

Annual Report 2017

Digital Banking-Based Transformation to Support the Strengthening and Expansion of Housing Business



> Theme Continuity



Digital Banking-Based Transformation to Support the Strengthening and Expansion of Housing Business

In line with the growth of the Indonesian population, the number of housings or residencies backlog keeps increasing. Housing is the basic needs of the community. Based on the Statistics Indonesia (BPS), the backlog number reached 11.4 million house units, which still needs to be fulfilled by the Government. To reduce the amount of backlog, PT Bank Tabungan Negara (Persero) Tbk, hereinafter referred to as the Company, participated in the One Million Houses Program, proclaimed by President Joko Widodo in the Nawacita Program (9 Development Priorities Agenda)

The Company has two main roles and is the motor in realizing the One Million Houses Program. First, the Company is a financing institution that provides lending products to all parties related to housing construction, both in terms of supply and demand. Secondly, the Company is an initiator and integrator of cooperation in between institution in increasing the houses supply. As the major player in the national housing finance, the Company will continue to increase its capacity by committing to enhancing the synergy, competitiveness, and added value through digital-based transformation. This is performed to strengthen the Company's core business in the housing finance field, particularly to encourage the fulfillment of the One Million Houses Program, through housing finance and its derivative industries.

Along with the rapid business changes and competitive competition in the banking sector, the Company does not have a choice but to enter and compete in the competition, by preparing the Bank's digital banking business. The Company's focus on making the digital banking-based transformation is conducted by improving the business process in order to provide faster service to the public with excellent quality.

The Company's digital-based transformation is a priority in 2017. Because, the digital domination in the business aspect of all sectors and lines is real. The Company's understanding of millennial generation and the millennial generation development in terms of human resources are the Managements' concern to anticipate the competition, especially in facing the ASEAN Economic Community (AEC) and the competitive reliability in the market today. The Company will continue to develop the latest and specialized use of digital technology to support its services and network. The Company does not stop the transformation on digitalization only. There are three Company's transformation, i.e. business transformation, infrastructure transformation, and people transformation. These three transformations are performed simultaneously in order to be the world-class company.

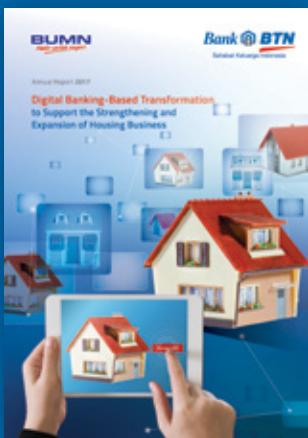
In the banking business transformation, there are three periods. The first phase is the survival period, which has passed in 2013-2015. The second phase is the digital banking period, which is conducted since 2015. The last phase will be the global partnership transform, so the Company will be able to compete in the global competition.

In terms of infrastructure transformation, the Company has developed digital banking services to further facilitate services to its customers. The digital banking services are implemented through several concrete steps related to technology transformation towards digital banking, by optimizing the use of electronic transaction features. To complete the digital-based services such as mobile banking, internet banking, and cash management, the Company also integrates various e-channel application and facilitates its outlets with digital banking-based services (BTN Digital Longue), such as ATM, CDM, e-KTP reader, Pin Pad, all-in-one-PC, internet coroner, digital banner interactive, opening an account via web, Housing Loan application, opening deposit and demand deposit, and cash deposit and withdrawals, in order to accelerate the process of taking off to the era of free competition in Southeast Asia.

In terms of people transformation or human capital, the Company wants the human resources to have more efficient and faster working process. In addition, the Company's HR must emphasize the Good Corporate Governance (GCG), so that the Company's transformation process can run smoothly. All Company's transformation process is summarized in the '5 Siap (Ready 5)' Program, i.e. Ready HR, Ready Technology, Ready Business Process, Ready Funds, and Ready Houses Supply.

The Company's transformation process is quite remarkable, as the transformation has been able to drive the Company's performance. Throughout 2017, the Company succeeded to record Net Income at Rp3.02 trillion, increased by 15.59% compared to the previous year, which was Rp2.61 trillion. The Company is optimistic that business will be better with the potential of quite big Housing Loan market. The digital-based transformation will also contribute highly to the Company's business. Currently, the Company has entered the ranking of the 6th largest Banks in the country based on Assets. With the support of various parties, the Company is optimistic that in the near future, it will rise to the 5th position as the largest bank in Indonesia.

2017



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2016



Strengthening the foundation of sustainable growth, supporting the acceleration of one million houses program

In 2016, we 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 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.

2015



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

The Company 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 the Company is optimistic that it will continue to improve its performance Now and in the future.

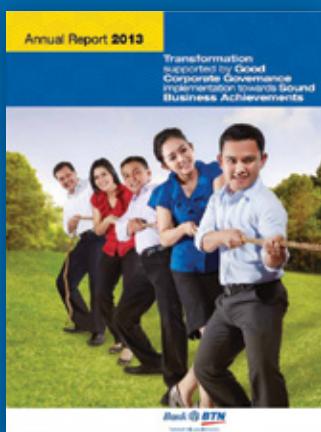
2014



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 Company has established a new tagline that has also become the Bank's new corporate culture: "BTN TERDEPAN GCG RUMAHKOE". This new tagline shows the Company's strong determination to realize its vision "To be the leading bank in housing finance", by adhering to Good Corporate Governance.

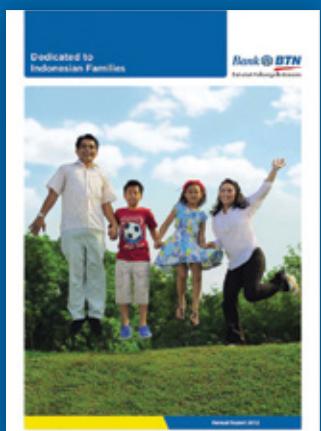
2013



Transformation Supported by Good Governance Implementation in Quality Business Achievement

Entering 2013, the Company undergoes the process to the next level through the transformation in business, culture, and infrastructure (foundations). According to the Company focus and vision to become a leading bank in housing financing, 2013 can be illustrated as a foundation in building the Company 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.

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.



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> Company's Important Achievement 2017

Released Housing
Loan for informal
Sector Workers
and BTN Micro
Housing Loan

NPL Nett
1,66%

Loan Distribution
Rp 181 Trillion

Income of
3,03 Trillion

Third-Party Fund
192,47
Trilion

Smart Branch
Office with
Modern and
Simple Look

Top Gainer at
Index LQ45,
BBTN Share
Price Increased
105,17%

CSR Fund
Disbursement
Rp 5.148 Billion

Bank 
Sahabat Keluarga Indonesia

BTN Shares
Listed in the
MSCI Global
Standard Index

The Asset Gold
Award for Corporate
Governance and
Investor Relations

Subsidy Market Share
95,42%

Total Transaction of
Indonesian Property
Expo (IPLEX)
Rp 8,36 Trillion

Gold Award for
Government, Risk and
Compliance Award pada
ASEAN Risk Award

Total
Sharia Financing
Rp 18 Trillion

In cooperation with
SBM ITB, the Company
has graduated
770 through Housing
Finance Center (HFC)

One Million Houses
Program realization in
2017 reached
1.73 million
house units

Asset
261,36
Trillion

Property Literacy
Education Program
for 10,000 young
entrepreneur

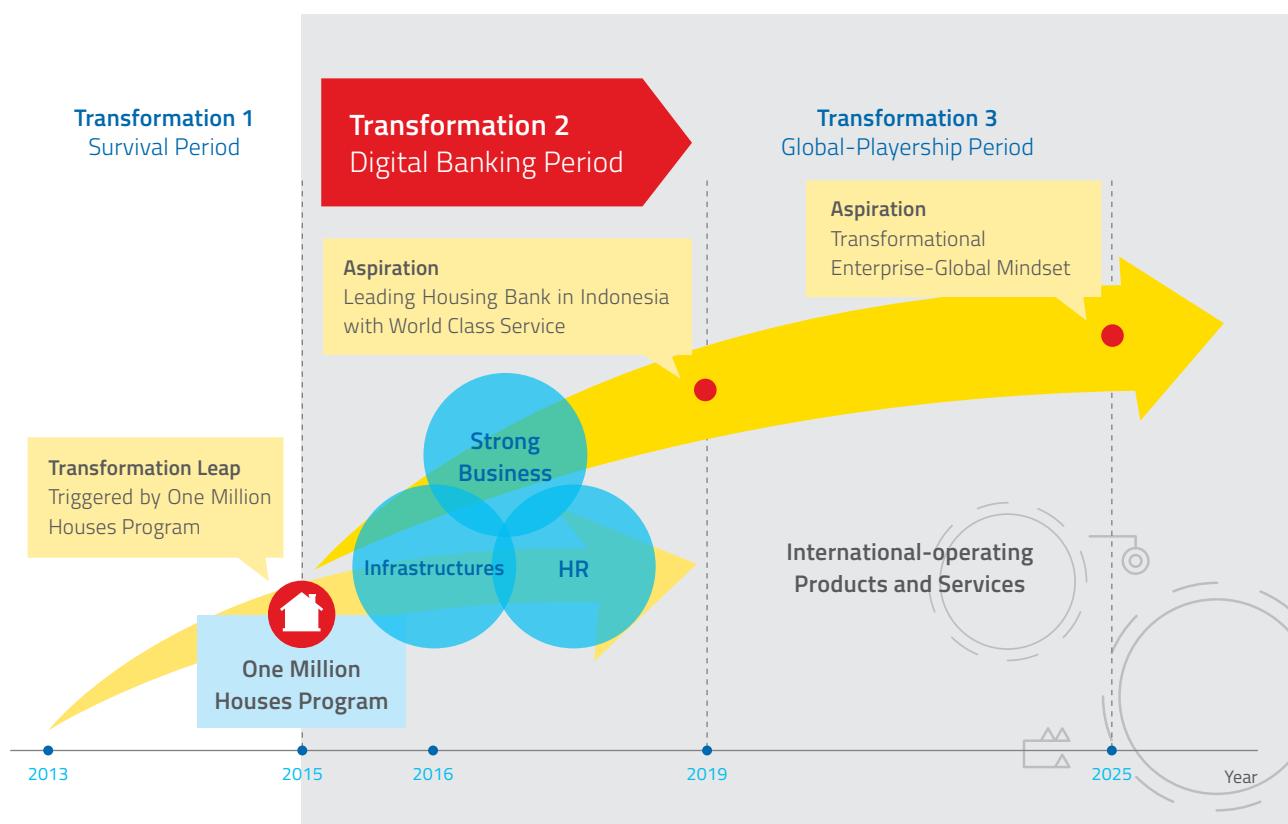
> BTN Agile Transformation Journey

The Company's leadership in the field of housing finance became more apparent when the Company was appointed as a financing bank in the One Million Houses Program in 2015. The Company has succeeded in disbursing 1.74 million housing units, and the number exceeds the established target.

All of these achievements do not make the Company complacent. Considering the increasingly fierce business competition, all commercial banks offer Housing Loan (KPR) products with

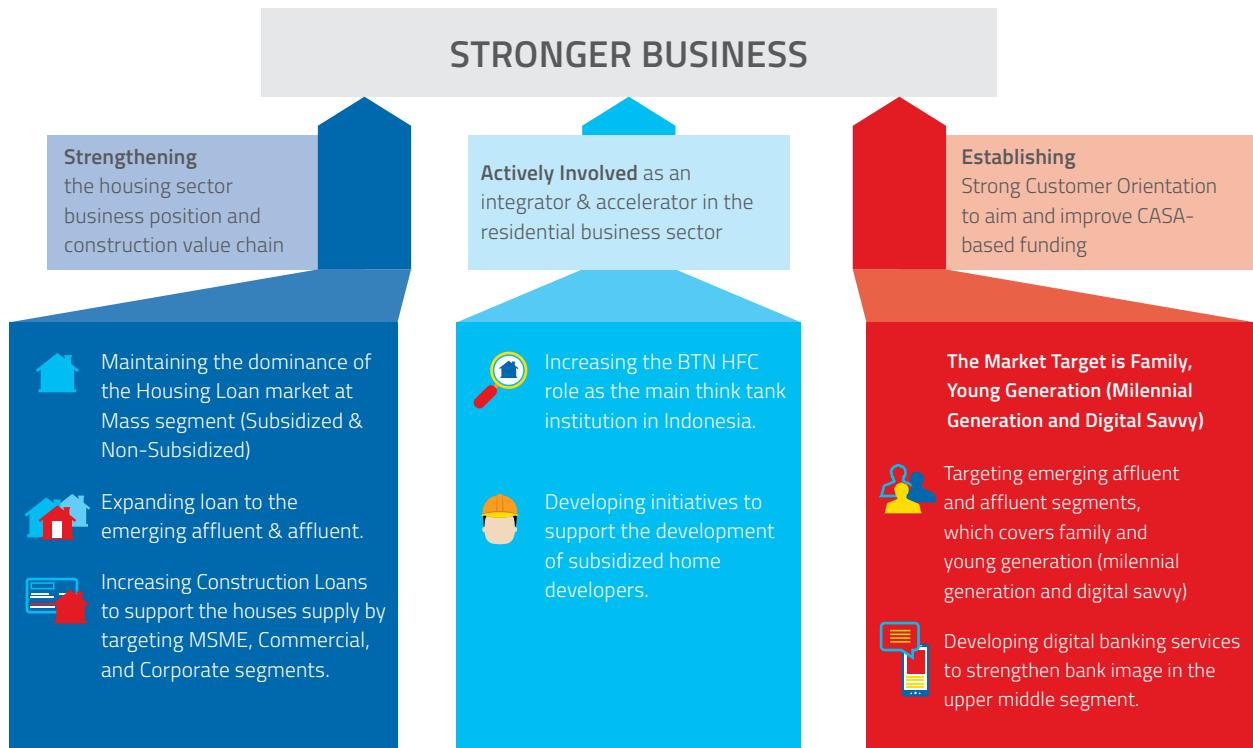
competitive interest rates. Thus, the Company continuously improves customer service and the cost of funds to offer attractive interest rates.

To face these challenges, the Company anticipates it by conducting three transformation stages. With these three transformation stages, the Company is targeting to be the leading bank in housing finance with global quality services.



Transformation Focus on the Digital Banking Phase

The focus of transformation is to strengthen business dominance in the housing sector and to increase CASA.



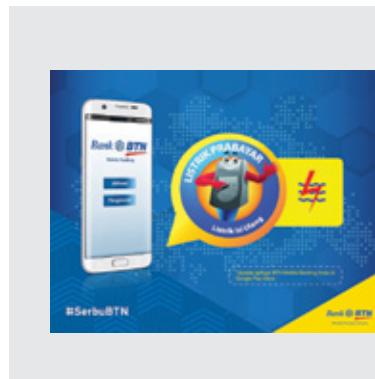
To implement the transformation in the digital era and in harmony with business needs, it must be implemented with "agility at scale" (Process Digitalization)



> 2017 Digital Banking Projects

PPOB griyabayar.com

The Company PPOB Counters is a PPOB business service that allows people to open counter payment such as Electricity/PLN, Phone, Speedy, Credit Card, Cable TV, Phone Credit, Multifinance Loan, Train Ticket, BPJS Health, etc. easily and cheap, but equipped with reliable technology support and flexible and profitable business system.



Electricity Token Purchase

The Company customers can purchase electricity token by using BTN e-channel such as ATM, BTN Mobile Banking and BTN Internet Banking every time and every where.

E-Panjar

The down payment fee is a down payment for filing a petition or lawsuit to be processed in court. Such fees are generally paid and manually administered for administrative and operational costs related to the trial.



QR Pay via Mobile Banking

BTN Mobile banking is equipped with payment system based on QR Code, both online and offline safely and conveniently.

Receipt of Payment Motorcycle Tax

Now, East Java Vehicles Tax Payment (PKB) can be paid via BTN e-channel such as ATM, BTN Mobile Banking, BTN Internet Banking, and Btn EDC at designated Samsat and BTN outlets.



BTN Smart Branch

The evolution of the shift from conventional outlet to an outlet equipped with a variety of cutting-edge tools that will assist customers in fulfilling banking needs at the Company.



KPR Payment via Indomart & Alfamart

Housing Loan Payment can be conducted at Indomart and Alfamart throughout Indonesia. Hence, it facilitates the debtors.



Project Merah Putih

As a continuation of the cooperation of all Banks through Bank Himpunan Negara (Himbara), the Company, together with other Himbara Banks are committed to developing Himbara ATM features to achieve the desired efficiency level.



Laku Pandai

The Company has developed branchless banking services through the Laku Pandai program and is committed to expanding Laku Pandai network in order to reach out to Indonesia's outer communities.



BTN Zone Smart Campus

In order to increase the community awareness to the presence of the Company, the Company took the initiative to cooperate with the University to open BTN Zone, equipped with various interesting facilities to attract students to understand and use BTN products.



SOEs Creative Home

SOE Creative Houses (RKB) is a forum for SOEs collaboration in establishing Digital Economy Ecosystem through coaching for SMEs to improve the capacity and capabilities of the SMEs themselves.

Smart City - E-Retribusi

The Company, as one of the SOEs has an initiative to participate in the development and construction of districts/municipalities with various products and features to assist the local government in managing the urban planning, for example through e-retribution.

> Company's Key Events 2017



Image source: Company Documentation

January 16, 2017

Optimistic in 2017, The Company Prioritizes Digital-Based Business

In Corporate Work Plan and Budget 2017 established in the Company's Working Meeting 2017, the Company prioritizes the digital-based business transformation to support its core business in order to encourage the One Million Houses Program. Minister of SOEs, Rini M. Soemarno also attended the Working Meeting. She also appreciated the Company's performance in 2016 and assessed that the Company has a good performance in 2016 compared to other SOEs.



Image source: Company Documentation

February 9, 2017

The Company Focuses on Improving The Banking Services in It's 67th Anniversary

On February 9, 2017, the Company celebrated its 67th anniversary. The Company focuses on the transformation to provide the best service for the customer and to accelerate the Company's business performance. In terms of business, the Company improves the banking services by accelerating the transformation phase in the digital era, one of which by opening Smart Branch. the Company Smart Branch is equipped with various services to facilitate the customer's needs in obtaining the banking information, conducting communication, registration, and opening accounts, as well as performing non-banking transactions.



