach), sesuai Surat Edaran Bank Indonesia Nomor 11/3/DPNP tanggal 27 Januari 2009 perihal Perhitungan Aset tertimbang Menurut Risiko (ATMR) untuk Risiko Operasional Dihitung dengan Pendekatan Indikator Dasar (PID).

44. RISK MANAGEMENT (continued)

Market Risk (continued)

ii. Exchange rate risk (continued)

Exchange rate risk is the probability of loss to earnings arising from changes in foreign exchange rates. The Bank manages exposure to effects of fluctuations in exchange rates with Net Open Position based on OJK regulations (unaudited). (continued)

The sensitivity of the statement of profit or loss and other comprehensive income is the estimated effect of the assumed change in foreign currency exchange rates on income, based on foreign currency denominated assets and liabilities.

As of December 31, 2016 and 2015, the effect of fluctuations in exchange rates of other currencies, such as British Pound Sterling, European Euro, Japanese Yen, Singapore Dollar, Australian Dollar and Hongkong Dollar, is not material.

Operational Risk

Operational risk is a risk arising from the inadequacy and/or failure of internal processes, human error, system failure, and/or the presence of external events that can affect the operations of the Bank.

Operational risk arising should be anticipated. Provision of capital held by bank is calculated based on minimum Capital Adequacy Ratio (CAR) which is one of anticipatory measures in order the operational risk exposure not interfere Bank's capital structure.

In order to calculate the minimum Capital Adequacy Ratio (CAR) for operational risk, the Bank applies the Basic Indicator Approach, in accordance with Bank Indonesia Circular Letter No. 11/3/DPNP dated January 27, 2009 regarding the calculation of Risk Weighted Assets (RWA) for Operational Risk Calculated using Basic Indicator Approach (PID).

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Operasional (lanjutan)

Dalam pemantauan risiko operasional, fungsi *Internal Audit* melaksanakan penilaian terhadap implementasi kebijakan dan prosedur manajemen risiko pada setiap aktivitas fungsional, produk atau layanan baru dan *Risk Management Division* (RMD) berfungsi memastikan proses identifikasi, pengukuran, pemantauan dan pengendalian risiko berjalan dengan efektif pada setiap aktivitas fungsional, produk atau layanan baru.

Dalam rangka melakukan proses identifikasi risiko, saat ini Bank sedang mengembangkan aplikasi *BTN Loss Event Database* (BTN-LED). Aplikasi BTN LED ini dirancang terhubung dengan Kantor Wilayah dan Kantor Cabang. Dengan demikian Kantor Wilayah dan Kantor Cabang dapat secara periodik mengirimkan data *loss event* masing-masing kantor secara *online* melalui media web (web based).

Data yang terkumpul selanjutnya akan diolah dan dianalisis. Dari hasil pengolahan dan analisis tersebut diharapkan akan teridentifikasi peta eksposur risiko yang diperoleh, selanjutnya akan dilakukan langkah mitigasi terhadap eksposur risiko yang teridentifikasi tersebut.

Pengendalian dan mitigasi risiko operasional dilaksanakan oleh seluruh satuan kerja Bank. *Risk Management Division* bertugas untuk memastikan bahwa Bank telah memiliki kebijakan dan prosedur pengendalian dan mitigasi risiko operasional yang memadai yang wajib dipatuhi dan dilaksanakan oleh setiap satuan kerja dalam melaksanakan transaksi dan aktivitas dengan akurat, efisien dan tepat waktu.

Risiko Hukum

Bank melaksanakan identifikasi risiko hukum berdasarkan faktor-faktor penyebab timbulnya risiko yang meliputi tuntutan hukum, tidak adanya peraturan atau regulasi yang mendukung dan kelemahan perjanjian atau perikatan. Di samping itu, setiap divisi bersama-sama dengan *Risk Management Division* dan *Legal Division* secara berkala menganalisis dampak perubahan ketentuan atau peraturan tertentu terhadap eksposur risiko hukum.

Pengukuran risiko hukum dilaksanakan oleh *Risk Management Division* bersama-sama *Legal Division* berdasarkan laporan hasil evaluasi atas analisis kasus-kasus hukum secara individual terhadap liabilitas kontinjensi yang timbul dari tuntutan hukum yang terjadi.

44. RISK MANAGEMENT (continued)

Operational Risk (continued)

In monitoring operational risk, *Internal Audit* performs an assessment of the implementation of risk management policies and procedures at each functional activity, product or new service and the RMD also ensures that the identification, measurement, monitoring and risk control, work effectively on any functional activity, product or new services.

In order to make the process of identifying risks, the Bank is currently developing applications *BTN Loss Event Database* (BTN-LED). The application of LED was designed BTN connected with regional offices and branch offices. Thus regional offices and branch offices can periodically send data loss event each office online through media web (web based).

The Data collected will be processed and analyzed. Processing and analysis of the results are expected to be identified as a risk exposure maps are obtained, further mitigation measures will be performed against the identified risk exposures.

Controlling and mitigating operational risk is conducted by risk taking units within the Bank. The *Risk Management Division* ensures that the Bank has adequate policies and procedures, which must be complied and carried out by each risk taking unit in conducting its daily transactions and activities accurately, efficiently and in a timely manner.

Legal Risk

The Bank identifies legal risk based on its causes which include legal litigation, absence of support in policy or regulation and weak agreement or engagement. At the same time, each division together with *Risk Management Division* and *Legal Division*, analyzes periodically the impact of changes in certain rules and regulations on the Bank's legal risk exposures.

Legal risk measurement is conducted together by *Risk Management Division* and *Legal Division* based on the evaluation report resulting from the analysis of individual legal cases on contingent liabilities arising from legal litigation.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Hukum (lanjutan)

Pemantauan risiko hukum dilaksanakan oleh *Legal Division* untuk mengevaluasi efektivitas dari implementasi kebijakan, prosedur dan kepatuhan terhadap kebijakan, regulasi hukum serta ketentuan limit Bank. Pemantauan dilaksanakan secara berkala terhadap seluruh posisi risiko hukum.

Dalam melaksanakan pengendalian risiko hukum, *Legal Division* memberi masukan hukum dan rekomendasi kepada setiap divisi dan satuan kerja serta melakukan *review* secara berkala terhadap perjanjian dan kontrak kerjasama dengan *counterparty*.

Risiko Reputasi

Identifikasi risiko reputasi dilakukan pada faktor-faktor risiko yang melekat pada aktivitas fungsional yang mencakup keterbukaan (*disclosure requirement*), keluhan nasabah terhadap pelayanan Bank, perilaku karyawan Bank dalam melayani nasabah dan sistem komunikasi Bank.

Pengukuran risiko reputasi dilakukan berdasarkan hasil *assessment* terhadap faktor-faktor risiko reputasi. Risiko reputasi Bank dikelola oleh *Corporate Secretary Division* (CSD) dan dilaporkan ke Bank Indonesia oleh *Customer Care Division* (CCD).

Dalam rangka pemantauan risiko reputasi, dikembangkan aplikasi Sistem Pengaduan Nasabah (SPN) untuk mendukung layanan dan penanganan pengaduan nasabah yang memungkinkan proses penanganan pengaduan secara *online* antar pihak-pihak yang terkait dengan permasalahan di Kantor Cabang dan Kantor Pusat. Hal ini berguna untuk memastikan terjaganya kepuasan nasabah.

Dalam pengendalian risiko reputasi, satuan kerja yang berfungsi sebagai *corporate secretary* bertanggung jawab dalam penerapan kebijakan yang berkaitan dengan penanganan dan penyelesaian berita negatif atau menghindari informasi kontra produktif serta untuk menjalankan fungsi *Public Service Obligation* (PSO) dalam rangka melaksanakan tanggung jawab sosial perusahaan (*corporate social responsibility*).

Kegiatan *Corporate Social Responsibility* tidak terfokus kepada kegiatan *charity* saja, tetapi juga dalam bentuk program yang berkesinambungan. Hal ini dapat diwujudkan dalam bentuk pemberian kredit subsidi dan pelaksanaan Program Kemitraan dan Bina Lingkungan (PKBL).

44. RISK MANAGEMENT (continued)

Legal Risk (continued)

Legal risk monitoring is conducted by Legal Division to evaluate the effectiveness of policies, procedures and compliance with the Bank's policies and prevailing laws and regulations. Periodic monitoring is conducted on all legal risk exposures.

To mitigate legal risk, Legal Division provides legal advice and recommendation to each division and risk taking units and also conducts a regular review of agreements and partnership contracts with counterparties.

Reputational Risk

Reputational risk is identified on inherent risk factors associated to functional activities including disclosure requirements, customer complaints against the Bank, employee attitude when providing services to customers and the Bank's communication systems.

Reputation risk measurement is based on the results of assessment on the reputation risk factors. Bank reputation risk is managed by CSD and being reported to Bank Indonesia by Customer Care Division (CCD).

In order to monitor reputational risk, the Bank developed an application called Customer Complaint System (NES) to support customer service and complaint handling that allows online complaints handling process between the parties related to the issues at branch offices and head office. This will be useful to ensure sustained customer satisfaction.

CSD is responsible for implementing policies related to managing and settling negative issues or avoiding counter-productive information and performs the Public Service Obligation (PSO) function in connection with carrying out corporate social responsibility.

Corporate Social Responsibility is not focused only on charity, but also in the form of a sustainable program. This can be realized in the form of credit subsidies and implementation of the Partnership and Community Development Program (PCDP).

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Strategik

Risiko Strategik merupakan risiko akibat ketidaktepatan Bank dalam pengambilan dan/atau pelaksanaan suatu keputusan strategik serta kegagalan dalam mengantisipasi perubahan lingkungan bisnis. Identifikasi risiko strategik dilakukan berdasarkan atas faktor-faktor risiko strategik pada aktivitas fungsional tertentu, seperti aktivitas perkreditan, treasury dan investasi, serta operasional dan jasa melalui *business plan* yang disusun oleh *Strategy and Performance Management Division* (SPMD) sebagaimana yang dijabarkan dalam Kebijakan Umum Direksi (KUD).

Pengukuran Risiko Strategik dan parameter pengukurannya dilakukan berdasarkan kinerja Bank yaitu dengan membandingkan hasil aktual dengan target yang telah ditetapkan. Pemantauan risiko strategik dilakukan oleh SPMD secara berkala dengan memonitor pencapaian *Key Performance Indicator* dan *risk exposure* dibandingkan dengan *risk appetite* bank.

Selanjutnya, Dewan Komisaris, Direksi, Divisi dan Kantor Cabang mereview strategi dasar yang fokus pada perubahan-perubahan antara lain struktur organisasi Bank, perkreditan komersial, pembiayaan perdagangan, treasury, operasional dan kekuatan serta kelemahan sistem teknologi informasi.

Dalam pengendalian risiko strategik, *Strategy & Performance Management Division* (SPMD) berfungsi menganalisa laporan aktual dan target rencana bisnis dan menyampaikannya kepada Direksi secara berkala.

Risiko Kepatuhan

Risiko Kepatuhan merupakan risiko yang timbul akibat Bank tidak mematuhi dan/atau tidak melaksanakan peraturan perundang-undangan dan ketentuan yang berlaku. Dalam mengidentifikasi risiko kepatuhan, *Compliance Division* (CMPD) melakukan kajian terkait dengan eksposur Risiko Kepatuhan terhadap ketentuan eksternal yang melekat pada ketentuan internal. Di samping itu, CMPD menganalisis kejadian yang menyebabkan timbulnya risiko kepatuhan dan menginformasikan hal tersebut ke RMD dan RMC untuk direview.

44. RISK MANAGEMENT (continued)

Strategic Risk

Strategic risk is the risk arising from the inaccuracies in the decision making and/or the execution of a strategic decision and failure to anticipate changes in the business environment. Strategic Risk identification is based on the strategic risk factors on specific functional activities, such as lending, treasury and investment activities, as well as operations and services through a business plan prepared by the Strategy and Performance Management Division (SPMD) as elaborated in the General Policy of the BOD.

Strategic risk and parameter measurement are based on the Bank's performance by comparing actual results with targets that have been set. Strategic risk monitoring is carried out by SPMD periodically to monitor the achievement of Key Performance Indicator and risk exposure compared to the Bank's risk appetite.

Furthermore, the BOC, BOD, Divisions and Branch Offices are reviewing the basic strategy that focuses on changes in among others, the organizational structure of the Bank, commercial lending, trade finance, treasury, operations and the strengths and weaknesses of information technology systems.

In controlling strategic risk, the Strategy & Performance Management Division (SPMD) analyzes actual results against target and periodically reports to the BOD.

Compliance Risk

Compliance risk is the risk arising from the Bank's inability to comply and/or carry out laws and regulations. In identifying compliance risks, Compliance Division (CMPD) conducts a review regarding compliance risk associated with exposure to external provision inherent in internal regulations. In addition, CMPD analyzes the events that led to the emergence of risk, which are reported to and reviewed by RMD and RMC.

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44. MANAJEMEN RISIKO (lanjutan)

Risiko Kepatuhan (lanjutan)

Dalam rangka meminimalkan timbulnya Risiko Kepatuhan, *Legal Division* (LGD) telah menyediakan portal khusus yang bernama Akses Internal Manajemen Standar (AIMS) untuk memudahkan seluruh unit bisnis melakukan akses terhadap ketentuan internal Bank. Di samping itu, *Compliance Division* melakukan *monitoring* terhadap kejadian-kejadian yang menyebabkan timbulnya risiko kepatuhan dan menginformasikan hal tersebut ke RMD.

Pengukuran risiko kepatuhan dilakukan untuk mengukur potensi kerugian yang disebabkan oleh ketidakpatuhan dan ketidakmampuan Bank dalam memenuhi ketentuan yang berlaku. Besarnya risiko kepatuhan diestimasi berdasarkan kemampuan Bank untuk memenuhi seluruh peraturan pada waktu yang lampau dan yang akan datang. Kegiatan-kegiatan ini termasuk mereview semua penalti, litigasi, dan keluhan yang pernah diterima Bank.

Dalam pemantauan risiko kepatuhan, RMD dan CMPD bertugas untuk mengevaluasi efektivitas implementasi manajemen risiko dengan memantau secara berkala seluruh jenis kegiatan yang berpotensi menimbulkan risiko kepatuhan.

Secara berkala, IAD melakukan pemantauan terhadap hasil tindak lanjut audit baik dari intern maupun ekstern. BRO memastikan bahwa kantor cabang telah menyelesaikan temuan/hasil pemeriksaan tersebut.

45. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN

Tabel di bawah ini menyajikan perbandingan antara nilai tercatat dan nilai wajar dari semua aset dan liabilitas keuangan. Nilai wajar yang diungkapkan adalah berdasarkan informasi relevan yang tersedia pada tanggal 31 Desember 2016 dan 2015, dan tidak diperbaharui untuk mencerminkan perubahan dalam kondisi pasar yang telah terjadi setelah tanggal ini.

	31 Desember/December 31, 2016		31 Desember/December 31, 2015		
	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	
<u>Aset Keuangan</u>					<u>Financial Assets</u>
Kas	1.006.682	1.006.682	1.181.219	1.181.219	Cash
Nilai wajar melalui					Fair value through
laba rugi					profit or loss
Efek-efek	548.521	548.521	-	-	Securities
Obligasi Pemerintah	1.130.579	1.130.579	19.267	19.267	Government bonds

44. RISK MANAGEMENT (continued)

Compliance Risk (continued)

In order to minimize the Compliance Risk, *Legal Division* (LGD) has provided a special access called *Internal Access Management Standards* (AIMS) for easy access to the internal regulations of the Bank for the entire business units. In addition, *CMPD* monitors the events that contributed to compliance risk and reports these matters to RMD.

Compliance risk is assessed by measuring the potential loss caused by the Bank's non-compliance or inability to comply with prevailing regulations. The level of compliance risk is estimated based on the Bank's ability to comply with prevailing and upcoming regulations. These activities include reviewing all penalties, litigations and complaints received by the Bank.

In monitoring compliance risk, RMD and CMPD are responsible to evaluate the effectiveness of the implementation of risk management by monitoring regularly all kinds of activities that could potentially pose a compliance risk.

Periodically, IAD monitors and follow-up results of both internal and external audits. BRO ensures that the branch offices have completed the findings/results of the related audit.

45. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below summarizes the comparison between the carrying amounts and fair values of all financial assets and liabilities of the Bank. The fair values disclosed are based on relevant information available as of December 31, 2016 and 2015 and are not updated to reflect changes in market conditions which have occurred after these dates.