Image source: Company Documentation

24 Februari 2017

The Company Released BTN Micro Housing Loan to Target Low-Income Community and Informal Workers

Consistent in its role to support the One Million Houses Program launched by the Government, the Company released BTN Micro Housing Loan product. The new product shall answer the needs of housing for Low-Income Community (MBR), specifically the informal workers whose number is predicted to reach 6.5 million people.



Image source: Company Documentation

March 30, 2017

People's Representative Council Appreciates The Company's Performance

The Commission XI of People's Representative Council appreciated the Company on the 2016 performance, which was in the above average level of the industry. On the Public Hearing, Commission XI of People's Representative Council asked the Company's management to maintain its performance while simultaneously improving it. The national economy needs banking industry support. Therefore, national bank especially State-Owned banks must be the pioneer in achieving a positive business growth.



Image source: Company Documentation

March 30, 2017

The Company and The School od Business and Management ITB (SBM ITB) Have Graduated 770 Candidates

The Company keeps improving the business growth in the property sector by producing young entrepreneurs with competence in this field. In cooperation with the School of Business and Management Bandung Institute of Technology (SBM ITB), the Company has produced 770 graduates in the program Mini MBA in Property. The graduates of Mini MBA Program in Property are targeted to work on the large potential of the property sector, and to support the One Million Houses Program.



Image source: Company Documentation

April 21, 2017

The President Inaugurates E-Retribution in Cooperation with the Solo Government at Klewer Market

The Company expands the implementation of electronic retribution system or e-retribution at Klewer Market, after a success in Gede Market. By replacing the retribution system from manual to electronic in the form of cards, it is expected the local revenue for Surakarta Government shall be more efficient and accountable. In addition, the e-retribution system is an effort in terms of government mission to achieve Solo as Smart City in 2018.



Image source: Company Documentation

April 11, 2017

SERBU BTN Succeeded in Gaining Small Funding

The Company keeps growing the small funding position, supported by the BTN Lottery Lucky Draw (Serbu BTN). The Company's financial data stated that up to February 2017, the small fund (current account and saving account/CASA) improved in the 20.1% level yoy (year-on-year). The Company's CASA improved from Rp60.24 trillion in February 2016 to Rp72.36 trillion in February 2017.



Image source: Company Documentation

May 2, 2017

The Company Recorded EPA-SP 03 at Rp1 Trillion

Succeeding in performing the asset securitization with the Asset-Backed Securities Participation Contract (EBA-SP) scheme for two years in a row, the Company registered EPA-SP 03 in Indonesian Stock Exchange (BEI) for Rp1 trillion. The amount of EBA-SP absorbed reached Rp1 trillion. In A Class, the A1 Series reached Rp200 billion and A2 Series reached Rp713 billion. The B Class reached Rp76 billion. Asset securitization with EBA-SP scheme keeps being improved to support the funding for One Million Houses Program because this program requires substantial funding.



Image source: Company Documentation

May 3, 2017

GO-JEK SERBU BTN, Housing Loan for GO-JEK Partners

The Company signed a Memorandum of Understanding (MoU) with Go-Jek and launched a BTN Self Subsidized Housing Loan. The objective of this program is to realize the dream of Go-Jek drivers to own a house and to appreciate their services in improving the welfare of their partners. The Program is conducted through the BTN Payroll Savings as the account to process the Housing Loan. Informal sector workers such as Go-Jek drivers are often considered not bankable, hence they have difficulty in accessing banking products. Under the program, Go-Jek drivers shall have access to the Housing Loan products.



Image source: Company Documentation

May 4, 2017

Company Prepares Cheap Houses for Workers to Support One Million Houses

The Company provides cheap houses for Low-Income Communities (MBR). On this occasion, the Company cooperated with PT Arrayan Bekasi Development to provide cheap houses for MBR. In the inauguration attended by President Joko Widodo, the MBR may own a house only by paying Rp1.12 million in down payment and the installment is approximately Rp800,000 per month. The housing project called Villa Kencana Cikarang is planned to be built on 105-hectare area in Bekasi.



Image source: Company Documentation

June 13, 2017

The Company Launches Mobile Application for Nadhatul Ulama Waqf Payment

The Company strengthens its commitment to support the One Million Nahdliyin Waqf Movement (Gerwaku Sena), pioneered by Nadhatul Ulama (NU) by launching the mobile application to pay waqf. The application called "Mobile Wakaf Uang NU BTN" facilitates the people who want to do waqf. By downloading the application available at Google Store, the customer can register directly on the application, transfer waqf, both perpetual waqf and limited waqf.



Image source: Company Documentation

July 17, 2017

Bestselling BTN Continuous Bond III Phase I

After finishing the initial offering period and public offering on July 10, 2017, the BTN Continuous Bond III Phase I 2017 managed to collect Rp5 trillion from the capital market, in line with the target. As of today, the Company has issued 22 Bonds and 1 Subordinated Bonds. The Continuous Bonds III Phase I 2017 is the first over-subscribed bond. In the future, all proceeds from the bonds emission will be utilized to fund the prospective loan expansion, simultaneously to support the One Million Houses Program.



Image source: Company Documentation

August 17, 2017

Company Held a Ceremony at Soekarno Landing Museum at Limboto Lake to Celebrate The Passion of The Unitary State of The Republic of Indonesian (NKRI)

The Company held a Ceremony at Soekarno Amphibian Aircraft Landing Museum in Gorontalo Regency, and provided 6 boats worth Rp100 million for the Gorontalo MSMEs. The Company also provided two homestay rehabilitation units at Bahari Olele Tourism Village which amounted to Rp100 million. To support the "BUMN Hadir untuk Negeri" Program, the Company also has other social responsibilities to improve the welfare and independence of the public. For example, the establishment of SOEs Creative Houses in numerous provinces and Village Economic Hall (Balkondes) at Borobudur, Central Java.



Image source: Company Documentation

August 20, 2017

At IPEX, The Company Recorded Rp8.36 Trillion Transaction

The Company successfully recorded a new potential loan in the amount of Rp8.36 trillion at the "Indonesia Properti Expo (IPEX) 2017". The achievement exceeds the initial target which was Rp5 trillion. This achievement reflects the high demand for good housing, both as the place for living and for investment. The President of the Republic of Indonesia, Joko Widodo attended the exhibition closing. In the exhibition, the Company seeks to work on the potential by providing various easiness and facilities for the public who wants to own housing, both in terms of interest promotion and other attractive gimmicks.

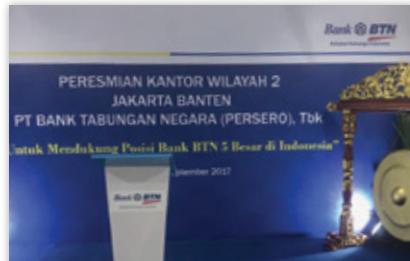


Image source: Company Documentation

September 22, 2017

The Company Officiated Jakarta Banten Regional Office with Loan Growth Focus Up to Rp17.8 Trillion

To catch the loan growth and third-party fund, the Company has implemented various management strategies for the branch offices, such as regionalization of Jakarta Banten Regional Office which was a part of Jakarta I Regional Office. Through regionalization, the Company is more efficient, coordinated, and controlled because it facilitates the logistics, accelerate the decision-making, and focuses on tactical strategic development in line with the business potential in the area.



Image source: Company Documentation

September 25, 2017

BBTN Shares Will Be The Target of Investment for Local and Foreign Investors

BBTN shares entered into the Morgan Stanley Capital International (MSCI) Global Standard Index. MSCI has just rebalanced its list of shares and it came into effect on November 30, 2017. This was not easily achieved, considering there are less than 100 Issuers in the Indonesian Stock Exchange in the list of MSCI Global Standard Index. Hence, the BBTN shares shall be the investor's target, both in short-term and long-term.

BTN Siap!

Tabungan Rencana

Image source: Company Documentation

October 20, 2017

The Company Launched Siap! Savings to Target Millennials

In the 2017 last quarter, the Company aggressively gives more appreciation to the customers. The background for Siap! Savings launching was the needs of the public to save routinely in order to realize their needs, complete with health, accident, and life protection so the planned fund will be realized in the future. Siap! Savings has 1 to 15 years' period, and equipped with insurance feature.



Image source: Company Documentation

October 28, 2017

University of North Sumatera (USU) College Students Welcome the SOE Programs on Campus

USU College Students welcomed the SOE Programs on Campus with open arms. The program is initiated by Ministry of SOEs. The speakers were the Company's President Director Maryono, Expert Staff of Minister of SOEs, Salaha Lumban Gaol, and President Director of Krakatau Steel Mas, Wigrantoro. The program's objective is to convey the development of national economy today and to encourage the students to involve themselves in the economic growth. The Company is proud to be in the midst of USU students to improve their passion to better Indonesia.



Image source: Company Documentation

Magelang, November 11-12, 2017

BTN Tour de Borobudur XVII

The Company held a sports tourism event titled 'BTN Tour de Borobudur XVII' attended by more than 6,000 participants, including the Governor of Central Java, Ganjar Pranowo. The Company also participated to conserve the environment and encourage the economy of Central Java. For every 1 kilometer traveled by participants, the Company will donate funds in the amount of Rp 1,000 for the Central Java Government. In addition to social support, the Company also contributes to the environment by spreading 10,000 fish and planting 1,000 fruit tree seedlings in the Jatibarang Reservoir area, which is one of the tourism objects in Semarang.

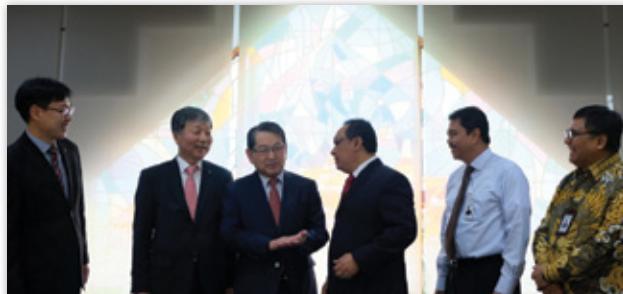


Image source: Company Documentation

November 13, 2017

Company's MOU with Dongbu Savings Bank

The Company's President Director and the President of World Savings Bank Institute (WSBI) Asia Pacific Region, and Vice Chairman & CEO of Dongbu Savings Bank signed the MoU related to global partnership strengthening. Through this partnership, the Company and the South Korea bank shall analyze the business partnership opportunities to develop the financial market in both countries. These two countries who are members of WSBI, are also planning to hold employee exchange training to transfer knowledge and share the work experience.



Image source: Company Documentation

December 12, 2017

Realizing Houses for The Public for 41 Years, The Company has Disbursed More Than Rp230.2 Trillion Housing Loan

On December 10, 2017, the Company celebrated its 41st Anniversary of Housing Loan (KPR) by holding a "Parade KPR" event. The Company keeps innovating by opening Housing Loan Plaza and Housing Loan Hotline to facilitate the customer in finding their choice of Housing Loan. As a Bank with focus on Housing Loan, the Company not only provides affordable Housing Loan interest, but also facilitates the public with various Housing Loan products to meet the housing needs for everyone, both for the low-income communities and the upper middle class.

> Testimoni



Joko Widodo
President of the Republic of Indonesia

Providing home for the people through One Million Houses Program is a government commitment. The effectiveness of this program is inseparable from the support of the Company. The Company, Friends of Indonesian Family

Source: President Secretariat Bureau of the Republic of Indonesia



M. Jusuf Kalla
The Vice President of the Republic of Indonesia

Bank Tabungan Negara has a very important position because this great nation has 260 million inhabitants, and we need a bank that specializes in housing finance. With an enormous needs, the One Million Houses Program can reduce the backlog and the Company has been functioning really well.

Source: Company Documentation



Rini M. Soemarno
Minister of SOE of the Republic of Indonesia

The Company is the only mortgage bank in Indonesia. Which means, if we want the Indonesian people to own a house, they should get financing for the house. That is BTN's function.

Source: Company Documentation



Sri Mulyani Indrawati
Minister of Finance of the Republic of Indonesia

We do realize that there are many people who need affordable housing financing. Therefore, I am grateful to the Ministry of SOEs, one of which is the Company as one of the State-Owned Bank that disbursed subsidized housing loan.

Source: <https://www.merdeka.com/uang/pemerintah-sediakan-rumah-murah-bagi-karyawan-masjid-istiqlal.html>



Basuki Hadimuljono
Minister of Public Works and Public Housing of Indonesia

I am proud of the The Company's work so far that provides a home for the Indonesian people, through both subsidized and non-subsidized mortgages. The growth of housing needs for the people continues to increase and so far it can be provided mostly by the Company.

Source: Company Documentation

Photo Source: Company Documentation

Company Performance 2017

01





01 Company Performance 2017

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> Important Financial Data Highlights

	2013	2014	2015	2016	2017
Financial Position (Rp Miliar)					
Earning Assets	128,161,082	141,561,595	168,035,035	206,477,677	237,786,483
Loans	92,386,308	106,271,277	127,732,158	150,221,960	181,002,783
Sharia Financing/Receivables	8,081,083	9,644,524	11,223,646	14,224,421	17,987,798
Placements with Bank Indonesia and Other Banks	4,839,318	1,496,455	7,839,477	17,581,350	24,697,503
Securities	4,210,440	5,446,372	1,819,562	4,186,141	7,720,954
Government Bonds	8,384,960	8,238,065	8,230,908	9,243,639	8,183,973
Total Assets	131,169,730	144,582,353	171,807,592	214,168,479	261,365,267
Deposits from Customer	96,207,622	106,470,677	127,708,670	147,787,618	177,091,421
Demand Deposit	19,116,196	23,422,618	31,368,443	42,643,680	50,019,826
Savings	24,237,893	26,167,914	30,757,681	32,776,835	38,217,936
Time Deposit	52,853,533	56,880,145	65,582,546	69,536,953	85,481,932
Deposits from Other Banks	275,257	1,179,269	1,721,198	3,643,889	5,063,433
Securities Sold Under Agreement to Repurchase	2,652,730	3,817,603	2,135,091	1,385,000	1,385,000
Securities Issued	8,836,711	8,519,884	12,492,202	14,919,910	20,480,459
Fund Borrowings	7,073,032	6,998,213	7,726,728	4,999,616	7,991,053
Total Liabilities	119,576,373	132,329,458	157,947,485	182,828,998	223,937,463
Total Syirkah Temporary Funds	-	-	-	12,208,945	15,764,370
Total Equity	11,593,357	12,252,895	13,860,107	19,130,536	21,663,434
Profit Loss (Million Rp)					
Interest Revenue and Net Split	10,782,877	12,807,328	14,966,209	17,138,819	19,271,582
Interest Expense and Bonus	(5,129,554)	(7,342,747)	(8,155,133)	(8,975,274)	(9,930,642)
Interest Income and Profit Sharing - Net	5,653,323	5,464,581	6,811,076	8,163,545	9,340,940
Other Operating Income	763,983	894,82	1,106,526	1,282,822	1,605,931
Provision for Impairment Losses on Financial and Non-Financial Assets	(430,289)	(771,166)	(901,008)	(707,531)	(884,401)
Reversed Estimated Allowance (Expense) on Impairment of Commitment and Contingencies	(2,066)	(729)	7,198	-	-
Other Operational Expenses	(3,849,042)	(4,010,139)	(4,490,187)	(5,386,604)	(6,170,567)
Income from Operations	2,135,909	1,577,367	2,533,605	3,352,232	3,891,903
Non-Operational Income - Net	4,862	1,96	8,281	(22,148)	(30,348)
Profit before Tax Expense	2,140,771	1,579,327	2,541,886	3,330,084	3,861,555

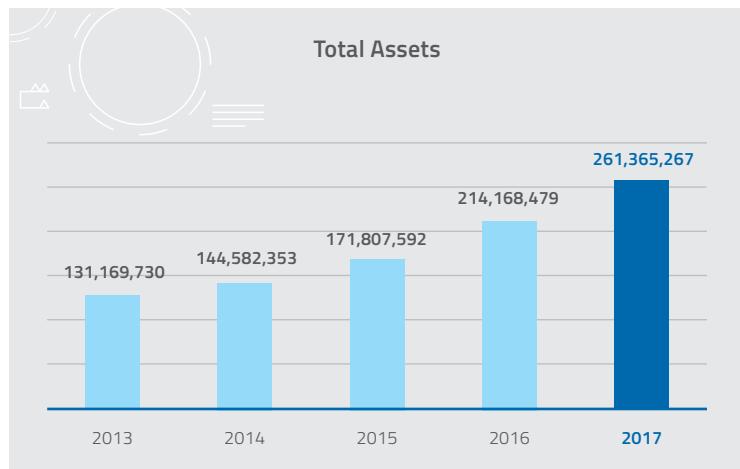
Note

- The Company has no investment in the associates.
- The Company has no subsidiaries so that other comprehensive profits and income are not grouped into the mainland entity and to non-controlling interests.

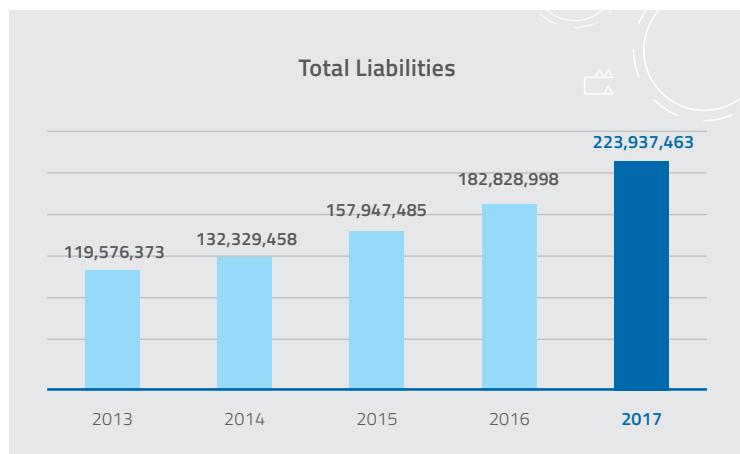
	2013	2014	2015	2016	2017
Profit Loss (Milion Rp)					
Tax Expenses	(578,610)	(433,755)	(690,979)	(711,179)	(834,089)
Income for the Year	1,562,161	1,145,572	1,850,907	2,618,905	3,027,466
Income for the year Attributable to:					
Owners	-	1,145,572	1,850,907	2,618,905	3,027,466
Non-controlling Interests	-	-	-	-	-
Total comprehensive income for the year - after tax	1,443,057	1,120,716	1,811,337	5,631,617	3,056,679
Income for the year Attributable to:					
Owners	-	1,120,716	1,811,337	5,631,617	3,056,679
Non-controlling Interests	-	-	-	-	-
Earnings per Share (Full Amount)	148	108	175	247	286
Financial Ratios (%)					
Capital Adequacy Ratio (CAR)	15.62	14.64	16.97	20.34	18.87
Non Performing Loan (NPL) Gross	4.05	4.01	3.42	2.84	2.66
Non Performing Loan (NPL) Netto	3.04	2.76	2.11	1.85	1.66
Return On Asset (ROA)	1.79	1.14	1.61	1.76	1.71
Return On Equity (ROE)	16.05	10.95	16.84	18.35	18.11
Net Interest Margin (NIM)	5.44	4.47	4.87	4.98	4.76
Operating Expenses to Operating Revenues (BOPO)	82.19	88.97	84.83	82.48	82.06
Loan to Deposit Ratio (LDR)	104.42	108.86	108.78	102.66	103.13
Compliance (%)					
BMPK Violation Percentage					
Related Parties	0.00	0.00	0.00	0.00	0.00
Non Related Parties	0.00	0.00	0.00	0.00	0.00
BMPK Exceedance Percentage					
Related Parties	0.00	0.00	0.00	0.00	0.00
Non Related Parties	0.00	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	7.02
Sharia	8.10	5.09	5.04	5.08	5.00
Statutory Reserve (Foreign Currency)	8.03	8.39	8.08	8.47	8.38
Net Open Position	1.01	1.92	1.74	0.29	1.29

Note

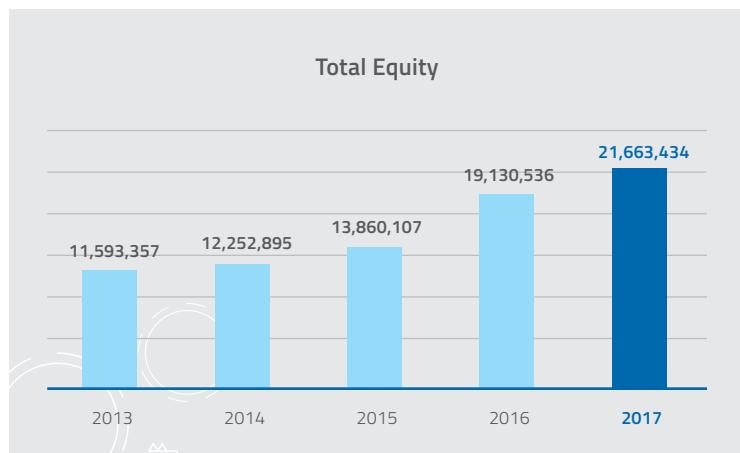
1. The Company has no investment in the associates.
2. The Company has no subsidiaries so that other comprehensive profits and income are not grouped into the mainland entity and to non-controlling interests.



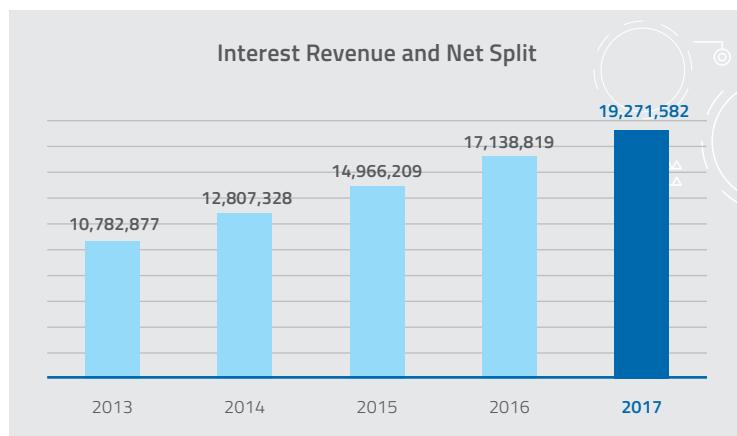
Total Assets increased by
22.04%
to
Rp261.365.267 million
in 2017



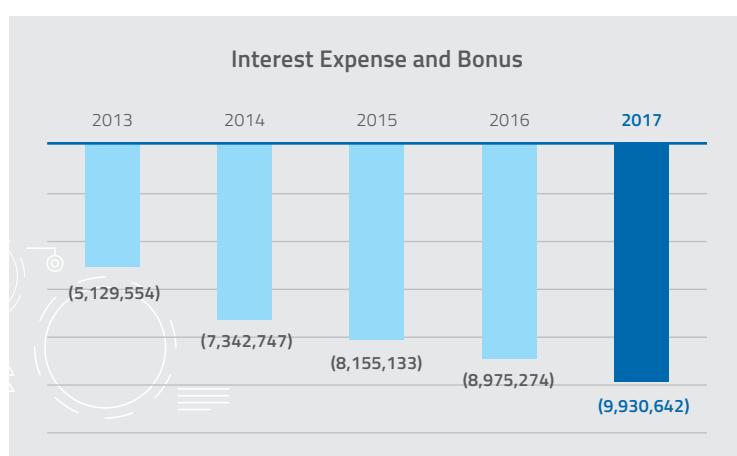
Total Liabilities increased by
22.48%
to
Rp223.937.463 million
in 2017



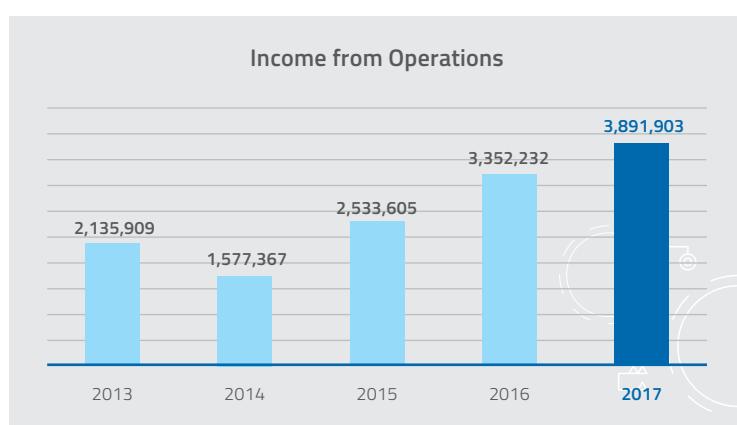
Total Equity increased by
13.24%
to
Rp21.663.434 million
in 2017



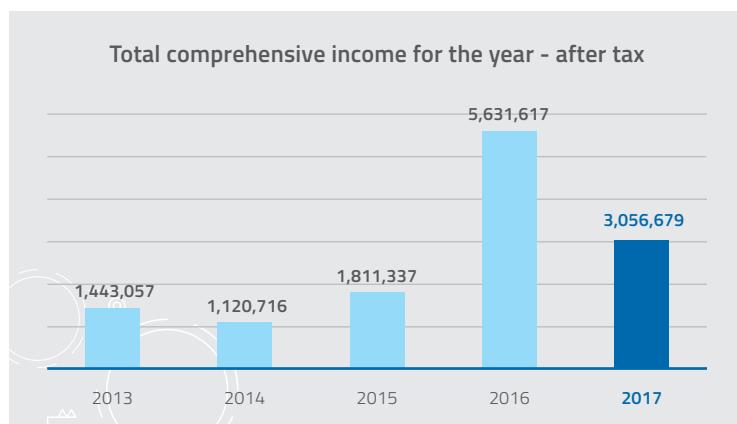
Total of Interest Income and Profit Sharing increased by **12,44%** to **Rp19.271.582 milion** in 2017



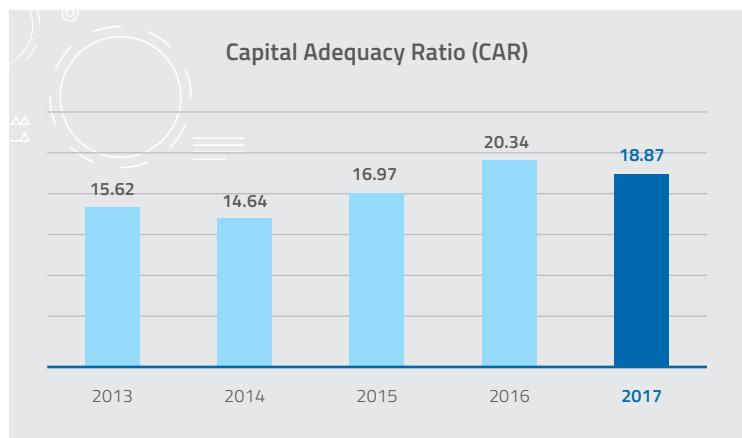
Interest Expense and Bonus increased by **10,64%** to **Rp9.930.642 milion** in 2017



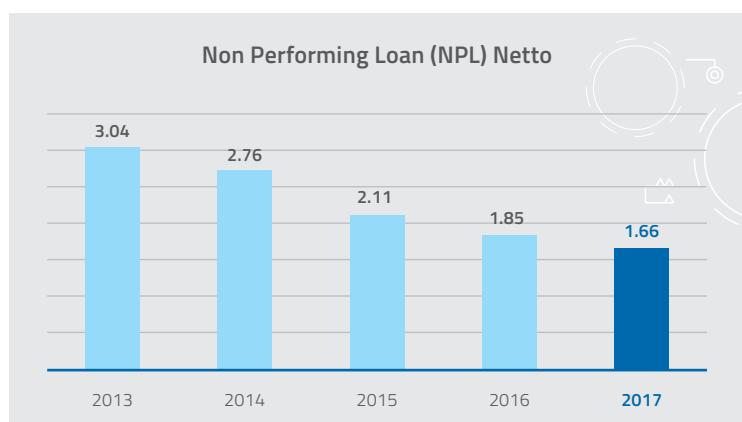
Income from Operations increased by **16,10%** to **Rp3.891.903 milion** in 2017



Total comprehensive income for the year - after tax increased by **45,72%** to **Rp3.056.679 milion** in 2017



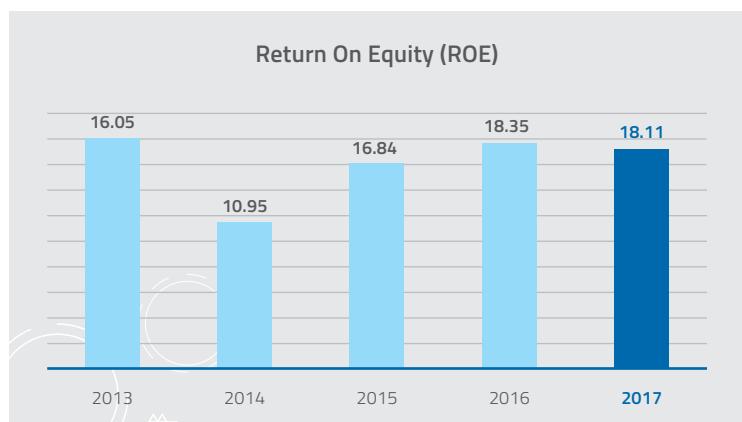
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CAR decreased by
7,23%
to
18,87% milion
in 2017



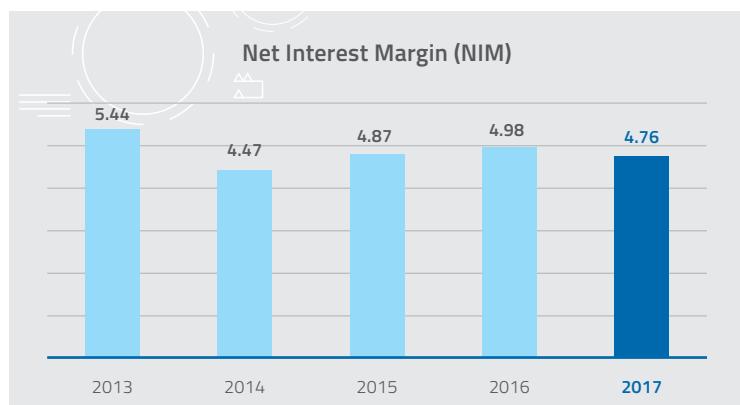
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Non Performing Loan (NPL) Netto
decreased by
10,27%
to
1,66%
in 2017



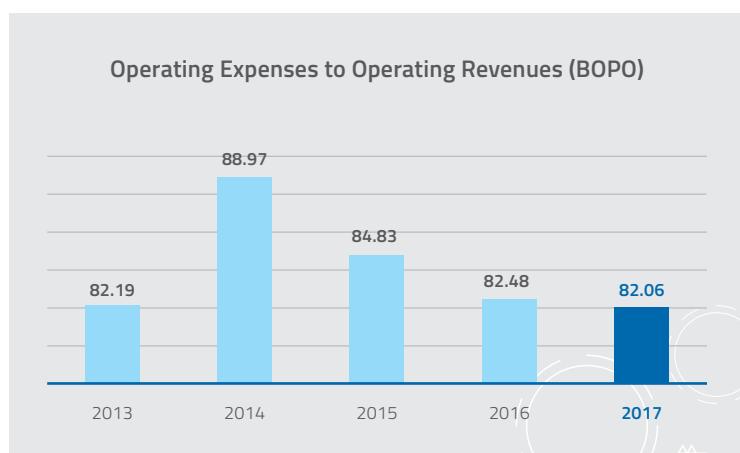
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Return On Asset (ROA) decreased by
2,84%
to
1,71%
in 2017



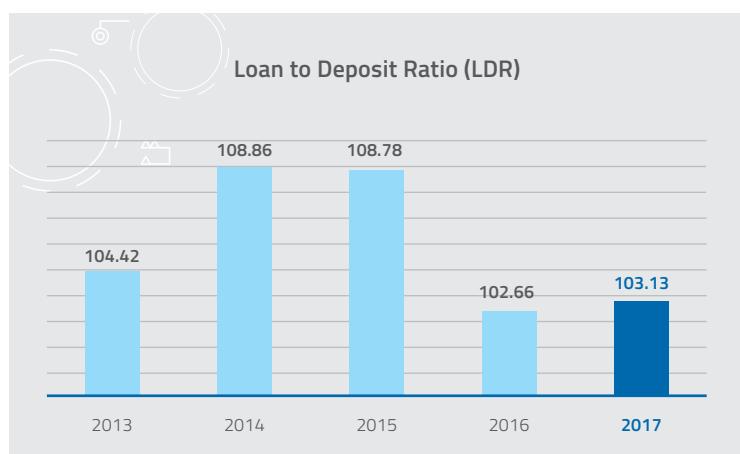
↓
Return On Equity (ROE) decreased by
1,31%
to
18,11%
in 2017



↓
NIM decreased by
4,42%
to
4,76%
in 2017



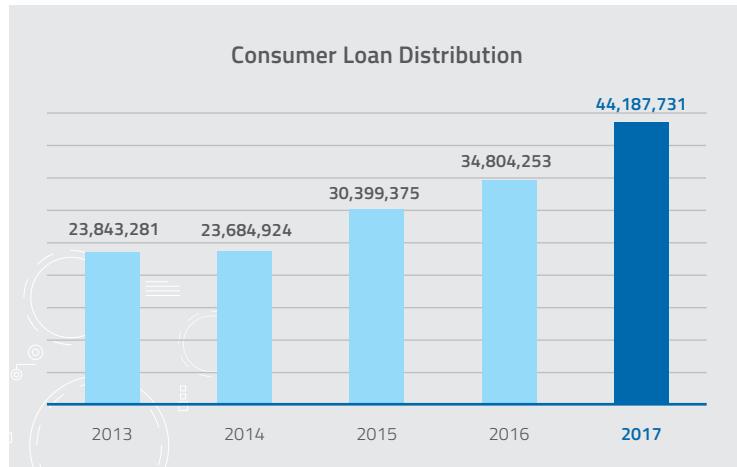
↓
Operating Expenses to Operating Revenues (BOPO) decreased by
0,51%
to
82,06%
in 2017



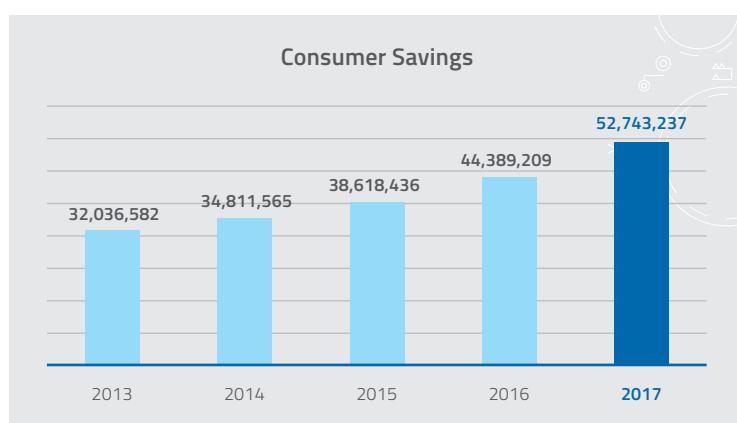
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LDR increased by
0,44%
to
103.13%
in 2017