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45. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)

Tabel di bawah ini menyajikan perbandingan antara nilai tercatat dan nilai wajar dari semua aset dan liabilitas keuangan. Nilai wajar yang diungkapkan adalah berdasarkan informasi relevan yang tersedia pada tanggal 31 Desember 2016 dan 2015, dan tidak diperbaharui untuk mencerminkan perubahan dalam kondisi pasar yang telah terjadi setelah tanggal ini (lanjutan).

45. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The table below summarizes the comparison between the carrying amounts and fair values of all financial assets and liabilities of the Bank. The fair values disclosed are based on relevant information available as of December 31, 2016 and 2015 and are not updated to reflect changes in market conditions which have occurred after these dates (continued).

	31 Desember/December 31, 2016		31 Desember/December 31, 2015		
	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	
Aset Keuangan (lanjutan)					Financial Assets (continued)
Tersedia untuk dijual					Available for sale
Efek-efek	3.332.913	3.332.913	1.455.444	1.455.444	Securities
Obligasi Pemerintah	5.076.450	5.076.450	5.111.280	5.111.280	Government bonds
Dimiliki hingga jatuh tempo					Held to maturity
Efek-efek	290.266	293.138	352.117	355.439	Securities
Obligasi Pemerintah	3.036.610	3.029.076	3.100.361	3.034.778	Government bonds
Kredit yang diberikan dan piutang					Loans and Receivable
Giro pada Bank Indonesia	10.697.378	10.697.378	10.986.351	10.986.351	Current accounts with Bank Indonesia
Giro pada bank lain	321.306	321.306	201.361	201.361	Current accounts with other Bank
Penempatan pada Bank Indonesia dan Bank Lain	17.581.350	17.581.350	7.839.477	7.839.477	Placements with Bank Indonesia and other Banks
Kredit yang diberikan dan Piutang Syariah					Loans and sharia financing/ receivables
Konsumer					Consumer
Pemilikan rumah	117.236.251	116.280.103	97.109.337	97.007.902	Housing loan
Non-kepemilikan Rumah	11.317.194	11.317.194	11.253.553	11.253.553	Non-housing loan
Modal kerja	27.730.694	27.730.694	23.648.092	23.648.092	Working capital
Investasi	4.581.193	4.581.193	4.083.292	4.083.292	Investment
Sindikasi	78.770	78.770	79.232	79.232	Syndicated
Direksi dan karyawan	1.386.245	1.386.245	731.720	731.720	Directors and employees
Bunga yang masih akan diterima	1.864.829	1.864.829	1.548.489	1.548.489	Interest receivable
Aset lain-lain*)	1.237.495	1.237.495	643.671	643.671	Other assets*)
Total aset keuangan	208.454.726	207.493.916	169.344.263	169.180.567	Total financial assets
Liabilitas Keuangan					Financial Liabilities
Liabilitas segera**)	1.817.436	1.817.436	1.599.948	1.599.948	Current liabilities**)
Simpanan nasabah					Deposits from customers
Giro	45.846.055	45.846.055	31.368.443	31.368.443	Demand deposits
Tabungan	34.826.208	34.826.208	30.757.681	30.757.681	Savings deposits
Deposito Berjangka	79.315.454	79.315.454	65.582.546	65.582.546	Time deposits
Simpanan dari Bank Lain					Deposits from other banks
Giro	11.972	11.972	14.016	14.016	Demand deposits
Tabungan	2.295	2.295	2.663	2.663	Savings deposits
Deposito Berjangka	2.888.468	2.888.468	1.429.519	1.429.519	Time deposits
Interbank call money	750.000	750.000	275.000	275.000	Interbank call money
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	1.385.000	2.135.091	2.135.091	Securities sold under repurchase agreements
Surat berharga yang Diterbitkan	14.919.910	15.103.367	12.492.202	12.654.578	Securities issued
Pinjaman yang diterima	4.999.616	4.999.616	7.726.728	7.726.728	Fund Borrowings
Pinjaman Subordinasi	2.999.118	2.999.118	-	-	Subordinated Loan
Bunga yang masih harus dibayar	382.551	382.551	357.364	357.364	Interest payables
Liabilitas lain-lain***)	3.209.034	3.209.034	2.698.574	2.698.574	Other liabilities***)
Total liabilitas keuangan	193.353.117	193.536.574	156.439.775	156.602.151	Total financial liabilities

*) Terdiri dari tagihan pihak ketiga.
**) Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.
***) Terdiri dari setoran jaminan dan dana jaminan pengembang.

*) Consists of third party receivables.
**) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.
***) Consists of guarantee deposits and developers' security deposits.

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45. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)

Tabel di bawah ini menyajikan instrumen keuangan yang diakui pada nilai wajar berdasarkan hirarki yang digunakan Bank untuk menentukan dan mengungkapkan nilai wajar dari instrumen keuangan:

- (i) Tingkat 1: harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran;
- (ii) Tingkat 2: input selain harga kuotasian yang termasuk dalam level 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung atau tidak langsung;
- (iii) Tingkat 3: input yang tidak dapat diobservasi untuk aset dan liabilitas.

45. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The tables below show the financial instruments recognized at fair value based on the hierarchy used by the Bank in determining and disclosing the fair value of financial instruments:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible at the measurement date;
- (ii) Level 2: inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly or indirectly;
- (iii) Level 3: inputs that are not observable for the assets and liabilities.

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	Nilai Wajar/ Fair Value	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
Aset Keuangan					Financial Assets
Nilai wajar melalui laba rugi					Fair value through profit or loss
Efek-efek	548.521	548.521	-	-	Securities
Obligasi Pemerintah	1.130.579	1.130.579	-	-	Government bonds
Total nilai wajar melalui laporan laba rugi	1.679.100	1.679.100	-	-	Total fair value through profit or loss
Tersedia untuk dijual					Available-for-sale
Efek-efek	3.332.913	3.332.913	-	-	Securities
Obligasi Pemerintah	5.076.450	5.076.450	-	-	Government bonds
Total tersedia untuk dijual	8.409.363	8.409.363	-	-	Total available-for-sale
Dimiliki hingga jatuh tempo					Held-to-maturities
Efek-efek	293.138	293.138	-	-	Securities
Obligasi Pemerintah	3.029.076	3.029.076	-	-	Government bonds
Total dimiliki hingga jatuh tempo	3.322.214	3.322.214	-	-	Total held-to-maturities
Kredit yang diberikan dan piutang					Loan and receivables
Kredit yang diberikan, piutang dan pembiayaan syariah	161.374.199	-	160.810.655	563.544	Loan and sharia financing receivables
Liabilitas Keuangan					Financial Liabilities
Surat berharga yang Diterbitkan	15.103.367	-	15.103.367	-	Securities issued

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45. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)

Tabel di bawah ini menyajikan instrumen keuangan yang diakui pada nilai wajar berdasarkan hirarki yang digunakan Bank untuk menentukan dan mengungkapkan nilai wajar dari instrumen keuangan: (lanjutan)

45. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The tables below show the financial instruments recognized at fair value based on the hierarchy used by the Bank in determining and disclosing the fair value of financial instruments: (continued)

	31 Desember/December 31, 2015				
	Nilai Wajar/ Fair Value	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
Aset Keuangan					Financial Assets
Nilai wajar melalui laba rugi					Fair value through profit or loss
Obligasi Pemerintah	19.267	19.267	-	-	Government bonds
Total nilai wajar melalui laporan laba rugi	19.267	19.267	-	-	Total fair value through profit or loss
Tersedia untuk dijual					Available-for-sale
Efek-efek	1.455.444	1.455.444	-	-	Securities
Obligasi Pemerintah	5.111.280	5.111.280	-	-	Government bonds
Total tersedia untuk dijual	6.566.724	6.566.724	-	-	Total available-for-sale
Dimiliki hingga jatuh tempo					Held-to-maturities
Efek-efek	355.439	355.439	-	-	Securities
Obligasi Pemerintah	3.034.778	3.034.778	-	-	Government bonds
Total dimiliki hingga jatuh tempo	3.390.217	3.390.217	-	-	Total held-to-maturities
Kredit yang diberikan dan piutang					Loan and receivables
Kredit yang diberikan, piutang dan pembiayaan syariah	136.803.791	-	136.199.582	604.209	Loan and sharia financing receivables
Liabilitas Keuangan					Financial Liabilities
Surat berharga yang Diterbitkan	12.654.578	-	12.654.578	-	Securities issued

- a. Nilai wajar aset dan kewajiban keuangan tertentu, kecuali efek-efek dan Obligasi Pemerintah yang dimiliki hingga jatuh tempo, kredit yang diberikan, pinjaman yang diterima, dan surat berharga yang diterbitkan, mendekati nilai tercatatnya karena mempunyai jangka waktu jatuh tempo yang singkat.