Operational Performance Highlights

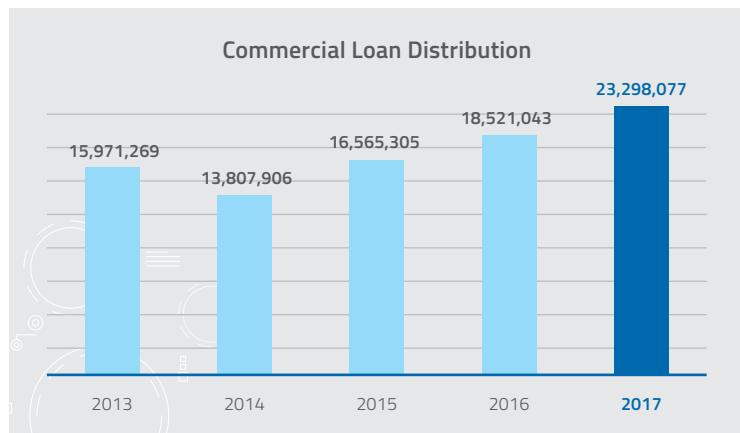
	2013	2014	2015	2016	2017
Operational Performance (Rp Miliar)					
Consumer Banking					
Consumer Loan Distribution	23,843,281	23,684,924	30,399,375	34,804,253	44,187,731
Consumer Savings	32,036,582	34,811,565	38,618,436	44,389,209	52,743,237
Consumer Banking					
Commercial Loan Distribution	15,971,269	13,807,906	16,565,305	18,521,043	23,298,077
Commercial Savings	57,578,465	62,911,655	77,985,698	100,568,259	122,011,519
Sharia Business Unit					
Sharia Financing	4,478,410	4,105,302	4,281,522	5,960,741	7,489,093
Sharia Savings	6,592,577	8,747,457	11,104,536	15,030,249	18,754,099
Fee Based Income	772,422	724,590	1,124,189	1,294,649	1,630,415
Other Operations					
Branch Offices	65	65	65	65	75
ATM	1,504	1,830	1,830	1,830	1,964
Total Employees	8,011	8,582	9,042	9,380	10,245
GCG Score	Composite 3 "QUIET HEALTHY"	Composite 2 "HEALTHY"	Composite 2 "HEALTHY"	Composite 2 "HEALTHY"	Composite 2 "HEALTHY"



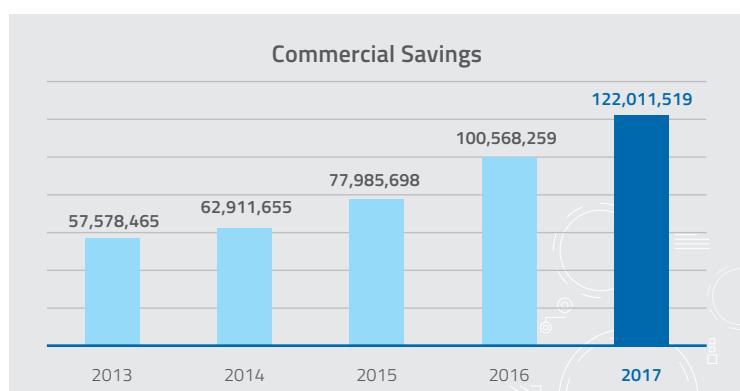
Consumer Loan Distribution increased by **27,06%** to **Rp44.187.731 million** in 2017 di tahun 2017



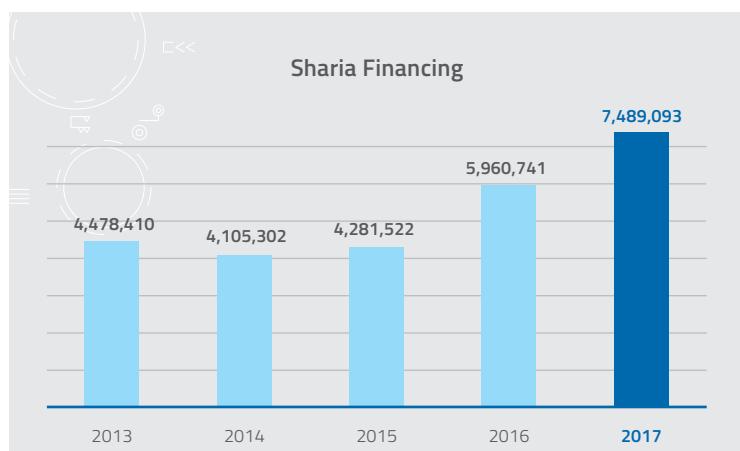
Consumer Savings increased by **18,86%** to **Rp52.762.232 million** in 2017



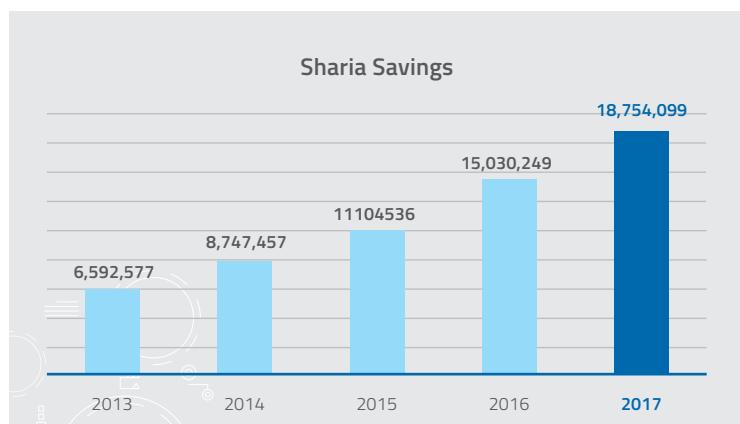
Commercial Loan Distribution increased by
25,79%
to
Rp23.298.077 milion
in 2017



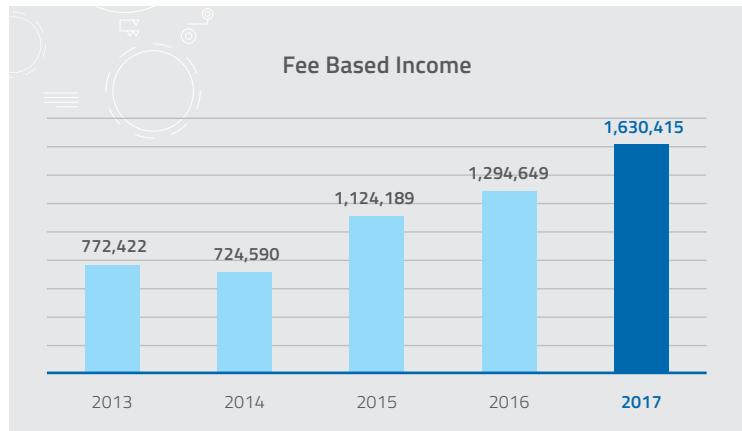
Commercial Savings increased by
21,32%
to
Rp122.011.519 milion
in 2017



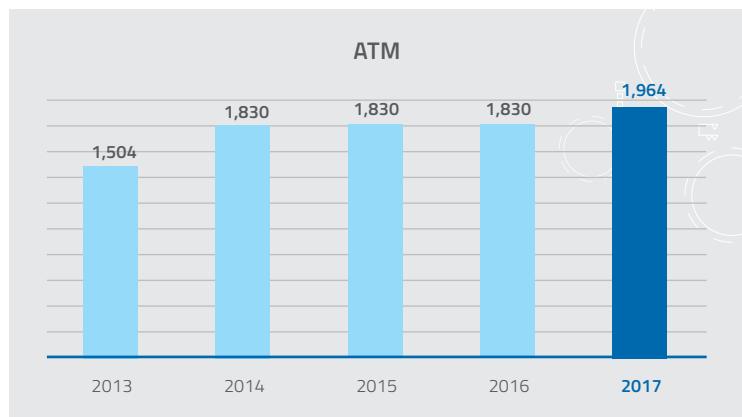
Sharia Financing increased by
25,64%
to
Rp7.489.093 milion
in 2017



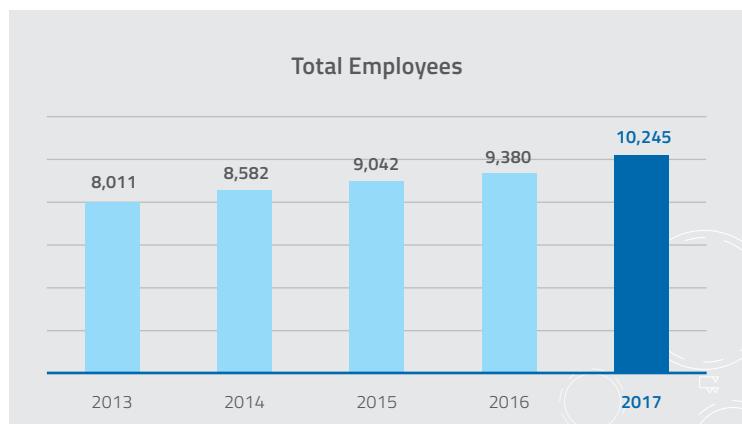
Sharia Savings increased by
24,78%
to
Rp18.754.100 milion
in 2017



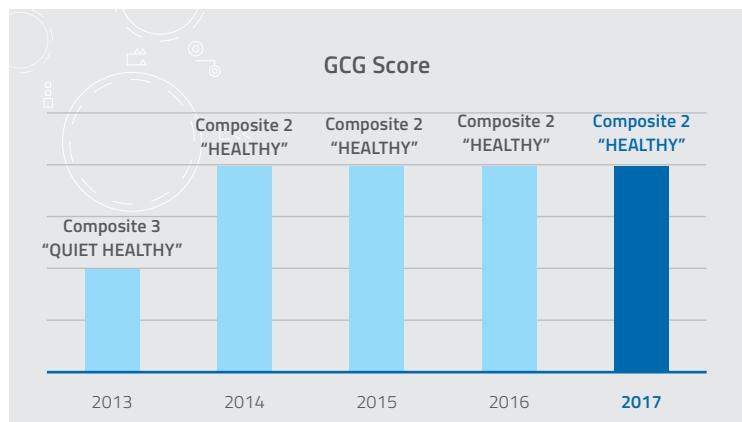
Fee Based Income increased by
25,93%
to
Rp 1,630,415 million
in 2017



ATM increased by
1.964 unit
in 2017



Total Employees increased by
10,360 employees
in 2017



GCG Score 2017 is
Composite 2 "HEALTHY"

> Information for Shareholders and Investors

The Company's solid financial fundamentals and effective communications to the capital market community have resulted in the Company's share price increase of 105.17% (yoY) during 2017.

The Indonesia Stock Market performance in 2017 has faced many challenges. In terms of domestic, there are numerous risks that may affect the fluctuation of the Indonesian Capital Market, i.e. continued corporate consolidation and limited banking intermediation. In terms of global economic, the sentiments cover the normalization of monetary policy in some developed countries as well as rising geopolitical risks to watch out for. 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.

Company's Stock Market Condition and Stock Performance

In 2017, several global events had created sentiments in the market which had affected the performance of stock index

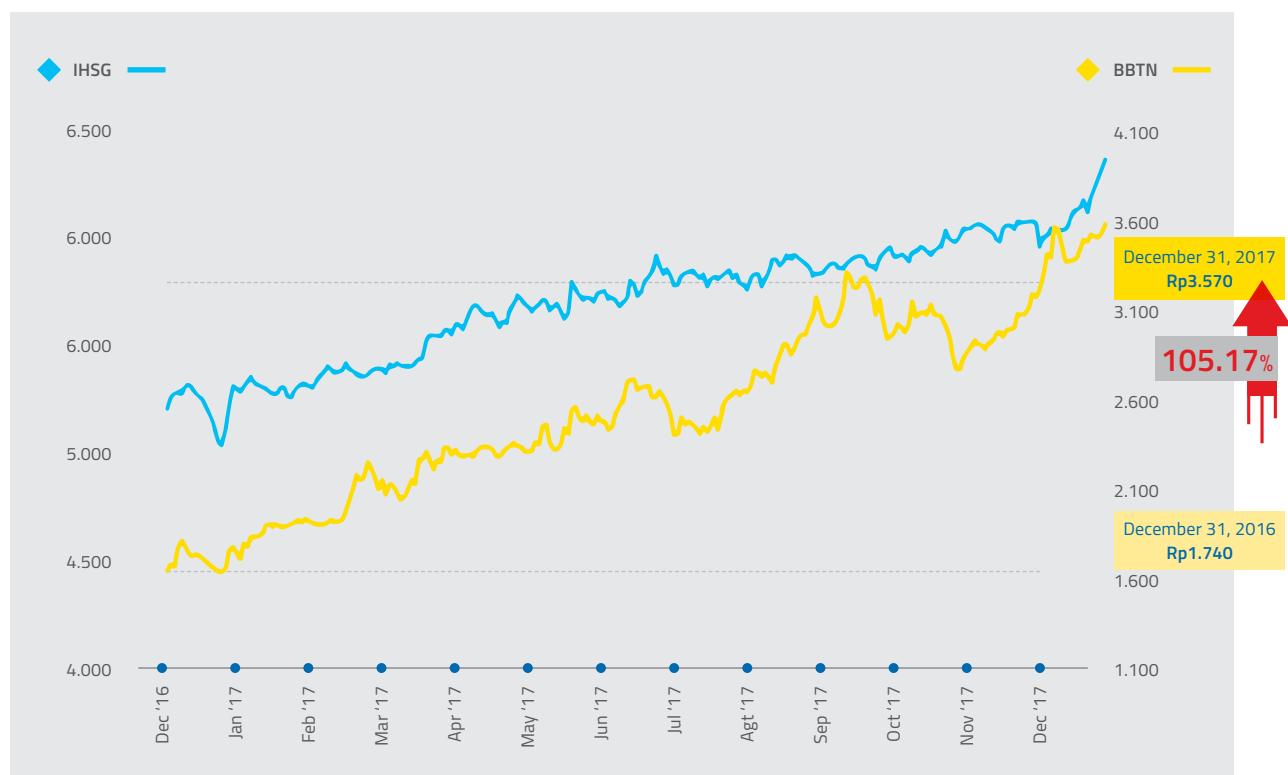
in several countries. Several sentiments that affected the performance of the stock index during 2017 includes a 25bps Fed Fund Rate increase in December 2017, improved growth in Gross Domestic Product of the United States and China, and quite solid European economic recovery.

Despite the geopolitical risks of 2017, in line with the economic recovery in some countries, the global stock index recorded positive results including the Indonesia Composite Index (IHSG), which closed at the highest level in the history of Indonesia Stock Exchange (BEI) trading, at the level of 6,355.65 or growing by 19.99% (yoY). The annual IHSG positive rate is supported by several positive sentiments during 2017, including the BI 7-day Reverse Repo Rate cut at 50 bps and the upward movement of Indonesia's outlook from stable to positive by Moody's international rating agency.

No	Country	Indemnity	December 31, 2016	December 31, 2017	YoY Performance
1	India	NSE Nifty Bank Index	18.177,20	25.539,45	40,50%
2	Hong Kong	Hong Kong Hang Seng Index	22.000,56	29.919,15	35,99%
3	United States of America	NASDAQ Composite Index	5.383,12	6.903,39	28,24%
4	Philippines	Philippines Stock Exchange PSEi Index	6.840,64	8.558,42	25,11%
5	United States of America	Dow Jones Industrial Average - DJI	19.762,60	24.719,22	25,08%
6	South Korea	Korea Stock Exchange KOSPI Index	2.026,46	2.467,49	21,76%
7	Indonesia	Jakarta Stock Exchange Composite Index	5.296,71	6.355,65	19,99%
8	United States of America	S&P 500 Index	2.238,83	2.673,61	19,42%
9	Japan	Nikkei 225	19.114,37	22.764,94	19,10%

No	Country	Indemnity	December 31, 2016	December 31, 2017	YoY Performance
10	Singapore	Straits Times Index STI	2.880,76	3.402,92	18,13%
11	Thailand	Stock Exchange of Thailand SET Index	1.542,94	1.753,71	13,66%
12	Malaysia	FTSE Bursa Malaysia KLCI Index - Kuala Lumpur Composite Index	1.641,73	1.796,81	9,45%
13	Australia	Australian Stock Exchange All Ordinaries Index	5.719,10	6.167,29	7,84%
14	England	FTSE 100 Index	7.142,83	7.687,77	7,63%
15	China	Shanghai Stock Exchange Composite Index	3.103,64	3.307,17	6,56%

Company Share Performance



The Company's shares managed to record good performance in 2017 with the achievement indicators as follow:

Indicator	2017	2016
Closing Price (Rp)	3.570	1.740
Lowest Price (Rp)	1.695	1.280
Highest Price (Rp)	3.610	2.100
Average Daily Trading Volume (Stock Lot)	209.739	202.509
PE (x)	12,49	7,04
PBV (x)	1,75	0,96
Market Capitalization (Rp million)	37.806.300	18.426.600

Per December 31, 2017, the BBTN share price is closed at Rp3,570 per share, an increase of 105.17% (yoY) from the closing price at the same period in 2016, which was Rp1,740 per share. In line with the significant increase in stock prices, market capitalization recorded a proportionate increase following the percentage increase in closing stock price with the position as of December 31, 2017, at Rp37,81 Trillion. The average daily trading volume during 2017 period also increased, from 202,509 lots of shares in 2016 period, to 209,739 lot shares.

The increase in the share price is driven by strong Company fundamentals and satisfactory financial performance in 2017, which ranked above the market expectation and analysts' consensus. Amidst the limited performance of the national banking sector, the Company recorded improved performance, such as loans and financing growth of 21.01%, increased third-party funds by 20.45%, and net profit growth of 15.60% in 2017. The asset quality is also reflected in the Non-Performing Loan (NPL) ratio, which improved from 2.84% to 2.66%.

Because of the significant increase in stock prices, the Company is listed as the top 3 (three) shares with the highest growth in LQ45 index in 2017. The Company also broke the Morgan Stanley Capital International (MSCI) Global Standard Index and The Financial Times Stock Exchange (FTSE) Index Value-Stocks ASEAN Index, which reflects the investor confidence, especially foreign investors. The Company also received the Gold Award in the category of "Corporate Governance and Investor Relations" from The Asset Publishing and Research Limited, Hong Kong in 2017.

The Company's Price to Book Value (PBV) per December 31, 2017, is recorded at 1.75x, increased significantly compared to the same period in the previous year, which was at 0.96x. The Company's Price to Earning (PE) per December 31, 2017, is recorded at 12.49x, increased compared to the same period in the previous year, which was at 7.04x.