Estimasi nilai wajar terhadap aset keuangan tertentu ditetapkan berdasarkan diskonto arus kas dengan menggunakan suku bunga pasar uang yang berlaku untuk utang dengan risiko kredit dan sisa jatuh tempo yang serupa.

Estimasi nilai wajar terhadap kewajiban keuangan tertentu yang tidak memiliki kuotasi di pasar aktif ditetapkan berdasarkan diskonto arus kas dengan menggunakan suku bunga utang baru dengan sisa jatuh tempo yang serupa.

- a. The fair values of certain financial assets and liabilities, except for securities and Government Bonds classified as held to maturity, loans, fund borrowings, and marketable securities issued approximate to their carrying values due to their short-term maturities.

The estimated fair values of certain financial assets are determined based on discounted cash flows using money market interest rates for debt instruments with similar credit risk and remaining maturities.

The estimated fair values of certain financial obligations which are not quoted in an active market are determined based on discounted cash flows using interest rates of instruments with similar remaining maturities.

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45. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)

b. Kredit yang diberikan

Portofolio kredit Bank secara umum terdiri dari kredit yang diberikan dengan suku bunga mengambang dan kredit yang diberikan dengan jangka pendek dengan suku bunga tetap. Kredit yang diberikan dinyatakan berdasarkan *amortized cost*. Nilai wajar dari kredit yang diberikan menunjukkan nilai diskon dari perkiraan arus kas masa depan yang diharapkan akan diterima oleh Bank dengan menggunakan suku bunga pasar saat ini.

Nilai tercatat dari kredit yang diberikan dengan suku bunga mengambang dan nilai tercatat atas kredit jangka pendek dengan suku bunga tetap adalah perkiraan yang layak atas nilai wajar.

c. Efek-efek dan Obligasi Pemerintah

Nilai wajar untuk surat-surat berharga dan Obligasi Pemerintah yang dimiliki hingga jatuh tempo ditetapkan berdasarkan harga pasar atau harga kuotasi perantara (broker) /pedagang efek (dealer). Jika informasi ini tidak tersedia, nilai wajar diestimasi dengan menggunakan harga pasar kuotasi efek yang memiliki karakteristik kredit, jatuh tempo dan *yield* yang serupa atau dinilai dengan menggunakan metode penilaian internal.

d. Surat-surat berharga yang diterbitkan dan pinjaman yang diterima

Nilai wajar agregat berdasarkan model diskonto arus kas menggunakan tingkat suku bunga pasar untuk sisa periode jatuh temponya.

46. LABA PER SAHAM

Rekonsiliasi faktor-faktor penentu perhitungan laba per saham dasar dan dilusian untuk tahun yang berakhir tanggal 31 Desember 2016 dan 2015, adalah sebagai berikut:

	31 Desember/ December 31, 2016	
(i) Laba tahun berjalan	2.618.905	(a)
(ii) Rata-rata tertimbang saham biasa yang beredar	10.588.715.811	(b)
(iii) Laba per saham dasar	247	(a/b)
(iv) Dampak dilusi dari MESOP I	-	(c)
MESOP II	-	
MESOP III	442.623	
(v) Rata-rata tertimbang saham biasa yang beredar setelah dilusi	10.589.158.434	(d = b + c)
(vi) Laba per saham dilusian	247	(a/d)

45. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

b. Loans

Generally, the Bank's loan portfolio consists of loans with variable interest rate and short-term loans with fixed interest rate. Loans are stated at amortized cost. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received by the Bank using the current market rates.

The carrying amounts of variable rate loans and short-term fixed rate loans are the reasonable approximation of their fair values.

c. Securities and Government Bonds

The fair values of held-to-maturity marketable securities and Government Bonds are based on the market prices or broker/dealer price quotations. When this information is not available, the fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation model.

d. Securities issued and fund borrowings

The aggregate fair values are based on discounted cash flow model using current market rate for the remaining term to maturity.

46. EARNINGS PER SHARE

The reconciliation of the factors used in calculating the basic and diluted earnings per share, for the year ended December 31, 2016 and 2015, are as follows:

Income for the year	(i)
Weighted average	(ii)
number of shares outstanding	
Basic earnings per share	(iii)
Effects of dilution from:	(iv)
MESOP I	
MESOP II	
MESOP III	
Weighted average number of	(v)
shares outstanding after dilution	
Diluted earnings per share	(vi)

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46. LABA PER SAHAM (lanjutan)

Rekonsiliasi faktor-faktor penentu perhitungan laba per saham dasar dan dilusian untuk tahun yang berakhir tanggal 31 Desember 2016 dan 2015, adalah sebagai berikut (lanjutan):

	31 Desember/ December 31, 2015		
(i) Laba tahun berjalan	1.850.907	(a)	<i>Income for the year (i)</i>
(ii) Rata-rata tertimbang saham biasa yang beredar	10.573.170.280	(b)	<i>Weighted average (ii) number of shares outstanding</i>
(iii) Laba per saham dasar	175	(a/b)	<i>Basic earnings per share (iii)</i>
(iv) Dampak dilusi dari		(c)	<i>Effects of dilution from: (iv)</i>
MESOP I	-		<i>MESOP I</i>
MESOP II	-		<i>MESOP II</i>
MESOP III	277.751		<i>MESOP III</i>
(v) Rata-rata tertimbang saham biasa yang beredar setelah dilusi	10.573.448.031	(d = b + c)	<i>Weighted average number of (v) shares outstanding after dilution</i>
(vi) Laba per saham dilusian	175	(a/d)	<i>Diluted earnings per share (vi)</i>

46. EARNINGS PER SHARE (continued)

The reconciliation of the factors used in calculating the basic and diluted earnings per share, for the year ended December 31, 2016 and 2015, are as follows (continued):

47. PERNYATAAN STANDAR AKUNTANSI KEUANGAN YANG DIKELUARKAN DAN DIREVISI

Berikut ini ikhtisar beberapa Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK) yang diterbitkan oleh Dewan Standar Akuntansi Keuangan (DSAK) - IAI yang relevan untuk Bank, namun belum berlaku efektif untuk laporan keuangan 31 Desember 2016:

Efektif berlaku pada atau setelah tanggal 1 Januari 2017:

- a. Amandemen PSAK 1, "Penyajian Laporan Keuangan tentang Prakarsa Pengungkapan", memberikan klarifikasi terkait penerapan persyaratan materialitas, fleksibilitas urutan sistematis catatan atas laporan keuangan dan pengidentifikasian kebijakan akuntansi signifikan. Amandemen PSAK 1 ini juga mengakibatkan amandemen terhadap PSAK (consequential amendment) sebagai berikut: PSAK 3 "Laporan Keuangan Interim", PSAK 5 "Segmen Operasi", PSAK 60 "Instrumen Keuangan: Pengungkapan", dan PSAK 62 "Kontrak Asuransi".

47. REVISED AND ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

The following summarizes the Several Statement of Financial Accounting Standards (SFAS) and the Interpretation of Financial Accounting Standards (IFAS) which were issued by the Financial Accounting Standards Board (FASB) and are relevant to the Bank, but not yet effective to the Bank on financial statements as of December 31, 2016:

Effective on or after January 1, 2017:

- a. Amendment SFAS 1, "Presentation of Financial Statements", have given clarification regarding materiality, hierarchy flexibility, systematic notes for financial statements and identification of significant accounting policy. Amendment SFAS 1 have impacted other SFAS (consequential amendment) such as: SFAS 3 "Interim Financial Reporting", SFAS 5 "Operating Segments", SFAS 60 "Financial Instruments: Disclosures", and SFAS 62 "Insurance Contract".

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2016 dan untuk
Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2016
and for the Year Then Ended
(Expressed in millions of Rupiah,
unless otherwise stated)**

48. INFORMASI TAMBAHAN

- a. Pada tanggal 31 Desember 2016 dan 2015, rasio aset produktif yang diklasifikasikan *non-performing* terhadap jumlah aset produktif (*non-performing ratio*) masing-masing adalah sebesar 2,64% dan 3,20%.
- b. Pada tanggal 31 Desember 2016 dan 2015, Rasio jumlah cadangan kerugian penurunan nilai aset keuangan yang telah dibentuk berdasarkan PSAK No. 55 (Revisi 2014) terhadap jumlah minimum cadangan kerugian penurunan nilai aset keuangan sesuai ketentuan Bank Indonesia masing-masing sebesar 60,24% dan 77,35%.
- c. Baru-baru ini Bank telah mengidentifikasi dugaan pemalsuan bilyet deposito Bank dan dari hasil pemeriksaan Bank menunjukkan bahwa terdapat beberapa bilyet deposito Bank yang diduga dipalsukan oleh pihak lain di luar Bank sehingga tidak tercatat dalam sistem Bank. Bank telah melaporkan kasus tersebut kepada pihak berwajib dan saat ini sedang dalam proses penyidikan sehingga jumlah pasti atas potensi kerugian dari kasus tersebut belum dapat ditentukan. Sebagai bentuk penerapan prinsip kehati-hatian, Bank telah membentuk cadangan atas potensi kerugian operasional sebesar Rp258,5 miliar pada tahun 2016.

49. PENYELESAIAN LAPORAN KEUANGAN

Manajemen Bank bertanggung jawab penuh terhadap penyajian laporan keuangan terlampir yang diselesaikan dan disetujui untuk diterbitkan pada tanggal 10 Februari 2017.

48. ADDITIONAL INFORMATION

- a. As of December 31, 2016 and 2015, the Bank's *non-performing assets to total earning assets (non-performing ratio)* are 2.64% and 3.20%, respectively.
- b. As of December 31, 2016 and 2015, the ratio of allowance for impairment losses on financial assets based on SFAS No. 55 (Revised 2014) to minimum allowance for impairment losses based on Bank Indonesia regulation is 60.24% and 77.35%, respectively.
- c. Recently, the Bank has identified an indication of forged transaction in the Bank's certificate of time deposits and based on the Bank's investigation, there were several Bank's certificate of time deposits forged by third party, therefore it is not recorded in the Bank's system. The Bank has reported this case to the authority and currently it is in the process of investigation therefore the definite amount of potential loss from this case still can not be determine yet. In view of implementation of prudential banking principle, the Bank has provided allowance for potential operational losses amounting to Rp258.5 billion in year 2016.

49. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Bank is fully responsible for the preparation of the accompanying financial statements which were completed and authorized for issue on February 10, 2017.

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REFERENCE TO THE FINANCIAL SERVICES AUTHORITY REGULATION

No	Criteria	Explanation	Pages
I. General			
1	Written in good and correct Indonesian, it is recommended to present the report as well as in English		✓
2	The Annual Report is Printed with good quality using readable type and size of font		✓
3	The Annual Report is posted in the Company's website	Includes the latest annual report and at least the last 4 years.	✓
4	The annual report presents clear identity of the company shall be made in such a way that is easy to read. Pictures, graphs, tables and charts by mentioning the title and /or description clearly	Company name and the year of the Annual Report are shown in: 1.Front cover; 2.Side margin; 3.Back cover; and 4.Each page.	✓
II. Financial Highlights			
1.	Information of the Company's business performance, Financial information in comparative form over a period of 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years	The information includes: 1. Revenues 2. Gross Income 3. Income (Loss) 4. Total income (loss) for the year to equity holder and non-controlling interest 5. Total comprehensive income (loss) 6. Total comprehensive income (loss) for the year to equity holder and non-controlling interest 7. Income (loss) per share 8. Total assets 9. Total liability 10. Total equity 11. Total investments in associates; 12. Income (loss) ratio to the total asset 13. Income (loss) ratio to the equity 14. Income (loss) ratio to the revenues 15. Current ratio 16. Liability ratio to the equity 17. Liability ratio to the total asset 18. Other information and financial ratios relevant to the company and its industry	20-29

No	Criteria	Explanation	Pages
2.	The annual report must include information regarding the shares issued for each quarter in the period of 2 (two) financial years (if any)	<p>Information includes:</p> <ol style="list-style-type: none"> 1. Number of outstanding share 2. Information in the form of a table that contains : <ol style="list-style-type: none"> a. Market capitalization based on the price at the Stock Exchange where the shares are listed; b. The highest, lowest, and closing prices are based on the price at the Stock Exchange where the shares are listed; and c. Stock trading volume on the Stock Exchange where the shares are listed. 3. Information in the form of a graph containing at least : <ol style="list-style-type: none"> a. The closing price is based on the price at the Stock Exchange where the shares are listed; and b. Stock trading volume on the Stock Exchange where the shares are listed. For each quarter in the last 2 (two) fiscal years. <p>Note: if the company does not have market capitalization, stock price information, and stock trading volume, to be disclosed.</p>	162
3	In case of corporate actions such as stock split, reverse stock, stock dividend, bonus shares and par value reduction, the stock pricing information referred to in point 2), shall be added	<p>The information includes:</p> <ol style="list-style-type: none"> 1. Implementation date of corporate action 2. Stock split, reverse stock, share dividend, bonus share ratio, and decline in share value 3. Number of outstanding share before and after corporate action 4. Share price before and after corporate action 	164
4	In terms of stock trading suspension during the year, the annual report must include an explanation of the reason for the suspension		NA
5	In terms of suspension as referred in item (4) still being imposed until the date of annual report issuance, then Issuer or Public Company must also explain the actions of the company to resolve the issue		NA

No	Criteria	Explanation	Pages
III. Report to The Shareholders			
1	Board of Commissioners' Report	<p>The information includes:</p> <ol style="list-style-type: none"> 1. Assessment of the Board of Directors' performance 2. A view of the business prospects of the company drawn up by the Board of Directors and its basis of consideration; 3. A view of the implementation of whistleblowing system (WBS) in the company and the role of the Board of Commissioners in the WBS; 4. Assessment of the performance of committees under the Board of Commissioners; 5. Changes in the composition of the Board of Commissioners and the reasons for the change (if any). 	44-50
2	Board of Directors' Report	<p>The information includes:</p> <ol style="list-style-type: none"> 1. Analysis of the company's performance <ol style="list-style-type: none"> a. Strategic policies, b. Comparison between the results achieved with the targeted and the completion steps; and c. Constraints facing the company; 2. Business prospects 3. Implementation of Good Corporate Governance by the company 4. Assessment on the performance of committees under the Board of Directors (if any); 5. Changes in the composition of the Board of Directors (if any) 	64-80
3	Board of Directors and Board of Commissioners' signatures	<p>Containing the following:</p> <ol style="list-style-type: none"> 1. Signatures are given on separate sheets; 2. Statement of full responsibility on the accuracy of the annual report contents by Board of Directors and Board of Commissioners 3. Signed by all members of Board of Commissioners and Board of Directors by stating names and position 4. Written explanation in separate letter from the person(s) concerned in the event that member of Board of Commissioners or Board of Directors fail to sign the annual report; or: written explanation in separate letter from the other member(s) in the event that the person(s) concerned fails to provide with a written explanation. 	90-91

No	Criteria	Explanation	Pages
IV. Company Profile			
1.	Company Profile Information	Includes the following items: Name, address, telephone, facsimile, email and website and/or branch office or representative office, where the public can obtain information about the company	95
2.	Brief history of the company	includes among others: Date/year of establishment, name and change in the company name (if any) and effective date of company's name change. Note: explanation shall be given in the event that the entity has never conducted name changes	96-99
3.	Line of Business.	Description includes: 1. The line of business as stated in the last Articles of Association 2. Business activities conducted; and 3. Type of products and/or services produced	105-118
4.	Organization Structure	Organization Structure In the form of a chart, at least until one level below the Board of Directors, along with names and titles.	124-125
5.	Vision and Mission	Description includes: 1. Company's vision 2. Company's mission 3. Statement that vision and mission has been approved by the Board of Directors / Board of Commissioners 4. Statement on corporate culture held by the company.	100
6.	Identity of the Board of Commissioners	Description includes: 1. Name; 2. Position history, tenure period (including position in other companies) 3. Age 4. Domicile; 5. Education history; 6. Work Experience (position, company and tenure period); and 7. A brief description of the type of trainings attended in order to improve the competency of the Board of Commissioners who during the year (if any); 8. Disclosure of affiliated relations with other members of the Board of Director and Board of Commissioners, as well as shareholder (if any). 9. History of the appointment as member of Board of Commissioners in the Company since appointed as stated in GMS decisions.	52-58