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

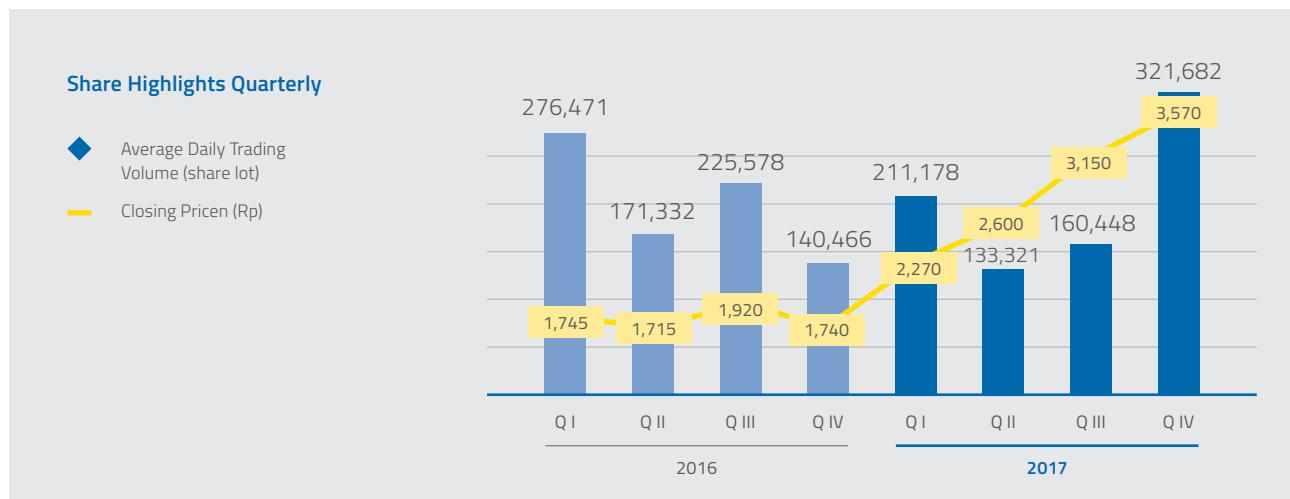
Indemnity	Period
The Financial Times Stock Exchange (FTSE) Value-Stocks ASEAN Index	October 2017 - April 2018
Morgan Stanley Capital International (MSCI) Global Standard Index	November 2017 - May 2018
Investor33	June - November 2017
LQ45	August 2017 - January 2018
Kompas100	August 2017 - January 2018
IDX Small-Mid Cap (IDX SMC) Composite	December 2017 - January 2018
IDX Small-Mid Cap (IDX SMC) Liquid	December 2017 - January 2018
BISNIS27	November 2017 - April 2018
MNC36	November 2017 - April 2018
PEFINDO i-Grade	December 2017 - May 2018
Infobank15	January - June 2018

> Company Share Highlights

Price, Volume, and Capitalization of Company's Shares 2016-2017

The quarterly overview of the Company shares are as follows:

Period	Number of Shares Outstanding (share)	Closing Price (Rp)	Lowest Price (Rp)	Highest Price (Rp)	Average Daily Trading Volume (share Lot)	Market Capitalization (Rp million)
2016	TW I	10.590.000.000	1.745	1.280	276.471	18.479.550
	TW II	10.590.000.000	1.715	1.560	171.332	18.161.850
	TW III	10.590.000.000	1.920	1.690	225.578	20.332.800
	TW IV	10.590.000.000	1.740	1.590	140.466	18.426.600
2017	TW I	10.590.000.000	2.270	1.695	211.178	24.039.300
	TW II	10.590.000.000	2.600	2.140	133.321	27.534.000
	TW III	10.590.000.000	3.150	2.320	160.448	33.358.500
	TW IV	10.590.000.000	3.570	2.690	321.682	37.806.300



Initial Public Offering (IPO) Listing

The Company listed its shares on the Indonesia Stock Exchange on December 17, 2009, by offering 2,360,057,000 Class B common shares or 27.08% of its authorized capital with a par value of Rp800 per share. The IPO also received a very good response from the public, indicated by the 2.04 times oversubscription with a total proceed of Rp1.88 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).

Corporate Act (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 loan growth, hence increasing investors' interest to invest more in BBTN shares.

The summary of the Company's Rights Issue transaction is:

Type of Offer	HMETD
Number of Shares Offered	1,512,857,500 Class B Common Shares
Nominal Value	Rp500 (five hundred rupiahs)
Implementation Price	Rp1,235 (one thousand two hundred and thirty-five rupiahs)
Total Amount (Proceeds) Received	Rp1,868,379,012,500 (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	November 23-29, 2012
HMETD Implementation Period	November 23-29, 2012
Securities Listing Date at Stock Exchange	November 23, 2012
Listing	Indonesian Stock Exchange
Standby Purchasers	PT Bahana Securities, PT Danareksa Sekuritas dan 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 and Analysis and Management Discussion on this Annual Report.

> Information on Outstanding Bonds, Sukuk, or Convertible Bonds of The Last 2 (Two) Fiscal Years

Bonds

Bonds	Nominal (Rp Million)	Issuance Date	Maturity Date	Period (Year)	Coupon	Rating *)	Matured/Not Matured	Exchange
BTN Bonds XIV 2010	1.650.000	June 11, 2010	June 11, 2020	10	10,250%		No	
BTN Bonds XV 2011	1.300.000	June 28, 2011	June 28, 2021	10	9,500%	idAA+	No	
BTN Continuous Bonds I Phase I 2012	2.000.000	June 5, 2012	June 5, 2022	10	7,900%	idAA+	No	
BTN Continuous Bonds I Phase II 2013	2.000.000	March 27, 2013	March 27, 2023	10	7,900%	idAA+	No	
BTN Continuous Bonds II Phase I 2015 Series A	900.000	July 8, 2015	July 8, 2018	3	9,625%	idAA+	No	
BTN Continuous Bonds II Phase I 2015 Series B	500.000	July 8, 2015	July 8, 2020	5	9,875%	idAA+	No	
BTN Continuous Bonds II Phase I 2015 Series C	800.000	July 8, 2015	July 8, 2022	7	10,000%	idAA+	No	Indonesian Stock Exchange
BTN Continuous Bonds II Phase I 2015 Series D	800.000	July 8, 2015	July 8, 2025	10	10,500%	idAA+	No	
BTN Continuous Bonds III Phase I 2017 Series A	1.347.000	August 30, 2016	August 30, 2019	3	8,200%	idAA+	No	
BTN Continuous Bonds II Phase II 2016 Series B	1.653.000	August 30, 2016	August 30, 2021	5	8,750%	idAA+	No	
BTN Continuous Bonds III Phase I 2017 Series A	1,466,000	July 13, 2017	July 13, 2020	3	8,300%	idAA+	No	
BTN Continuous Bonds III Phase I 2017 Series B	1,295,000	July 13, 2017	July 13, 2022	5	8,500%	idAA+	No	
BTN Continuous Bonds III Phase I 2017 Series C	853,000	July 13, 2017	July 13, 2024	7	8,700%	idAA+	No	
BTN Continuous Bonds III Phase I 2017 Series D	1,386,000	July 13, 2017	July 13, 2027	10	8,900%	idAA+	No	
Total	17.950.000							

*) Rating by PT Pefindo (March 8, 2017 - March 1, 2018)

Bonds Issued by the Company

Name of Bonds	Nominal Amount	Term	Maturity Date	Interest
BTN Bonds I	50.000	5 years	July 25, 1994 *)	18,75% fixed
BTN Bonds II	50.000	5 years	June 1, 1995 *)	16,25% fixed
BTN Bonds III	50.000	5 years	November 11, 1996 *)	20,00% fixed
BTN Bonds IV	100.000	5 years	January 23, 1996 *)	17,00% fixed
BTN Bonds V	150.000	5 years	July 31, 1998 *)	15,25% fixed for the first and second years, floating for remaining years until maturity
BTN Bonds VI	350.000	5 years	December 21, 2000 *)	17,25% fixed for the first year, floating for remaining years until maturity
BTN Bonds VII	200.000	5 years	July 22, 2001 *)	17,125% fixed for the first year, floating for remaining years until maturity
BTN Bonds VIII	400.000	5 years	July 18, 2002 *)	14,15% fixed
BTN Bonds IX	750.000	5 years	October 2, 2008 *)	12,50% fixed
BTN Bonds X	750.000	5 years	May 25, 2009 *)	12,20% fixed
BTN Bonds XI	750.000	5 years	July 6, 2010 *)	12,00% fixed
BTN Bonds XII	1.000.000	10 years	September 19, 2016	12,75% fixed
BTN Bonds XIII A	300.000	3 years	May 29, 2012 *)	11,75% fixed
BTN Bonds XIII B	300.000	4 years	May 29, 2013 *)	12,00% fixed
BTN Bonds XIII C	900.000	5 years	May 29, 2014 *)	12,25% fixed
BTN Bonds XIV	1.650.000	10 years	June 11, 2020	10,25% fixed
BTN Bonds XV	1.300.000	10 years	June 28, 2021	9,50% fixed
BTN Continuous Bonds I Phase I	2.000.000	10 years	June 5, 2022	7,90% fixed
BTN Continuous Bonds I Phase II	2.000.000	10 years	March 27, 2023	7,90% fixed
BTN Continuous Bonds II Phase I Series A	900.000	3 years	July 8, 2018	9,625% fixed
BTN Continuous Bonds II Phase I Series B	500.000	5 years	July 8, 2020	9,875% fixed

Name of Bonds	Nominal Amount	Term	Maturity Date	Interest
BTN Continuous Bonds II Phase I Series C	800.000	7 years	July 8, 2022	10,00% fixed
BTN Continuous Bonds II Phase I Series D	800.000	10 years	July 8, 2025	10,50% fixed
BTN Continuous Bonds II Phase II Series A	1.347.000	3 years	August 30, 2019	8,20% fixed
BTN Continuous Bonds II Phase II Series B	1.653.000	5 years	August 30, 2021	8,75% fixed
BTN Continuous Bonds III Phase I Series A	1.466.000	3 years	July 13, 2020	8,30% fixed
BTN Continuous Bonds III Phase I Series B	1.295.000	5 years	July 13, 2022	8,50% fixed
BTN Continuous Bonds III Phase I Series C	853.000	7 years	July 13, 2024	8,70% fixed
BTN Continuous Bonds III Phase I Series D	1.386.000	10 years	July 13, 2027	8,90% fixed
Obligasi Subordinasi BTN	250.000	10 years	May 25, 2014 **)	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

*) The Bank has made the repayment of bonds issued on maturity date
 **) The Bank has exercised the buy back options on May 25, 2009

Information on sukuk or convertible bonds of the last 2 (two) fiscal years

In 2017, the Company has not issued any sukuk or convertible bonds which are still outstanding in the last 2 (two) fiscal years.

Reports of The Board of Commissioners and Directors

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Bank @ BTN

Sahabat Keluarga Indonesia





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> Report of the Board of Commissioners



Management is able to contribute a good performance. The Board of Commissioners appreciate the achievement of the Directors' performance during 2017 is very good and satisfactory.

I Wayan Agus Mertayasa
President Commissioner



Distinguished Shareholders, Representatives of Shareholders, and Stakeholders,

With the highest gratitude, we pray to the presence of God Almighty who has bestowed His mercy and grace on us all, so that the Company went through the year 2017 with excellent performance. It is an honor for me to represent the Board of Commissioners in presenting the supervisory report on the Company's performance for the Fiscal Year 2017.

The Board of Commissioners has performed the task of supervising and advising the Board of Directors with good faith and high sense of responsibility and prudence in the interest of the Company. In performing its duties and functions, Board of Commissioners is performing them independently, in accordance with the provisions of the Company's Articles of Association and applicable laws and regulations, as well as on the basis of good corporate governance principles. The focus of supervision and advice by the Board of Commissioners in 2017 includes the planning and implementation of the Bank's Business Plan (RBB); the planning and implementation of Corporate Work and Budget Plan (CBP); Follow-Up on the General Meeting of Shareholders (GMS) Resolutions; the application of Good Corporate Governance, Internal Control System Effectiveness, and Corporate Culture, as well as applicable laws and regulations which we may report as follows:

Macro Economy Condition

The 2017 global economy grew 3.7% higher than the previous year at 3.2%. The increase is supported by the growth of developed and developing economies, such as United States, Europe, China, and India. The growth in these countries has boosted price and volume of Indonesia's flagship export commodities so that Indonesia's 5.07 percent (YoY) economic growth in 2017 was higher than the 2016 figure of 5.03 percent. Indonesia's economic growth also boosted the rise in Indonesian banking industry which in 2017 grew 9.77%.

Assessment of Directors' Performance 2017

In line with the mentioned macro developments, the Company also showed a good performance in 2017. Its performance far exceeded the growth of the banking industry. The company's assets grew by 22.04%, well above the industry's growth rate of 9.77%. Loan and Financing also grew at a high 21.01%, much higher than the national loan growth of 8.2%. Third-Party Funds increased by 20.31%, much higher than the growth of third-party funds of 9.4%.

Fee-based income increased by 25.93%, Loan Quality (NPL Gross) improved compared to 2016 from 2.84% to 2.66%, and NPL Net improved from 1.85% to 1.66%. Profit increased by

15.60% compared to last year and Capital Adequacy Ratio of 18.87% exceeded the minimum capital adequacy requirement.

This financial performance has lifted the company's image and stakeholder and stakeholder confidence as reflected in the increase of BBTN's share price of 105.17% YoY to Rp3,570, resulting in an increase in the market cap of 105.17% YoY, to Rp37.81 Trillion.

The above performance also includes the performance of the Sharia Business Unit (UUS), whose development is very encouraging, in which the total Third-Party Funds collected by UUS Company increased by 24.78% to Rp18.75 trillion compared to 2016 of Rp15.03 trillion. UUS financing increased by 26.46% while Sharia NPF decreased to 0.95% from 1.01%.

The performance is supported by the implementation of additional office network infrastructure and Information Technology capabilities; the improvements in product diversification and business process; the increased internal control; and good practices in risk management.

Regarding these achievements, the Board of Commissioners expresses high appreciation and recognition to the Board of Directors and all levels of management and employees for their dedication and commitment to the Company.

Good Corporate Governance Implementation

The Board of Commissioners considers that the Company has committed to implementing GCG consistently and sustainably and making GCG principles its operational basis. The Company focuses on strengthening good governance system and foundation primarily in relation to the application of financial conglomeration in order to realize an excellent and highly competitive governance. The GCG implementation in 2017 is in line with the Company's GCG Roadmap.

In addition to refining the Working Guidelines and Procedures of the Board of Directors and Board of Commissioners and perfecting Audit Committee in accordance with Regulation of OJK; the Company has also implemented most of OJK recommendations consisting of 25 recommendations in 5 aspects and 8 principles of corporate governance. The quality of information transparency is also improved, such as through the notification of important information regarding the General Meeting of Shareholders (GMS) in the Company's website, so that the shareholders and investors may easily access the necessary information.

The Company is also developing an integrated implementation of Governance, Risk, and Compliance, by incorporating these three aspects into the performance assessment component at the head office, branch, division and work unit level so that the achievement of overall financial performance is a reflection of internal controls that have been run on every existing level of the organization.

Whistleblowing System

Board of Commissioners also oversees the adequacy and effectiveness of WBS implementation in the Company. Any reporting obtained from this mechanism shall be subject to attention and follow-up, including the imposition of a penalty that may provide deterrent effect to the offender and also those who intend to do so. We are able to report that in general, the Board of Commissioners believes that the management of WBS in the Company has been running as expected. The Board of Commissioners considers that the application of WBS is part of the internal control system in order to prevent the practice of irregularities and fraud.

Risk Management and Internal Control Management

The Board of Commissioners believes that the Company has good implementation structure of risk management. The risk assessment results in 2017 show the risk composite rating was in the low to moderate rate. 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.

Social and Environmental Responsibility

According to Board of Commissioners' monitoring, the Company is highly committed to implementing its corporate social responsibility program with appropriate method in order to provide benefits to the stakeholders, as this program implementation will bring positive impact to the Company and community.

Overall, the Company's social and community development programs cover the areas of education, health, economic, social and cultural, religious and environmental sectors. During 2017, the Company has realized Rp 4.99 billion of funds for market development activities for communities around Sentani Papua, student programs familiar with Nusantara in Gorontalo and Torosiaje, aid program to the pottery industry in Balkondes the Company Karanganyar Village Magelang,



Planting 1000 seedlings fruit trees in Jatibarang Reservoir etc. The success of the Company should encourage the progress of society and the surrounding environment.

Assessment for Committee Reporting Directly to Board of Commissioners

The Board of Commissioners continues to promote the implementation of Committees functions and responsibility in assisting active supervision and advisory application to the Board of Directors. It encourages each committee to be more proactive in finding, reviewing, discussing and reporting current issues, internal and external audit results, financial performance and risk management in order to provide the latest update and help Board of Commissioners in giving the appropriate direction to the Board of Directors. In 2017, these committees under Board of Commissioners have functioned well, in an orderly manner and had significant contribution in supporting the functions of Board of Commissioners.

Perspective on the Bank's Business Prospects

The Board of Commissioners views that Company's business prospects ahead are very good. There are at least four major opportunities that can be pursued by the Company. First major opportunity is the large number of national housing demand (housing backlog) and the need to fulfill non-housing



loans which is real business opportunity and potential for the Company. Second major opportunity is Company's proven experience and expertise in housing finance business since 1976. . The third opportunity is government support through the FLPP program which generate great impact on the acceleration of housing construction and the increasing ability of the community to buy houses through loan. The fourth opportunity is based on the demographic growth of Indonesian population distribution which estimates that 60% of Indonesian population is in productive age and that new families will emerge and require new dwellings.

Considering above opportunities and supported by its commitment towards improvements in all areas of the Company through continuous transformation, prudent implementation, risk management and good internal control, the Board of Commissioners believes that Company's prospects in the future will be very bright and it will be able to achieve its vision and mission.

Changes in Composition and Frequency of Meetings of the Board of Commissioners

In the Annual General Meeting of Shareholders dated March 17, 2017, the shareholders decided to appoint 1 (one) Independent Commissioner namely Mr. Garuda Wiko. The

Board of Commissioners continues to increase its commitment to carry out its functions and responsibilities. During 2017, the Board of Commissioners has conducted 51 internal meetings, 36 meetings with the Board of Commissioners and the Board of Directors and provided 110 written directives consisting of:

- › 28 directions related to Audit;
- › 55 related directives Risk Management and Loan;
- › 11 Human Resources related directives; and
- › 16 directions for Transformation and Business Process Improvement.

Closing

On this occasion, on behalf of the Board of Commissioners, expressed our gratitude to the shareholders and stakeholders, for their support and trust given to us, the Board of Commissioners, in carrying out the supervisory function and directives for the management of the Company.

Highest appreciation and accolade to the Board of Directors and all staff for their dedication, hard work, commitment, and service in bringing the Company to perform better than the previous year. The Board of Commissioners is optimistic that the Company will be able to grow, be sustainable, and achieve its vision and mission well.