No	Criteria	Explanation	Pages
7.	Identity of the Board of Directors	<p>Description includes:</p> <ol style="list-style-type: none"> 1. Name and brief description regarding the duty and function performed 2. Position history, tenure period (including position in other companies) 3. Age 4. Domicile; 5. Education history 6. History of the appointment as member of Board of Directors in the Company since appointed 7. Work Experience (position, company and tenure period) 8. History of the appointment as member of Board of Directors in the Company since appointed as stated in GMS decisions. 9. A brief description of the type of training in order to improve the competence of the Board of Commissioners who have followed in the financial year (if any) 10. Disclosure of affiliated relations with other members of the Board of Director and shareholder (if any) 	82-89
8	Change in the composition of the Board of Commissioners and/or Board of Directors after the end of financial year until the time limit of submission of annual report as referred in item number 1 letter a, the composition has set in annual report is the composition of the last and before of the Board of Commissioners and/or Board of Director		<p>48; 419-420; 431-432</p> <p>80; 420-421 459-460</p>

No	Criteria	Explanation	Pages
9.	Number of employee (comparative 2 years) and description of competency development (i.e. employee education and training programs)	<p>Information includes:</p> <ol style="list-style-type: none"> 1. Number of employee for each organization level 2. Number of employee for each education level 3. Number of employee based on employment status 4. Description and data Competency development that has been done by reflecting the equality of opportunity to all employees consist of (position level) they who attended training, type of training and object of training; 5. Employee competency development funds incurred during the financial year. 	130-139
10.	Description of the name of shareholder and the percentage of its ownership at the end of financial year	<p>Description includes :</p> <ol style="list-style-type: none"> 1. Details of the shareholder's name which includes the 20 largest shareholders and the percentage of ownership; 2. Details of shareholders and ownership's percentage includes: <ol style="list-style-type: none"> a. Shareholders' name who own 5% (five) or more shares b. The category of public shareholders who each own less than 5% of the shares and percentage of their ownership 3. Name of the Commissioner and Director who own shares and percentage of share ownership both directly and indirectly. <p>Notes: If Directors and Commissioners do not have direct and indirect shares, shall be revealed</p>	119-123
11	Information regarding major shareholder and issuer or public company, both directly or indirectly, which presented in form of scheme or chart		119-123

No	Criteria	Explanation	Pages
12.	Subsidiaries and/or affiliated companies	Information includes: 1. Name of the Subsidiaries/affiliated companies 2. Percentage of share ownership 3. Information of the line of business of subsidiaries and/or associate entities 4. Information of Subsidiaries and associations operational status (has operated or has not operated yet) 5. Information regarding the address of Subsidiaries	139
13.	Structure of company's group	Structure of company's group describing subsidiaries, associate entities, joint venture, and special purpose vehicle (SPV)	139
14.	Share listing chronology (including private placement) and/or share recording from the beginning of issue until the end year book.	Includes the following items: 1. The year of shares issuance, the number of shares, the par value of the shares, and the offer price of shares for each corporate action; 2. Number of shares registered after each corporate action; and 3. The name of the stock in which the company's shares are listed. Note: if the company does not have a share listing chronology, shall be disclosed.	163
15.	Issuance chronology and/or other securities recording from the beginning until the end of the year book.	Includes the following items: 1. Names of other securities, year of issuance, interest rate, and securities maturity date 2. Type of Corporate actions affecting total number of share 3. Change in the total number of share from initial listing to the end of the financial year 4. Shares offering value 5. Name of exchanges where the shares are listed 6. Securities rating	166-167
16.	Names and address of capital market agencies/ professionals.	Information includes: 1. Name and address of BAE/ those who administer the company's securities; 2. Name and addresses of the public accountant; and 3. Name and addresses of the rating agency	151
17.	National and international levels Awards and/or certification received by the company which is still valid in the last year	Information includes : 1. Names of awards and/or certificates 2. Year awarded 3. Awarding or certifying authority or institution 4. Validity (for certificates)	36-40

No	Criteria	Explanation	Pages
18.	Name and addresses of subsidiaries and/or branch office or representative office (if any)	Includes the following items: 1. Name and addresses of the subsidiaries; and 2. Name and addresses branch office or representative office. Notes: if the company does not have subsidiaries/ branch/ representative, the information should be disclosed	140-150
19.	Information on Company Website	Covering at least: 1. Shareholder Information up to the individual end owner; 2. The Content of the Code of Ethic; 3. General Meeting of Shareholders' (GMS) at least includes the agenda items discussed in the GMS, summaries of minutes of the GMS, and information on important dates, namely the date of the GMS announcement, the date of the GMS's invitation, the date of the GMS, the summary date of the minutes of the GMS; 4. Separate annual financial statements (5 years); 5. the Board of Commissioners and Directors Profile; and 6. Charter of the Board of Commissioners, Directors, Committees, and Internal Audit Unit.	152-154
20.	Education and / or training of the Board of Commissioners, the Board of Directors, the Committees, the Corporate Secretary, and the Internal Audit Unit.	Includes at least information (types and relevant parties in following): 1. Education and/or training for the Board of Commissioners; 2. Education and/or training for the Board of Directors; 3. Education and/or training for the Audit Committee; 4. Education and/or training for the Nomination and Remuneration Committee; 5. Education and/or training for Other Committees; 6. Education and/or training for the Corporate Secretary; and 7. Education and/or training for the Internal Audit Unit, Which is followed in the fiscal year. Note: if there is no education and/or training in the fiscal year, it shall be disclosed	52-58, 439-441; 82-89- 461-463; 496; 505-506; 515-516; 561; 582-583
V. Analysis and Discussion of Management on Company Performance			
1.	Review of operations per business segments	Description includes the following items: 1. Description of each business segment 2. Performance of each business segment, among others: a. Products/line of business; b. Increase/decrease in production capacity c. Sales/operating income d. Profitability	192-219

No	Criteria	Explanation	Pages
2.	Description of company's financial performance	An analysis of financial performance which includes a comparison between the financial performance of the current year and that of the previous year (in the form of narration and tables) concerning: 1. Current assets, non-current assets, and amount of assets 2. Short term and long term liabilities and total liabilities 3. Equity 4. Sales/operating income, expenses and profit (loss), other comprehensive revenue, and total comprehensive profit (loss) 5. Cash flow	227-242
3.	Discussion and analysis on the capacity to pay debts and the company's level of receivables collectability by presenting relevant ratio according to the type of company's industry	Explanation on: 1. Ability to pay debts, both short-term and long-term 2. Receivables collectability level	243-248
4.	Discussion of capital structure and capital structure policy	Explanation on: 1. Capital structure (capital structure); and 2. Management policy on capital structure policies; and 3. Basic selection of management policies on capital structure.	249-251
5.	Discussion on material ties for the investment of capital goods	Explanation of: 1. Name of the party making the bond; 2. The purpose of the bond; 3. Sources of funds that is expected to fulfill such commitments; 4. Currency of the denomination; and 5. Planned steps by the company to protect the risks from the associated foreign currency position. Note: if the company does not have a capital investment related bond in the last fiscal year, it shall be disclosed.	311-313

No	Criteria	Explanation	Pages
6.	Discussion of capital investments that were realized in the last financial year	Explanation on: <ol style="list-style-type: none"> 1. Investment type of capital goods; 2. Investment objective of capital goods; and 3. Value of capital investments incurred in the last financial year Note: if there is no actual investment of capital goods, so that disclosed.	314
7.	Information on the comparison between target set at the beginning of the fiscal year and the realization and target or projection for the next year concerning revenue, profit, capital structure, and others considered important for the company.	Information should include: <ol style="list-style-type: none"> 1. Comparison between target of the beginning of the year and the realization 2. Target or projection for the next year 	338-341
8.	Information and material fact subsequent to the date of accountant	Description of important events after the date of the accountant's report, including the effects on the performance and business risk in the future Note: if there is no important event after the date of the accountant report, such information should be disclosed	320
9.	Description of the company's business prospects	Description of the company's prospects in relation to the industry and the economy in general, with supporting quantitative data from reliable sources.	220-222
10.	Description of marketing aspects	Description of marketing aspect of products and/or services, includes marketing strategy and market share	183-191