Thank you.

Jakarta, February 2018
On Behalf of the Board of Commissioners

I Wayan Agus Mertayasa
President Commissioners

> Report of the Board of Directors



The trend of high loan growth with sustainable quality continues in 2017. The company managed to record a loan growth of 21.01% amidst the growing banking loan. Going forward, with the implementation of its strategic transformation blueprint, the Company is committed to expanding its market share in residential financing and other related industries. We hope to increase our contribution to the One Million Houses program every year.

Maryono
President Director



To all Distinguished Shareholders and Stakeholders

Praise the presence of Allah SWT, The Almighty God, for it is with His abundant grace and blessings that the Company succeeded in passing the fiscal year 2017 with a proud achievement. It is my honor to represent all members of the Board of Directors to convey that 2017 has been an impressive year, where the Company was able to maintain sustainable performance and has succeeded in creating optimal value for shareholders. On this good occasion please allow us to report on the Company's performance and management throughout the fiscal year of 2017 in this 2017 Annual Report.

The State of The Economy and Banking Industry

Amid the increasingly solid global economy, Indonesia's economy grew by 5.07% in 2017. This is mainly driven by Investment and Exports, in line with government infrastructure projects and improving global commodity prices. All business sectors contributed to the growth, including the financial services and insurance sector, which grew by 5.48% year on year (YoY).

In December 2017, the inflation rate was 3.61% (YoY) or remained within the inflation target range of 4.1%. Since 2015, this inflation target range is maintained by low volatile food inflation, adequate supply support, Government food price stabilization policies, and low global food prices. The inflation is still within the target range even though the administered prices inflation increased in the early semester of 2017 related to the energy subsidy reform by the Government.

Despite pressure coming from external sources at the beginning of the fourth quarter, Rupiah exchange rate was relatively stable in 2017. Point-to-point, the rupiah weakened slightly by 1.54%, from Rp13,343 in 2016 to Rp13,548 in 2017. The stable Rupiah exchange rate is reflected in the lower volatility of Rupiah movement compared to the previous year. This is supported by a sustained domestic macroeconomic stability and a favorable economic outlook.

2017 was an exciting year for the Indonesian capital market. The Composite Stock Price Index (IHSG) recorded an all-time high during the last trading in 2017. The IHSG closed at 6,355.65, an increase of 19.99% from the 2016 closing of 5,296.71.

Banking performance showed moderate growth. Until the end of December 2017, the growth of national banking loan reached 8.2%, better than the period of 2016 which reached

7.85%. Despite this rise, limited lending to the banking sector was caused by a combination of low demand for loans and banking positions which was still focused on maintaining asset quality. The collection of third-party funds (DPK) of national banks by the end of 2017 grew by 9.4%, which was slightly higher than in 2016 at 9.60%. The relatively limited national banking activities caused business profit in 2017 to have grown by only 16.48% as of November 2017.

Given the controlled inflation rate and improved economic growth, Bank Indonesia lowered its total billing rate (BI 7-day reverse repo rate) by 50 bps in 2017, by 25 bps on August 22, and 25 bps on September 22, 2017. At the end 2017, BI's benchmark interest rate is 4.25%.

Transformation and Strategic Policies

2017 is the second year in the Company's Transformation Phase II process (2016-2019), i.e. the Digital Banking period, in which the stage to achieve is becoming the leading housing bank in Indonesia with world-class service. Through this transformation process, the Company is committed to becoming a leading Bank in housing, property and basic infrastructure with a global mindset service standards by 2025 (transformational enterprise - global mindset). The Company strives to leap in line with the transformation roadmap, with focus on stronger business, infrastructures, and human resources.

As part of this second period of the transformation process, the Company initiated the implementation of strategic transformation blueprint for the 2017-2018 period. In this blueprint, the Company launched 32 (thirty-two) strategic initiatives aimed at maintaining the Company's market share in the mass segment as well as expanding the market in emerging affluent and affluent segments of society. Furthermore, one aspect of this strategic initiative is developing an organization with high capabilities and reliable technology infrastructure, as well as optimized productivity in branches and in sales. In addition, comprehensive and integrated Governance, Compliance and Risk (GCR) is also reinforced.

For 2017, the Board of Directors has specifically set the direction of the Company's General Policies, which will be used as basis to achieve the Company's vision and mission, which is "Digital banking-based transformation for the strengthening and expansion of housing business". To support the direction of the Board of Directors' general policy and to achieve the main financial objectives of 2017, the following corporate-level strategies were developed:

1. Strategies in the Loan Sector

Strengthening the loan sector means strengthening the Company's core business of housing finance accompanied by the expansion and development of a construction value chain to support an increase in the supply of housing. Strategies in the loan sector include focusing on housing loans by strengthening communications with stakeholders in the housing sector, expanding the housing market, both in terms of customer segments and territorial areas, increasing the effectiveness of collection and asset recovery management, as well as developing a Housing Finance Center and a mortgage ecosystem.

2. Strategies in the Fund Sector

Strengthening of the funding sector is done by focusing on increasing low-cost and sustainable funding, namely long-term and low-cost funding. Strategies in the fund sector include extending to emerging affluent segments, enhancing of institutional funding cooperation in the form of housing loan financing schemes, expanding and increasing wholesale funding, as well as increasing fee-based income through technology development.

3. Strategies in Non-Interest Operational Income

Parallel to its target to continue to increase fee-based income portion, the Company has devised a strategy to increase revenue from transaction services, digital banking, wealth management and bank guarantees, managing deleted loans, and establishing subsidiaries to support the bank's business.

4. Strategies in Infrastructure

In order to achieve these challenging business targets, strengthening the infrastructure is a critical factor. The strategy is to build digital banking infrastructure, centralize operations and process automation, improve branch office productivity as a sales base, and strengthen GCG, and comprehensive risk management.

5. Strategies in Human Resources

Strengthening of human resources is focused on the optimal allocation of human resources, competence development through the education program, holistic implementation of a Human Capital Information System (HCIS), building a high capability organization, and strengthening working culture.

Of course, in compiling the strategies above, the Company always aligns them with the Government's vision and mission

in national development. The Company fully supports the nine priority agendas, or NAWA CITA, launched by President Joko Widodo and Vice President Jusuf Kalla, to enhance the quality of life of Indonesian public through housing development. The Company also commits to the Deputy for Finance Services, Survey and Consultant Services of the Ministry of State-Owned Enterprises (SOEs), work program, 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 BTN Cermat Savings product. The Company is also participating in improving the competitiveness and efficiency of BUMN Banks through the synergy of Automated Teller Machines (ATM) and Electronic Data Capture (EDC) marked with ATM Merah Putih development. Furthermore, the Company also participated in developing the people's economy through the implementation of programs such as Social Assistance, Mekaar, Bumdes, Farmer's Card and SOEs Creative House, in addition to the existing Partnership and Community Development Programs.

Performance Analysis in 2017

Amid economic conditions that have not been fully recovered, and the increasingly tight business competition, the Company was able to end the fiscal year of 2017 with decent financial performance. The audit report by Purwantono, Sungkoro & Surja Office of Public Accountants (KAP) states that the Company's financial report has been presented fairly in all material respects. The opinion of the public accountants indicates that the Company's operations as represented in the financial statements have been presented in accordance with Financial Accounting Standards.

Assets in 2017 grew by 22.04% to Rp261.36 trillion. High asset growth is driven by growth in Loan and Third-Party Funds.

Over the past 3 (three) years, the Company's loan has increased almost 2 (two) fold, from Rp115.92 trillion in December 2014 to Rp198.99 trillion in December 2017. Loan and financing increased by 21.01% from Rp164.45 trillion in 2016. 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 and Construction Loan. With this achievement, the Company keeps its position as the leading of KPR in Indonesia, with market share of 36,30%. As for Subsidized Housing Loan for low-income communities, the Company still dominates with a 95.42% share of total nationwide distribution of Subsidized Housing Loan.

The achievement of high loan growth is also accompanied by the Company's growing contribution to the government's One Million Houses Program. In 2017, the Company successfully distributed 667,312 housing units to the public, consisting of 252,783 units in housing loans (KPR) and 414,529 housing units still under construction, as the Company also distributed Construction Loans to housing developers. With this 2017 achievement, the Company has contributed to a total of 1.74 million housing units ever since the One Million Houses Program was initiated in 2015.

The Company is committed to serving the society from all walks of life, especially in the low-income segment of society that has been the focus of the Company. This is meant to give them a chance to grow and help people achieve a more prosperous life. In 2017, the Company released 2 (two) mortgage products for low-income people, Micro Housing Loan and Housing Loan for Workers in the Informal Sector provided to online motorcycle drivers.

Despite this high growth, the Company continues to maintain and ensure the quality of disbursed loans. The Company managed to suppress the rate of Non-Performing Loan (NPL) to 2.66% in 2017, from 2.84% in the previous year. Furthermore, the Company also continuously strives to reduce other risky loan, including those in the 'In Special Caution' category. Loans with this collectibility category decreased from 10.22% in 2016 to 8.77% in 2017. Improvements in NPLs and Loans with the 'Special Attention' collectibility level are inseparable from the strategic steps taken by the Company, from improving loan application analysis and processing (front end), strengthening business monitoring and customer collateral (middle end), as well as billing intensification, loan restructuring and accelerated execution of loan collateral (back end).

Meanwhile, increase in third-party funds (DPK) also contributes to a boost in asset growth in 2017. The Company's Third Fund Party was recorded amounted to Rp192.47 trillion or increased by 20.31% from 2016, which was Rp159.99 trillion. With this achievement, the Company's current Account Saving Account (CASA) position ratio at the end of 2017 is 49.67%.

To finance the loans, especially long-term Housing Loan, the Company also collects funds from long-term capital markets. In 2017, the Company raised Rp17.53 trillion of wholesale funds, consisting of bond issuance and Negotiable Certificate of Deposit (NCD) amounting to Rp5 trillion and Rp3.87 trillion respectively, bilateral loans of Rp8.7 trillion, and asset securitization of Rp1.5 trillion. As of December 31, 2017, the Company's Loan to Deposit Ratio (LDR) stood at 103.13%.

The Company's equity as of December 31, 2017, amounted to Rp21.66 trillion, an increase of 13.24% compared to December 31, 2016, position of Rp19.13 trillion. The net income has been a major contributor to equity growth. The Company's capital structure is maintained with a Capital Adequacy Ratio (CAR) of 18.87% in 2017, down compared to 2016 position of 20.34%, due to high loan growth. Nevertheless, the CAR is still well above the minimum capital requirement required by Bank Indonesia, including if capital requirement in Basel III is implemented.

The Company's net profit in 2017 managed to grow by 15.60% from Rp2.62 trillion in 2016 to Rp3.03 trillion in 2017. The increase was driven by the Company's success in increasing interest-based income, lowering cost of funds and growing revenue services (fee-based income). Interest-based income increased by 12.44% from Rp17.14 trillion to Rp20.08 trillion, while fee-based income grew 25.19% from Rp1.28 trillion to Rp1.61 trillion.

With the growth of Net Income, the Company managed to maintain its profitability ratios at a healthy level. Return on Asset (ROA) reached 1.71% and Return on Equity (ROE) reached 18.11%. Net interest margin (NIM) as of 31 December 2017 was 4.76%. Meanwhile, Ratio of Operational Cost to Operating Income (BOPO) was 82.06%.

Complementing the Company's conventional banking performance, the Company's Sharia Business Unit (UUS) also shows good progress. By the end of 2017, UUS assets reached Rp23.40 trillion, up 29.08% compared to Rp18.13 trillion in 2016. UUS also succeeded in carrying out its intermediary functions, as evidenced by the growth of Financing by 26.46% from Rp14.22 trillion in 2016 to Rp17.99 trillion in 2017. This figure exceeds the growth rate of national Islamic banking financing. Non-Performing Financing (NPF) of UUS in 2017 is very small at 0.95%, improved from 2016 by 1.01%. UUS' Third Party Funds also managed to grow by 24.78% to support Financing growth, increased from Rp15.03 trillion in 2016 to Rp18.75 trillion in 2017. UUS' Net Profit in 2017 reached Rp482.19 billion, up 27.76% compared to Rp377.42 in 2016.

With the achievement of this proud performance, the Company has received many awards and appreciations from shareholders and other stakeholders in 2017. The Company was ranked 2nd in the Financial State-Owned Enterprise Category in the 2016 Annual Report Award. In addition, the Company also received The Asset Gold Award for Corporate Governance and Investor Relations, as well as Gold Award for Government, Risk, and Compliance Award at the ASEAN Risk Award.

Our proudest achievement is the increased shares price, which is traded on the Indonesia Stock Exchange as BBTN. BBTN's share price increased by 105.17% from Rp1,740 per share at the close of trading in 2016 to Rp3,570 per share at the close of trading in 2017. This share price hike became the highest among bank shares listed on the Indonesia Stock Exchange and became one of the Top Gainer in the LQ45 index. Going forward, the Company will continue to maintain the trust of shareholders and investors by improving the fundamentals of financial performance and intensifying communications with the capital market community.

Development of Digital Banking, Human Capital and Corporate Culture

The Company is very concerned in approaching with customers, fixing the infrastructure of Information technology and human capital. 2017 is the year of business transformation based on digital banking. In addition to facing the fierce competition in the banking world, fast modeling services are considered capable of providing better service to the community. Considering the demographics of Indonesia which has a considerable age of productive workforce and is a gadget generation, the Company sees this as an opportunity to offer digitalbased products. Through the application of digital banking, the Company wants to have world class service or world class service. The coverage of digital banking includes products, business processes to the formation of organizational culture. The Company has changed the status of 65 conventional branch offices to digital offices. In addition, the Company has also spurred the Portal Property Services as a possible site for prospective borrowers to apply for home loans on line.

In line with the business transformation plan, the Company conducts the human resources (HR) strengthening by enhancing and improving HR capability as an agent of transformation. The Company conducts various programs, such as performance management implementation to build desired behavior and improve employee engagement, clear succession and career management plan, and employer value proposition development and recruitment campaigns to attract the best talent to the Company. In addition, the Company also established a strategic manpower plan to determine the gap in the long-term and prepare for future needs.

In 2017, the Company recruited 1,837 new employees to support business development and expansion of office network, and to replace employees who are entering the retirement preparatory period (MPP). As of December 31, 2017, the Company has 10,245 employees, which consist of 8,665 permanent employees and 1,580 contract employees. This number increased by 10.83% from the last position in 2016, i.e. 9,244 employees.

**In 2017, the Company successfully distributed
667,312 housing units**



252,783 units in housing loans (KPR)



414,529 housing units still under construction

**To a total of
1,73 million housing units
ever since the One Million
Houses Program was
initiated in 2015.**

Meanwhile, in order to improve employee competence, the Company adds employees training and development to build the best-in-class and highly productive workforce. The Company engages employees in education and training activities, both in-house and public. Implementation of the training, both in the field of core competencies and supporting competencies, is programmed by Learning Center Division.

The Company established corporate culture values as the basis for establishing rules, policies, and organizational systems to guide the employees' behavior of all employees in all ranks and level. The true values and principles in working are the core building of corporate culture. This values and principles are

also the base of every human being in behaving, acting, and decisionmaking in order to achieve the best results together.

The 5 values of corporate culture abbreviated as 'SIIPS' are Synergy, Integrity, Innovation, Professionalism, and Spirit to Achieve Excellence. These five corporate cultural values establish the foundation for all Company's employees ('Bitniz') in performing to achieve the Company's vision.

Business Target Achievement in 2017

Most of the financial targets set by the Company have been achieved in 2017, which reflects the Company's good planning of its business potentials and capabilities. Nevertheless, with the condition of the domestic economy that has not fully recovered and the increasingly tight competition among banks, several financial indicators were still below target.

The total asset realization of Rp261.36 trillion exceeded the 2017 target of Rp253.11 trillion by 103.26%. Loan Position in 2017 amounted to Rp198.99 trillion, achieving 99.35% or slightly below the target of Rp200.29 trillion. Third-Party Funds as of December 31, 2017, amounted to Rp193.47 trillion, achieving 98.29% of the 2017 target of Rp196.83 trillion. Meanwhile, the Company's actual Net Profit in 2017 amounted to Rp3.03 trillion, exactly matching the target of Rp3.03 trillion by 100.06%.

Challenges and Constraints

In conducting its business and operations, the Company is faced with various challenges and constraints, both internal and external. Therefore, the Company has established a realistic business plan by taking into consideration various internal and external factors that could affect business continuity and financial performance.

Externally, the limited Government budget for Subsidized Housing Loan becomes a challenge for the Company. By using interest margin subsidy scheme, the Company must provide all the funds required for the distribution of Subsidized Housing Loan. To that end, the Company has devised a strategy to improve funding structure and gradually lower the cost of fund. The development of digital and electronic-based transactions has become one of the strategies to increase low-cost funds.

Another obstacle in the provision of housing is the limited supply of houses that can be provided by housing developers. Limited lands and high prices become the biggest obstacle. The issuance of the XIII Economic Policy Package by the Government in 2016 is expected to overcome obstacles in the provision of housing. This policy aims to accelerate the provision of housing for low-income communities by simplifying regulations, reducing and accelerating licensing

process, as well as lowering the cost of building public housing under 5 (five) hectares. Nevertheless, the implementation of this policy throughout Indonesia still takes time.

Internally, the Company is aware of its need to improve efficiency. High-interest costs, some manual operational processes and lack of optimal productivity in branch offices still need to be addressed. With the implementation of the transformation blueprint, the Company is committed to improving various business and operational processes and productivity, so that efficiency levels can gradually and continuously improve.

Business Prospect

IMF projection in the World Economic Outlook January 2018 estimates that the global economic growth in 2018 is expected to increase 3.9% compared to the year 2017, i.e. 3.7%. The year 2018 is predicted to improve where the global economy is operating near full capacity. Emerging markets or emerging economies are the main drivers of the global economy, with growth forecasts at 4.9%, and will continue to accelerate to 5.0% by 2019.

On the basis of these assumptions, the Government also launched a higher economic growth outlook in 2018 of 5.4%. The government will continue to prioritize infrastructure development, poverty alleviation, and expansion of employment opportunities. OJK and Bank Indonesia also predict bank loan to grow double digits in 2018, where property and mortgage loans will contribute substantially to this growth.

With the increase of Government infrastructure development, both through the APBN, APBD, and private sector, the growing national economic potential and the completion of other infrastructure projects will open up opportunities for development in the housing sector. This has a significant impact on the Bank's loan demand. The company targets loan growth in 2018 in the range of 22-24%.

This target is also based on the consideration that the contribution of the housing sector to Gross Domestic Product (GDP) continues to increase from year to year, from 2.6% in 2010 to 2.8% in 2017. Moreover, the home backlog number has also reached 11.38 million units, of which 6.09 million units are the backlog of residential and home sales, and most of which are still with loan schemes.

The Government's Commitment to the One Million Housing Program, as well as the high housing backlog figures, are the reason for the Company to remain focused on the housing finance sector. In addition, the Company has several competitive advantages, including:

KONFERENSI PERS

PAPARAN KINERJA PER 30 SEPTEMBER PT BANK TABUNGAN NEGARA (PERSERO)

Jakarta, 23 Oktober 2017



- a. Strong brand value in the housing finance sector
- b. Market leader in subsidized and low-cost housing loan.
- c. The main mandate carrier in the implementation of the One Million Houses Program
- d. Has the highest growth in the housing industry in Indonesia
- e. Has a close relationship with housing developers in Indonesia, especially subsidized home developers.

To achieve its vision, mission and challenging business and financial goals, the Company has developed the following business development strategies for 2018

1. **Strengthen business positioning in Housing Loan and construction value chain**, with the policy of strengthening the mass-market KPR positioning (both subsidized and nonsubsidized), increasing financing in the emerging affluent and affluent segments, and expanding the market share of SMEs, Commercial and Corporate segments to support housing supply.
2. **Strengthen funding structures and CASA Ratio**, with the policy of optimizing the share of wallets of mass customers, affluent customer acquisitions and increasing account utilization as a customer transaction base, expanding fund-based institutional-based value chain collaboration, and increasing low-cost wholesale funding.
3. **Increase fee-based income (FBI)**, with the policy of increasing number of accounts (NoA) and customer transaction activity by offering digital banking services, strengthening the role of Priority Banking services, as well as extending corporate banking and treasury activities.
4. **Increase the effectiveness of billing and asset recovery** by strengthening loan monitoring with lancer collectibility and increasing billing and loan settlement.
5. **Strengthen capital**, by increasing profitability, as well as proposing dividend schemes that support business growth and publishing commercial sub debt.
6. **Improve employee quality and productivity** with policies such as building top talent management, conducting career management evaluations, strengthening performancebased management systems, designing attractive compensation mechanisms, internalizing collaborative work culture and focusing on external insights for digital transformation.
7. **Strengthen Information Technology Infrastructure (IT)**, by developing and improving business systems and applications (BTN Property portal, internet & mobile banking, iLoan & iCremo, and wealth management), risk mapping, centralization of loan business processes through digitization of back-office systems, and

implementing IT in the process of planning and evaluation of corporate performance.

8. **Strengthen Risk Management and GRC Integration**, through the re-engineering loan disbursement, billing, and other major processes, and implementing integrated GRC by monitoring Key Performance Indicators (KPI), Key Risk Indicators (KRI), and Key Compliance Indicators (KCI).
9. **Inorganic growth**, through the establishment of subsidiaries focusing on finance companies, investment management companies, as well as the establishment of insurance subsidiaries.

Good Corporate Governance Implementation

The Board of Directors is always committed to achieving a good business performance by promoting the Good Corporate Governance (GCG) implementation. By consistently implementing the principles of good corporate governance in every Company's business activity at all levels of the organization, the Board of Directors believes that the business continuity will be well maintained.

The Board of Directors managed the Company in accordance with the authorities and responsibilities. Every decision-making and policy of the Board of Directors has been conducted independently, with no intervention, taking into account due diligence, and constantly avoiding conflict of interest. Transparently, the Board of Directors also communicates to employees and stakeholders regarding the Company's business direction in order to realize its vision and mission. The Board of Directors strengthens the compliance functions, risk management functions, and internal audit functions for the supervisory and internal control mechanism. Upon audit findings and internal audit recommendations from external auditors, OJK supervisory results, and other auditors, the Board of Directors is committed to resolving all such findings and using recommendations for follow-up improvements.

In 2017, the Board of Directors initiated the "Integrated GRC" initiative that synergizes the comprehensive functions of Governance, Risk, and Compliance. The function is expected to strengthen the internal control mechanisms to support business growth. In the future, Integrated GRC implementation is expected to transform into the employees' work culture, which is the unity of performance culture, compliance culture, and risk-conscious culture.

In the governance implementation, the Board of Directors refers to the various regulations issued by OJK, among others, that govern banking and issuing companies, and refers to exemplary international best practices. Self-Assessment and OJK Result for Semester I 2017 for the Company is 2 or

in the 'Good' category; this reflects that management has implemented good corporate governance. The Company is considered successful in implementing certain governance practices, in line with the ASEAN Corporate Governance Scorecard. Thus, the Company is recognized and awarded as "The Best Financial Sector" at The 9th IICD Awards and "The Most Trusted Company" based on the Corporate Governance Perception Index (CGPI) at the IICG Awards.

The Company continuously follows the rating and survey of Corporate Governance Perception Index (CGPI), which is managed by the Indonesian Institute for Corporate Governance (IICG). CGPI is a research and rating program of corporate governance quality assessment. The Company scored an 86.86 CGPI in 2017, with the predicate of 'The Most Trusted Company'.

The GCG assessment based on the ASEAN Corporate Governance Scorecard standard is also conducted by OJK and the Indonesian Institution for Corporate Directorship (IICD). Assessment of GCG practices refers to the public information provided by the Company, especially in the 2016 annual report and the Company's website. The Company is considered successful in implementing some governance practices in accordance with the ASEAN Corporate Governance Scorecard, as reflected in the results of the 2017 assessment with a total score of 101.74 with the predicate "Leadership in Corporate Governance" and "The Best Financial Sector" at the 9th IICD Awards.

GCG Structure and Mechanism

The Company's governance is implemented in an integrated structure consists of 3 (three) aspects of governance, i.e. structure, process, and outcome. The Company conducts these three aspects to ensure the availability of adequate governance structure and infrastructures, to maximize the effectiveness of governance implementation process, and to promote quality governance outcome to fulfill the hope of all stakeholders.

The governance mechanism is a set of rules to implement GCG that govern the relationship between the organs inside the Company so that the duties, responsibilities, and authorities are clear and in accordance with the prevailing rules and regulations, GCG principles, healthy business ethics, and best practices. The Company has Governance Mechanism that is reflected in the main policies of GCG principles (soft-structure GCG). This mechanism shall be the living document for all and every part of the organization of the Bank. The Company has 8 (eight) main policies of GCG.

In accordance with Law No. 40 of 2017 on Limited Liability Company, the Company Organ consists of a General Meeting of Shareholders (GMS), the Board of Directors, and the Board of Commissioners. GMS, Board of Directors, and Board of

Commissioners respect their duties, responsibilities, and authorities in accordance with rules and legislation and Articles of Associations. Company's Organ is established to ensure that the implementation of the Company's governance shall be done effectively with clear roles and responsibilities as to create check and balance control mechanism.

GMS is an organ in the Company that has the rights not granted to the Directors or Board of Commissioners, within the scope stipulated in the law or Articles of Association. The GMS is a forum for shareholders to make important decisions regarding the capital invested in the Company. In addition, GMS functions as accountability forum for Board of Commissioners' supervision and Directors' management on their performance in the time frame specified.

Throughout 2017, the Company held Annual GMS at the time that did not exceed the limit set forth, i.e. on March 17, 2017. The Company also held an Extraordinary GMS on December 28, 2017, with the agenda of Changes in the Board of the Company.

In 2017, the Directors and the Board of Commissioners have made improvements to the Board of Directors and Board of Commissioners' Code of Conduct and established a Working Procedure between the Directors and the Board of Commissioners, which serve as reference for the two main organs to perform their duties and functions effectively and independently in order to achieve the Company's objectives.

The performance evaluation is conducted comprehensively, by tier, and periodically. The evaluation result of Key Performance Indicators (KPI) Directors by the Board of Commissioners is an assessment accountable by the Directors in GMS. Other assessments are based on the criteria of Assessment of Duties and Responsibilities of the Board of Directors in the GCG selfassessment as stipulated in Bank Indonesia Circular Letter No. PBI No. 15/15/PBI/2006 dated April 29, 2013, on the Implementation of Good Corporate Governance for Commercial Banks.

Risk Management

The Company has policies in the field of risk management, i.e. the Risk Management Policy Manual (PKMR), which covers the minimum provisions required by Bank Indonesia or 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 risk management system is designed to support the Company in realizing sound business management and achieving sustainable growth, thus optimizing stakeholder value. The Company adopts a comprehensive approach to managing risks comprehensively, improving performance in managing uncertainty, minimizing threats, and maximizing opportunities without neglecting the principles of risk management that at least 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 Company is one of the Systemic Banks. As one of the efforts to prevent and handle the crisis of the financial system, especially on Systemically Important Bank issues, the Company must be able to determine the plan when experiencing the financial stress that may endanger the business continuity. The action plan is stipulated in the form of Recovery Plan, in line with POJK N. 14/POJK.03/2017 dated April 4, 2017. The Company has prepared a Document Recovery Plan, which includes the Trigger Level (for prevention, recovery, and repair purposes). Every indicator of Recovery Options in Recovery Plan includes, among other: Indicators of Capital, Liquidity, Profitability, and Asset Quality.

The Company always assesses the risk profile through assessment of inherent risk ratings and quality rating of risk management implementation to determine the Company's risk rating. Inherent Risk Assessment is an assessment of the inherent Risks in the Company's business activities, both quantifiable and non-quantifiable, which may potentially affect the Company's financial position. Quality Assessment of Risk Management Implementation is an assessment of 4(four) interrelated aspects, which consist of risk management, risk management framework, risk management process, adequacy of human resources, and adequacy of management information system, and adequacy of risk control system. Based on the Self-Assessment results of the Company's soundness, the Company's Risk Profile in the fourth quarter of 2017 is at Composite 2 (Low to Moderate) risk rating.

Internal Control

The Company implements the internal control system in line with the regulation on Standard Guidelines of Internal Control System for Commercial Banks and Best Practice of Committee of Sponsoring Organizations of the Treadway Commission (COSO)Framework. The supervisory mechanism is stipulated

by the Company's management on an ongoing basis to manage and secure the Bank's assets, in order to ensure the availability of accurate report, improve compliance with the prevailing regulations, reduce the impact of financial losses, deviations (including fraud), and prudential violations, improve the organization effectiveness, and improve cost efficiency.

The Company's Internal Audit Division has disseminated the Internal Control (COSO Framework) in all Audit implementation as a part of anti-fraud by strengthening the Control Environment of the business/operational unit or the first line of defense.

The Company performs the Internal Control Assessment (ICA) to evaluate the effectiveness of Internal Control System. The assessment assessed the internal control quality from the auditee task force on 5 (five) COSO Framework internal control components, using the criteria and methodology of Internal Control Assessment (ICA) questioner rating and auditor's professional judgment through direct examination (walkthrough) on the field.

The measures taken by the Company in order to ensure the effective monitoring activities are conducted, including:

1. Ensure that monitoring functions are clearly defined and well-structured within the Company's organization;
2. Establish the task force/employees to monitor the effectiveness of internal controls;
3. Set the correct frequency for monitoring activities based on the inherent risk of the Company and the nature/frequency of changes occurring in the operational activities;
4. Integrate the Internal Control System (SPIN) to the operation and provide regular report such as book journal, management review, and approval report on the exceptions/ deviations of the policies and procedures set (justification on the irregularities) which shall be reviewed;
5. Review the documentation and evaluation results of the task force/employees appointed to perform the monitoring;
6. Assign information/feedback in an appropriate and correct frequency.

In 2017, the Company's Internal Audit Division conducts tests and evaluations to improve/refine the effectiveness of an adequate Company's SPIN, which includes five main components of mutually related controls, i.e. the Control Environment, which includes the Management Oversight and Control Culture, Risk Recognition and Assessment,

Control Activities and Segregation of Duties of Accountancy, Information, and Communication system, and Monitoring Activities and Correction Deficiencies. Based on the review and discussion in meetings that have been conducted by the Board of Commissioners, the Committees, Internal Audit Division, and some related divisions, it is concluded that the Company already has an adequate internal control system.

Whistleblowing System

The Company's internal control system is supported by sets of policies and reporting infrastructures on the ethical violations or any other actions that may harm and violates the Company's interests. The Company's Whistleblowing System (WBS) Policy is based on Bank Indonesia Regulation (PBI) No. 5/8/PBI/2003 which was amended to PBI No. 11/23/PBI/2009 and Bank Indonesia Circular Letter No. 13/28/DPNP on Anti-Fraud Policies. The WBS is a part of the internal control system to prevent irregular practices and aims to:

1. Early detection and prevention of irregularities or violations;
2. Gradually creating an open, sincere, honest, and the responsible working environment in the Company.

WBS internalization within the Company is carried out by distributing guidelines on the Whistleblowing System (SPP/WBS) stipulated by Directors' Circular Letter and sharing session presentation directly to all of the Company's leaders and employees. In addition, to reach all of the Company's stakeholders, the WBS socialization is also conducted through the Company's website and various media, such as internal newsletters, posters, live presentations of WBS ethics and policy guidelines.

In addition, the Company also builds supporting infrastructure in implementing WBS policies whereby the reporter shall submit reports through the media:

1. Letter sent directly to the SPP/WBS Team or President Director of the Company, Menara Bank BTN, Floor 20 Jl Gajah Mada No.1 Central Jakarta - 10130
2. By official email addressed to the WBS Team at wbs.btn@btn.co.id; and
3. Using channel:
 - › PO Box Whistle Blowing System (WBS) BTN Jakarta 10000
 - › E-mail wbs.btn@btn.co.id
 - › Phone/Text to 0811-92-45678

In 2017, there were 99 reports received, which consist of 14 reports using Letter/PO BOX, 44 reports via text/phone/direct report, and 41 reports via email. Based on the reports received, 94 reports were settled without further audit (audit

clarification and/or special audit) and 5 reports were passed for audit process (audit clarification and/or special audits). The 5 reports passed for audit are as follows:

Corporate Social Responsibility Implementation

The Company believes that business sustainability is achieved by financial target, and also supported by non-financial investment, one of which by the Corporate Social Responsibility (CSR) program. The Company considers the CSR concept as a part to contribute to the sustainable economic development.

With a triple bottom lines approach that includes economic indicators, environmental indicators, and social indicators, it is expected that the Company's existence will not only be beneficial for shareholders, but also for a wider reach of stakeholders, i.e. The community and environment. Therefore, the Company always conducts the Corporate Social Responsibility activities, in line with the Company's sustainable governance principles, and as a fulfillment of the Financial Services Authority Regulation No. 51/POJK.03/2017 on Sustainable Finance Implementation.

The Company has compiled CSR program to achieve the CSR Vision and Mission. This program is oriented towards creating added value for stakeholders and surrounding community, and supports the sustainable development goals program. These CSR programs are organized into four key areas, which covers:

- › **Responsibility to Products and Customers**, in which the Company always strives to protect the customers' rights in the interaction, and maintain customers' satisfaction level by implementing the best service system, and resolve customer complaints.
- › **Responsibility to Employment**, Occupational Health and Safety, in which the Company emphasizes on the freedom of association, education and training, employee career path, including the Occupational Health and Safety (OHS) of its employees.
- › **Responsibility to Social Development and Community**, in which the Company touches aspects of community life to improve the quality of life of the surrounding community in order to enhance the standard of living for the better.
- › **Responsibility to the Environment**, in which the Company's operational activities are designed to minimize negative impacts and maximize positive impacts on the environment.

The four CSR programs are implemented with careful planning, accountable, and refer to the Company's policies. The CSR



In 2017, the Board of Directors initiated the "Integrated GRC" initiative that synergizes the comprehensive functions of Governance, Risk, and Compliance. The function is expected to strengthen the internal control mechanisms to support business growth.

programs in all the office network, which consist of Head Office and Branch Offices, spread throughout Indonesia. The program implementation is adapted to each regional condition and coordinated with the related parties so that the program shall be realized well.

The Company always conducts CSR programs annually to provide maximum benefits to stakeholders, in terms of economic, social, and environmental. Consistently, the Company provides special budget to support CSR programs. In 2017, the Company disbursed Rp4.99 billion CSR Funds. The funds are absorbed in the scope of CSR activities, which cover the economy, art, culture, sports, education, health, facilities and infrastructure, religious and worship, and nature conservation. Some CSR funding activities in 2017 are the development of Phraa Market in Sentani and Mama Market in Jayapura. In addition, the Company established numerous BTN Zone points in some universities. BTN Zone provides access to college student to connect to the internet, learn about the Company's banking product, and directly feel the transaction ease by digital solutions application, which shall encourage cashless society.



In addition to CSR activities, as a BUMN Bank, the Company also conducts Partnership and Community Development Program. The Company strives to take an important role as a business entity in assisting the Government in realizing the community welfare people with the development and empowerment of the community's potential. PKBL Program is a form of awareness that the success in the business industry is not only determined by the Company's management and operational performance, but also by the support of the surrounding community.

Throughout 2017, the Company has disbursed a total of Rp6.1 billion assistance funds to the partnership program, distributed to 169 partners across 7 (seven) sectors including fishery, plantation, agriculture, animal husbandry, industry, and trade and services. Meanwhile, the realization of the distribution of assistance for the Community Development Program amounted to Rp20.03 billion.

In 2017, through 'BUMN Hadir untuk Negeri (State-Owned Enterprises for the Nation)', the Company established Village Economic Center (Balkondes), a tourism-based platform to improve the local economy and empower and develop the Human Resources through the activities development in the surrounding area. BTN Balkondes is located in Karanganyar Village, Borobudur District, Magelang Regency. The Balkondes is one of the tourist villages in the Borobudur, which has the advantage as a pottery industrial center.