No	Criteria	Explanation	Pages
11.	Description on dividend policy and amount of cash dividend per share and amount of dividend per year published/paid for the last 2 (two) financial years.	Description includes: 1. Dividend distribution policy 2. Total distribution dividend 3. Total cash dividend per year 4. Payout ratio; dan 5. Date of announcement and cash dividend payment for each year Note: if no dividend was distribution, the reason should be stated	309-310
12.	The program of shareholding by employee and/or management held by company (ESOP/MSOP)	Description includes: 1. Number of shares ESOP / MSOP and realization; 2. Term of time; 3. Requirements of employees and/or management of the beneficiaries; and 4. The exercise price Note : if it does not have such programs, so that disclosed	315
13.	Realization of fund utilization from public offering (should the company be required to submit the report of fund utilization)	Information include: 1. Total funds obtained; 2. Budget plan; 3. Details of budget plan; 4. Balance; and 5. Date of approval from General Meeting of Shareholders regarding the changes in fund utilization (if any). Note: if it does not have realization information on the use of proceeds from the public offering, it shall be disclosed.	316-317
14.	Material information concerning investment, expansion, divestment, consolidation/merger, acquisition or debt/capital restructuring.	Information include: 1. The purpose of transaction; 2. Transaction value or number of transaction; 3. Fund resource. Note: If there is no such transaction, the information should be disclosed Note: if it does not have realization information on the use of proceeds from the public offering, it shall be disclosed	321

No	Criteria	Explanation	Pages
15.	Transaction information material conflict of interest and / or transactions with affiliated parties.	Information include: 1. Name of the parties involved in the transactions and related affiliation 2. Explanation on fairness of transaction 3. Reason for transaction 4. Realization of transaction in the current periode 5. Corporate policy related to review mechanism of the transaction; and 6. Compliance to provisions and concerned Regulation Note: if there is no such transaction, such information should be disclosed	323-329
16.	Description on changes in regulation having significant effect on the company	Description should include: 1. changes in the regulation; and 2. Its (quantitative/qualitative) effect on the company (if significant) or a statement that the effect is not significant. Note: if there is no change in the regulation having significant effect on the company, such information should be disclosed	330-334
17.	Description on changes in the accounting policy implemented by company in the last book year	Description includes : 1. Change in accounting policy; 2. Change in accounting policy reasons; and 3. Qualitative impacts on financial report Notes: if there is no change in accounting policy in last fiscal year, such information should be disclosed	335-337
VI. Good Corporate Governance (GCG)			
1.	Board of Commissioners	Description includes: 1. Descripton of responsibilities of Board of Commissioners 2. Disclosure of procedures of determining remuneration 3. Remuneration structure that represents remuneration component and amount per component for each member of Board of Commissioners 4. Meeting frequency and attendance level of Board of Commissioners 5. Training programs to increase the competency of Board of Commissioners 6. Disclosure of Board Charter (regulation of Board of Commissioners)	430-456
2.	Information on Independent Commissioners	Includes the folowing items: 1. Criteria for determining independent commissioner; and 2. Statement about the independency of each Independent Commissioners	432-435

No	Criteria	Explanation	Pages
3.	Description of Board of Directors	<p>Description includes:</p> <ol style="list-style-type: none"> 1. Scope of work and responsibilities of each member of the Board of Directors 2. Meeting frequency and presence level of each member of the Board of Directors at a meetings of the Directors 3. Meeting frequency and presence rate combined meeting of the Board of Directors in the Board of Directors; 4. Training programs for improving the competence of the Board or orientation program for Directors; 5. Disclosure on Board Charter (regulation of Board of Directors); 6. Policy on the succession of Directors. 7. Assessment on committees performance under the Board of Directors (if any) 	457-483
4.	Assessment on Board of Commissioners and Board of Directors	<p>Description includes:</p> <ol style="list-style-type: none"> 1. Assessment on performance of Board of Commissioners and/or Board of Directors' Performance 2. Criteria used in the assessment process 3. Parties conducting assessment 	453; 480-483
5.	Assessment of GCG Implementation for the fiscal year 2015 covering at least the aspect of the Board of Commissioners and the Board of Directors.	<p>Description includes:</p> <ol style="list-style-type: none"> 1. The criteria used in the assessment; 2. The party conducting the assessment; 3. Scoring scores of each criterion; 4. Recommendation of assessment result; and 5. Reason for not to implement recommendation. <p>Note: if there is no GCG implementation assessment for the 2015 fiscal year, shall be disclosed.</p>	378-399

No	Criteria	Explanation	Pages
6.	Description on remuneration policies for the Board of Directors and Commissioners	<p>Includes among others:</p> <ol style="list-style-type: none"> 1. Disclosure of proposal procedure up to the determination of remuneration of the Board of Commissioners; 2. Disclosure of the proposing procedure up to the determination of the remuneration of the Board of Directors; 3. The remuneration structure showing the remuneration component and the nominal amount per component for each member of the Board of Commissioners; 4. Remuneration structure showing remuneration component and nominal amount per component for each member of the Board of Directors; 5. Disclosure of indicators for the Board of Directors' remuneration; and 6. Disclosure of performance bonuses, non-performance bonuses, and / or stock options received by each member of the Board of Commissioners and Board of Directors (if any). <p>Note: in the absence of performance bonuses, non-performance bonuses, and stock options received by each member of the Board of Commissioners and Board of Directors, to be disclosed.</p>	536-546
7.	Frequency and attendance rate in BOC Meetings, BOD meetings, and joint meetings of BOD and BOC	<p>The information includes among others:</p> <ol style="list-style-type: none"> 1. Meeting date; 2. Meeting participants; and 3. Meeting agenda For each BOD and BOD meetings, and joint meetings. 	453-455; 469-479
8.	Information on the Majority and Controlling Shareholders, direct and indirectly, and the individual shareholder	<p>In the form of scheme or diagram, except for SOEs owned fully by government</p> <p>Note: the main shareholder is a party who directly or indirectly, owns at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by a Company, but not the controlling shareholder.</p>	119-123

No	Criteria	Explanation	Pages
9.	Disclosure of affiliation among Board of Directors, Board of Commissioners, and Majority and/or Controlling Shareholders	Includes: 1. Affiliation among internal members of the Board of Directors 2. Affiliation between the Board of Directors and the Board of Commissioners 3. Affiliation between the member of the Board of Directors and Majority and/or Controlling Shareholders 4. Affiliation among internal members of the Board of Commissioners 5. Affiliation between the member of the Board of Commissioners and Majority and/or Controlling Shareholders Note: if there is no such transaction, such information should be disclosed	432-436; 463-467
10.	Audit Committee	Includes: 1. Name and position of each member of audit committee 2. Educational background and working experience of audit committee member 3. Independency of audit committee member 4. Description of roles and responsibilities 5. Brief report of the implementation of audit committee activity 6. Meeting frequency and attendance level of audit committee	486-496
11.	Committee/ Nomination and Remuneration	Includes: 1. Name, position, and brief curriculum vitae of member of remuneration and nomination committee; 2. Independency of remuneration and nomination committee member; 3. Description of roles and responsibilities; 4. Description of the implementation of remuneration and/or nomination committee's activity; 5. Meeting frequency and attendance level of remuneration and/or nomination committee 6 Statement about the existence of guidelines for Nomination and remuneration and/or nomination committee; and 6. Policy relating to the Board of Directors' succession	497-509
12.	Other committees under the Board of Commissioners	Includes: 1. Name, position, and brief curriculum vitae of other committees; 2. Independency of other committee member; 3. Description of roles and responsibilities; 4. Description of the implementation of other committee's activity; 5. Meeting frequency and attendance level of other committees	510-518
13.	Description of the duties and functions of Corporate Secretary	Includes: 1. Name and professional record of corporate Secretary; 2. Domicile; 3. Description on the implementation of corporate secretary's duties; 4. Training programs in order to develop competency of Corporate Secretary.	560-570

No	Criteria	Explanation	Pages
14.	Description on general meeting of shareholders (GMS) of the previous year	Includes: 1. Decision of GMS previous year; 2. Realization of the GMS in the fiscal year; and 3. Reasons in the event of a decision GMS that has been not realized.	403-429
15.	Description on internal audit unit	Includes: 1. Name of head of internal audit unit 2. Number of employees (internal auditor) within internal audit unit 3. Qualification/certification as professional internal audit 4. Position of internal audit unit in the company structure 5. Description of duty implementation 6. Parties appointing/dismissing head of internal audit unit	576-589
16.	Public Accountants	Includes: 1. Name and year of a public accountant who audits the annual financial statements for the last 5 years; 2. Name and year of the Public Accounting Firm which audits the annual financial statements for the last 5 years; 3. The amount of fee for each type of services provided by the Public Accounting Firm in the last fiscal year; and 4. Other services provided by the Public Accounting Firm and public accountant in addition to the annual financial report audit services in the last fiscal year. Note: if no other services are mentioned, it shall be disclosed.	621-624
17.	Description on corporate risk management	Includes: 1. Explanation on risk management system 2. Explanation on evaluation of risk management system effectiveness 3. Explanation on risks posed to the company 4. Efforts to manage such risks	603-620
18.	Description on internal control system	1. Brief explanation on internal control system, including financial and operational control 2. Explanation of the conformity of internal control system to the internationally recognized framework (COSO- internal control framework) 3. Explanation of the evaluation on the effectiveness of internal control system.	571-575
19.	Description on corporate social responsibility program that relates to environment	Includes: 1. Policies set by management, 2. Target/plan of activity in 2016 set by the Management 3. Activities undertaken related environmental programs related to the operations of the company, such as the use of materials and energy that are environmentally friendly and can be recycled; 4. Certification for environmental programs	673-676

No	Criteria	Explanation	Pages
20.	Explanation on corporate social responsibility related to employment, occupational health and safety	Includes: 1. Target / activity plan by the year 2016 determined by management; 2. The policies set by management; 3. Activities undertaken and quantitative impacts on such activities related to employment, health and safety practices, such as gender equality and employment, employment and safety, employee turnover rates, occupational accidents rate, and so on.	677-680
21.	Explanation on corporate social responsibility related to social and community development	Includes: 1. Activity plan/target by the year of 2016 determined by management; 2. The policies set by management; 3. Undertaken activities and the impact of such activities related to social and community development, such as the use of local labor, empowerment of communities around the company, improvement of social facilities and infrastructure, other forms of donations, etc. 4. Costs related to social and community development, such as the use of local labor, empowerment of communities around the company, improvement of social facilities and infrastructure, other forms of donations, communication on anti-corruption policies and procedures, training on anti-corruption, and so on.	681-691
22.	Explanation on corporate social responsibility related to responsibility to customers	Includes: 1. Activity target/plan in 2016 set by the Management. 2. Policies set by management; 3. Undertaken activities and impact of related activities; related to responsibilities of products, such as health and consumer safety, product information, facilities, and control over the number of consumer complaints, etc.	692-696
23.	Litigation faced by the company, subsidiaries, members of the Board of Directors and/or members of Board of Commissioners for the period	Includes: 1. Material of the case/claim 2. Status of settlement of the case/claim 3. Potential impacts on the company 4. Encountered risk and amount of case/claim value. 5. Administrative sanctions imposed to the entity, members of the Board of Directors and Board of Commissioners, which is imposed by the authorities concerned (capital market, banking, etc.) for the last financial year (including statements of having no administrative sanction, if any) Note: if there is no litigation, such information should be disclosed	638-639
24.	Information access and corporate data	Description on the availability of access to corporate information and data for public, such as through website (in Bahasa and English), mass media, mailing list, bulletin, meeting with analysts, etc.	647-648

No	Criteria	Explanation	Pages
25	Discussion of the code of ethics	<p>Description includes:</p> <ol style="list-style-type: none"> 1. The contents of the code of ethics; 2. Disclosure that the code of conduct applicable to all levels of the organization; 3. Dissemination of the code of ethics; 4. Efforts in the application and enforcement; 5. Statement on corporate culture of the company. 6. The number of violation and sanction that is given in the last fiscal year. <p>Note: if there is no violation of the code of ethics in the last fiscal year, it shall be disclosed.</p>	625-628
26	Disclosure regarding whistleblowing system	<p>Description of the mechanism of whistleblowing system, includes:</p> <ol style="list-style-type: none"> 1. Submission of report violations; 2. Protections for whistleblowers 3. Handling of complaints 4. Those who manage complaint; and 5. Number of complaints accepted and proceeded in the last book year and follow up 6. Sanction/follow up of claims that has been processed in fiscal year. <p>Notes: If there is not any complaints and have been processed in the last fiscal year, it shall be disclosed</p>	631-637
27	Policy on Composition Diversity of Board of Commissioners and Board of Directors	<p>Description of Company policy on composition diversity of Board of Commissioners and Board of Directors by education (field of study), work experience, age, and gender.</p> <p>Note: explanation shall be given in the event that concerned policy is nonexistent</p>	531-535
VII. Financial Information			
1.	Statement by the Board of Directors and/ or Board of Commissioners on the responsibility of financial reports	Conformity with the relevant rules of responsibility for the financial statements	701
2.	Opinion of independent auditor on the financial reports		703-704

No	Criteria	Explanation	Pages
3.	Description of the independent auditor in the opinion	Description includes: 1. Name & signature 2. Date of Audit Report 3. PAF and Public Accountant license	703-704
4.	Comprehensive financial statements	Contains all elements of the financial statements: 1. Balance sheet 2. Income statement 3. Equity statement 4. Cash flow report 5. Notes to the financial statements 6. Statement of financial position at the beginning of the comparative period presented when an entity implements accounting policy retrospectively or makes restatement of financial statement items, or when the entity reclassify items in its financial statements (if relevant)	705-912
5.	Comparison of the level of profitability	Comparison of profit (loss) for the current year with the previous year	710-711
6.	Statements of cash flows	Meet the following requirements: 1. Grouping into three categories of activities: operating, investing, and financing; 2. The use of the direct method to report cash flows from operating activities; 3. Separation between the presentation of cash receipts and/or disbursement during the current year in operating, investing and financing; 4. Disclosure of non cash transactions must be stated in the notes to the financial statements	714-716
7.	Accounting policy highlights	Includes at least: 1. Statement of compliance with IFRSs 2. The basis of measurement and the preparation of financial statements 3. Revenue and expense recognition 4. Fixed assets 5. Financial statements	727-773
8.	Disclosure of transactions with related parties	Items disclosed among others are: 1. Names of related parties and the nature of relationship with these parties; 2. Transactional value and its percentage against total revenue and relevant expenses; and 3. Total balance and its percentage against total assets or liabilities.	863-871

No	Criteria	Explanation	Pages
9.	Disclosure related to taxation	<p>Items that must be disclosed:</p> <ol style="list-style-type: none"> 1. Reconciliation between fiscal and current tax assessment 2. Explanation of the relationship between tax expense (income) and accounting profit 3. Statement that the reconciled taxable profit is the basis for the annual corporate income tax return 4. Breakdown of deferred tax assets and liabilities recognized in the balance sheet for each period presented, and total deferred tax expense (income) recognized in the income statement if such amount is not shown in the total deferred tax assets or liabilities recognized in the financial statement 5. Disclosure of whether or not there are any tax disputes 	850-856
10.	Disclosure of matters relating to fixed assets	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> 1. Depreciation method used; 2. Description of accounting policy selected, either revaluation or cost model; 3. Methods and significant assumptions used to estimate fixed assets' fair value (for revaluation model) or disclosure of fixed assets' fair value (for cost model); and 4. Reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and the end of period by presenting: addition, reduction, and reclassification. 	810-813
11.	Disclosure of matters relating to operational segment	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> 1. General information covering the factors used to identify unreported segment; 2. Information regarding profit and loss, assets, and liabilities of the reported segment; 3. Reconciliation of total revenue, profit and loss, assets, liabilities of the reported segment, and material elements of the other segment against relevant amount in the entity; and 4. Disclosure at the level of entity, covering information on products and/or services, geographical area, and main customer. 	861
12.	Disclosure related to financial instruments	<p>The thing that must be disclosed:</p> <ol style="list-style-type: none"> 1. Terms, condition and accounting policies for each class of financial instruments; 2. Classification of financial instruments; 3. The fair value of each class of of financial instruments; 4. Risk management objectives and policies; 5. Explanation of the risk associated with financial instruments: market risk, credit risk, liquidity risk; and 6. Analysis of risk associated with financial instruments quantitatively 	875-910
13.	Publication of the Financial Statements	<p>Items to be disclosed include:</p> <ol style="list-style-type: none"> 1. Date of authorization for the publication of the Financial Statements 2. Party responsible for authorizing the Financial Statements 	701