Performance Assessment for Committee Reporting Directly to Directors

To facilitate monitoring and formulate matters that are considered strategic by the Company in accordance with applicable regulations, the Board of Directors is supported by 7 (seven) Committees Reporting to the Board of Directors. Those Committees are as follow:

1. Risk Management Committee
2. Asset and Liability Management Committee (ALCO)
3. Credit Policy Committee
4. Loan Committee
5. Product Committee
6. Personnel Committee
7. Information Technology Steering Committee

The Board of Directors assesses that in 2017, these committees have performed their duties and responsibilities effectively in assisting the 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.

Risk Management Committee plays a role in formulating risk management policies, strategy, and target, and it also plays a role in facilitating the monitoring and decision making related to the Company's risk management implementation. In 2017, this committee organized 4 (four) meetings, with each meeting discussing the self-assessment of the Company's risk profile report.

Asset and Liability Committee (ALCO) plays a role in formulating the policies, strategy, and target. It also plays a role in facilitating the monitoring and decision making related to the Company's Asset Liability Management (ALMA). Throughout 2017, ALCO has conducted 13 (thirteen) meetings, which discuss the performance of the Company's assets and liability.

The Loan Policy Committee assists the Board of Directors in formulating policies, overseeing the policies implementation, monitoring progress and loan portfolio, and providing recommendations for improvements in the loan field. Throughout 2017, the Loan Policy Committee has organized 3 (three) meetings with the agenda of determining the limits of authority to decide upon loan and the change of commercial loan billing date.

Loan Committee is responsible for analyzing credit applications received by the Company. The structure, policies, and membership of the Loan Committee are in the process of the Board of Directors' Decree. The duties and functions are performed by the Board of Directors Meeting, which is responsible to discuss credit. In 2017, the Credit Committee has conducted 64 (sixtyfour) meetings, to discuss the loan application.

Product Committee plays a role in compiling the policies, supervising the implementation of policies, monitoring the development, and providing advice on improvement steps related to the Company's products. During 2017, the Product Committee has performed its duties by organizing 7 (seven) meetings, which discussed the refinement of Subsidized Housing Loan Subsidiary business processes, the issuance of Micro-Housing Loan, Simple Housing Loan, and Savings programs.

The Personnel Committee assists the Board of Directors in formulating policies, overseeing the implementation of policies, monitoring progress and personnel and providing recommendations for improvements in accordance with the Company's Employment regulations and the Labor Laws applicable in Indonesia. In 2017, the Personnel Committee has conducted 8 (eight) meetings, which discuss the fulfillment of positions and employees in the task force, and employees' promotion and mutation.

The Information Technology Steering Committee plays a role in the formulation of policies, strategies, targets, and

means of monitoring, and decision-making related to the implementation of the Information Technology Management of the Company. In 2017, the Information Technology Steering Committee has conducted 1 (one) meeting on the development of Company's IT.

Change in Board of Directors' Composition

In 2017, there are several changes to the composition of the Company's Board of Directors, which are based on the evaluation of the controlling shareholders and the recommendations of the Remuneration and Nomination Committee. Mr. Maryono is reappointed as the President Director of the Company for the second period in Annual General Meeting of Shareholders (AGMS) dated March 17, 2017. New members of Board of Directors in 2017, i.e. Mr. R. Mahelan Prabantarikso, Mr. Nixon L.P. Napitupulu, and Mr. Budi Satria, respectively, appointed on the AGMS dated March 17, 2017, and Mr. Dasuki Amsir which is appointed in the Extraordinary General Meeting of Shareholders (EGMS) dated December 28, 2017.

The GMS also dismissed several members of the Board of Directors in 2017, i.e. Mr. Mansyur Syamsuri Nasution, Mr. Catur Budi Harto, and Mr. Sulis Usdoko, respectively in the AGMS dated March 17, 2017, and Mrs. Handayani in the EGMS dated December 28, 2017. We would like to express our gratitude for all contributions and thoughts of mind while serving as a member of the Company's Board of Directors.

With the above-mentioned changes, the composition of the Board of Directors per December 31, 2017, is as follows:

President Director:	: Maryono
Director of Finance & Treasury	: Iman Nugroho Soeko
Director of IT & Operation	: Adi Setianto
Director of Commercial Banking	: Oni Febriarto Rahardjo
Director of Consumer Banking	: Budi Satria

Director of Strategy, Risk, and Compliance

: R. Mahelan Prabantarikso

Director of Collection, Asset

: Nixon L.P. Napitupulu

Director of

Distribution & Network

: Dasuki Amsir

Changes in the composition of the Board of Directors are vital to the Company's drive to accelerate the implementation of business strategy and transformation and achieve challenging business targets. We believe that by joining the professionalism and the solidity of the Board of Directors, the Company shall grow better.

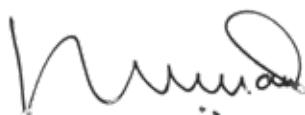
Closing

Thus, this is the end of the Board of Directors' Report on the Company's management throughout 2017. Let us extend our gratitude to all stakeholders, shareholders, customers, and partners for their support and trust to the Board of Directors in performing the Company's management functions and well-established cooperation during 2017.

We also give the highest appreciation to the Board of Commissioners on the direction and advice provided. Thus, the Board of Directors is able to manage and achieve business targets as set forth.

Likewise, the highest appreciation to all employees for their hard work, creation, and dedication to bring the Company to achieve good performance amidst the economic conditions that are still growing limitedly and the highly competitive competition in the banking world. Going forward, we remain committed to always provide the best in order to achieve sustainable performance. The Board of Directors hopes that the Company's contribution to the Indonesian economy and national banking will improve from year to year and will always be an important part of Indonesia's development.

On behalf of the Board of Directors
Jakarta, February 2018



Maryono
President Director



> Accountability of Annual Report 2017

Letter of Statement of the Members of Board of Commissioners on 2017 Annual Accountability Report of PT Bank Tabungan Negara (Persero) Tbk

We, the undersigned below, declare that all information in the 2017 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 2018

I Wayan Agus Mertayasa
President/Independent
Commissioner

Kamaruddin Sjam
Independent Commissioner

Arie Coerniadi
Independent Commissioner

Lucky Fathul Aziz
Hadibrata
Independent Commissioner

Garuda Wiko
Independent Commissioner

Sumiyati
Commissioner

Maurin Sitorus
Commissioner

Iman Sugema
Commissioner

**Letter of Statement of the Members of Board of Directors on 2017
Annual Accountability Report of PT Bank Tabungan Negara (Persero) Tbk**

We, the undersigned below, declare that all information in the 2017 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 2018



Maryono
President Director



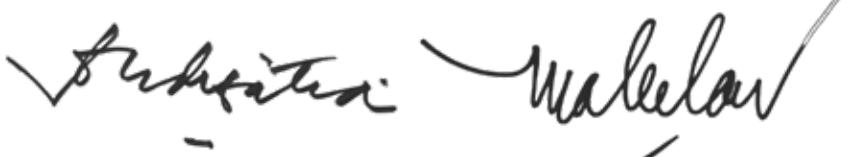
Iman Nugroho Soeko
Director



Adi Setianto
Director



Oni Febriarto Rahardjo
Director



Budi Satria
Director

R. Mahelan Prabantarikso
Director



Nixon L.P. Napitupulu
Director

Photo Source: Company Documentation

Corporate Profile

03



Bank BRI



03 Corporate Profile

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> Company Identity

Name

PT Bank Tabungan Negara (Persero) Tbk.

Company Well-known Name

Bank BTN (Company)

Business Sector

Commercial Bank

Company's Status

State-Owned Enterprise

Ownership

1. The Government of the Republic of Indonesia	: 60%
2. Local Public	: 10.05%
3. Foreign Public	: 29.95%

Date of Incorporation

February 9, 1950



Legal Basis for Establishment

Emergency Law No. 9 of 1950 State Gazette of the Republic of Indonesia No. 12 of 1950.

Authorized Capital

Rp10,239,216,000,000 (ten billion two hundred thirty-nine million two hundred and sixteen thousand Rupiah), consists of:

- 1 (one) Bicolor Series A share at a nominal value of Rp500 (five hundred Rupiah) per share; and
- 20,478,431,999 (twenty billion four hundred and seventy-eight million four hundred thirty-one thousand nine hundred and ninety-nine) Series B shares at a nominal value of Rp500 (five hundred Rupiah) per share.

Issued and Fully Paid Capital

Rp10,590,000,000,000 (ten billion five hundred ninety million Rupiah) consists of:

- 6,354,000,000 (six billion three hundred fifty-four million) shares of the Republic of Indonesia, which comprise:
 - > 1 (one) Bicolor Series A share; and
 - > 6,353,999,999 (six billion three hundred fifty-three million nine hundred and ninety-nine thousand nine hundred and ninety-nine) Series B shares.
- 4,236,000,000 (four billion two hundred thirty-six million) Series B shares of the Public.

Stock Exchange

Listed on Indonesia Stock Exchange

Stock Listing Date

December 17, 2009

Code

BBTN

Number of Employees

10,360 person

Head Office

Menara Bank BTN Jl. Gajah Mada No. 1 Jakarta 10130, Indonesia

Telephone

62-21 6336789, 6332666

Fax.

62-21 6346704

Email

csd@btn.co.id

Website

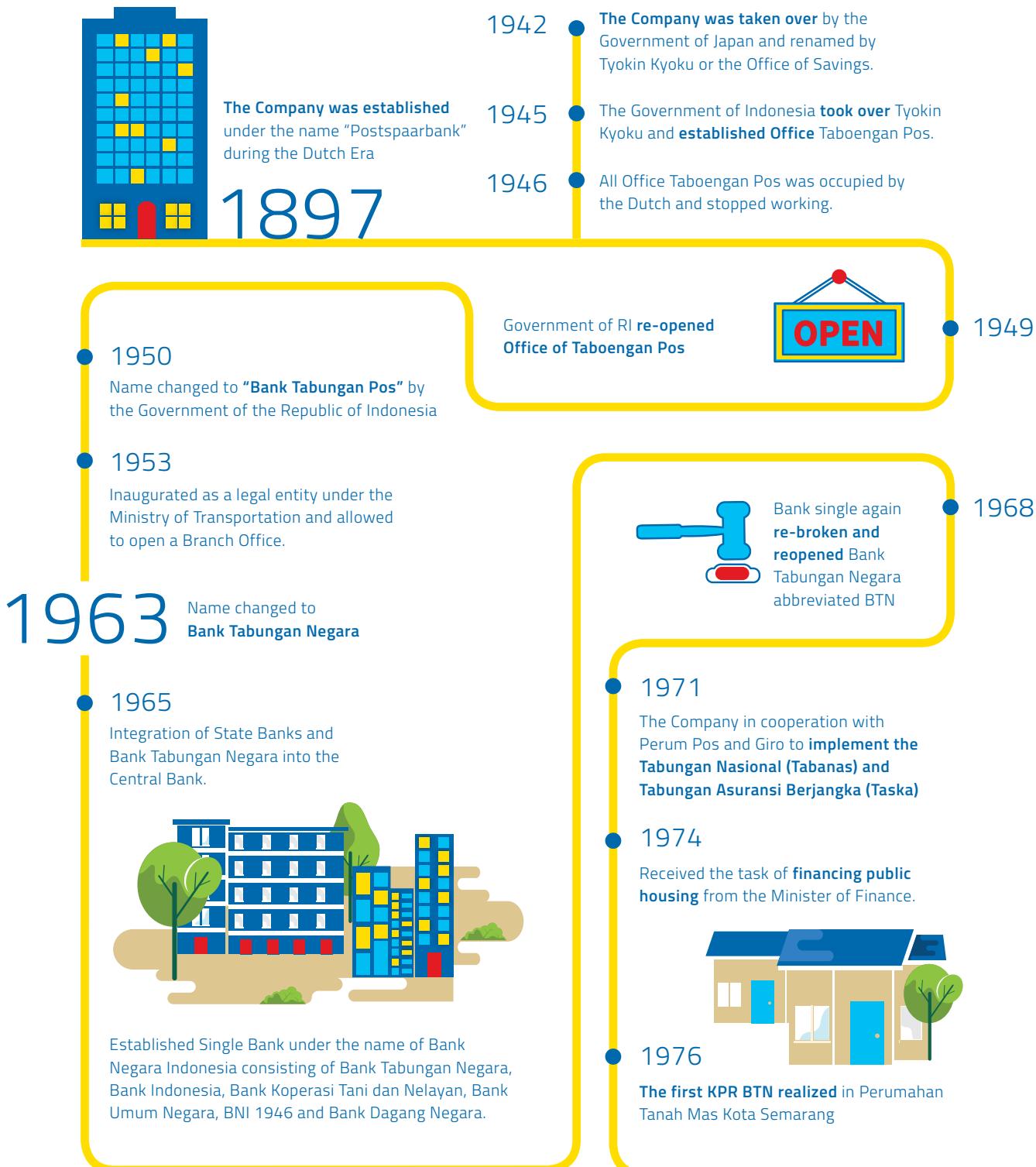
www.btn.co.id

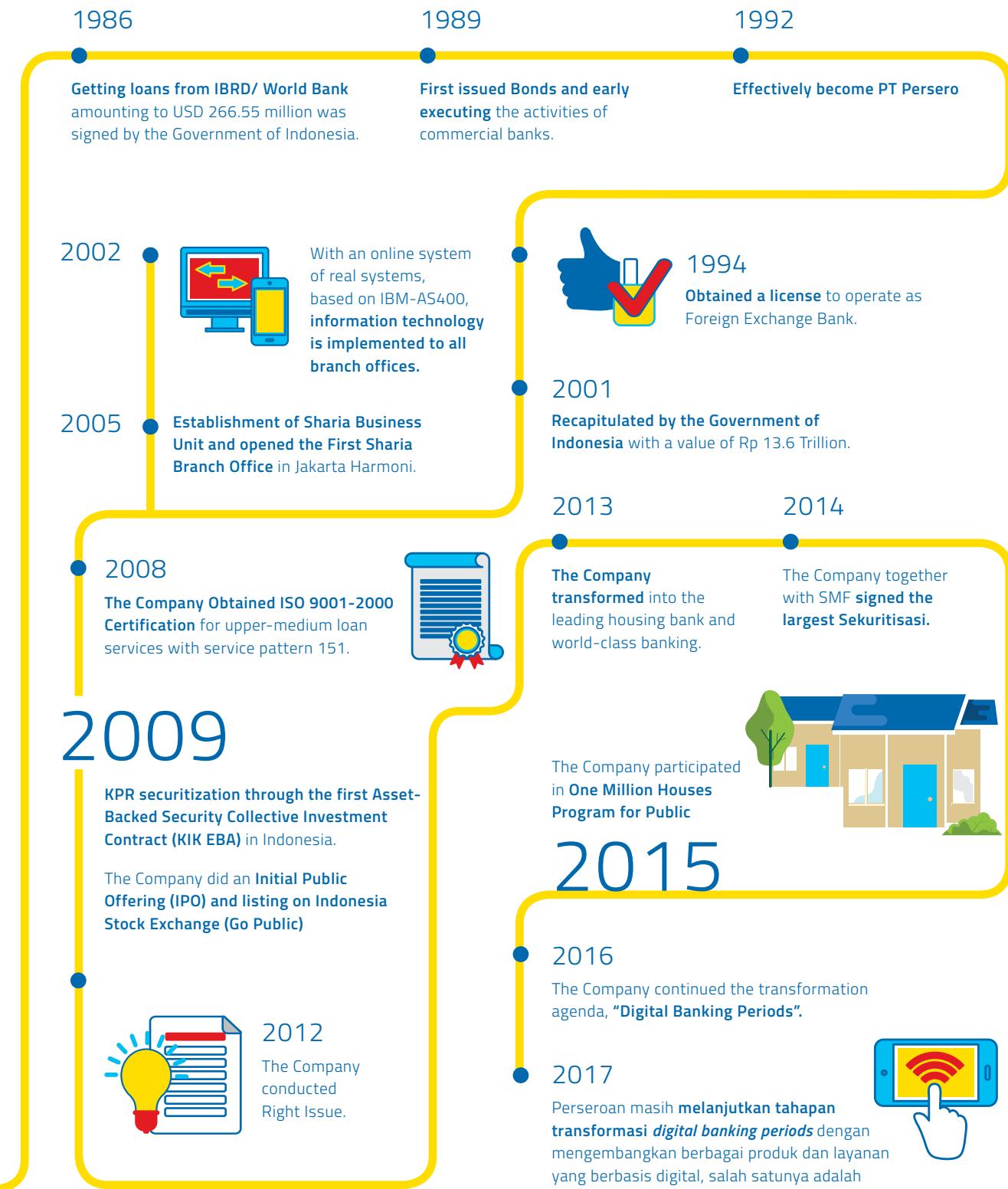
Contact Center

1500-286
www.btn.co.id



> Company's Milestones





> Company's Brief History



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

In 1974, the Company was appointed by the Government as the only institution to disburse Housing Loan (KPR) to the lower middle class society, in line with the Government's initiative to promote its housing program for the people. In 1976, the Company first realized the KPR in Perumahan Tanah Mas, Semarang. In 2009, the Company started to operate as a commercial bank and issued bond for the first time. In 1994, the Company obtained permit to operate as Foreign Exchange

Bank. In 2002, the Company was appointed as a commercial bank that focuses on housing finance.

In 2009, the Company started to operate as a commercial bank and issued bond for the first time. 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 with a focus on housing finance, 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 the lower middle class segment and Non-Subsidized KPR for the upper middle class segment. As a Bank with focus on housing finance, the



Company has also succeeded in elevating its position into the tenth biggest bank in Indonesia in terms of assets and loan disbursement. In order 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. In 2015, the Company played an important role in helping the Government program "One Million Houses Program for the People". The Company was appointed as one of the Banks that supports 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

As a Bank with focus on housing finance, the Company has also succeeded in elevating its position into the tenth biggest bank in Indonesia in terms of assets and loan disbursement.

Micro KPR. The year 2016 is the beginning of the Phase II Transformation for the Company, i.e. digital banking period. The Company has developed various products and added digital-based services, such as mobile BTN, internet banking, and cash management.

2017 is the continuation of the transformative road for The Company, into the Digital Banking year. In terms of business, the Company improves the banking services by accelerating the transformation phase in the digital era, one of which by opening Smart Branch. The Company Smart Branch is equipped with various services to facilitate the customer's needs in obtaining the banking information, conducting communication, registration, and opening accounts, as well as non-banking transactions.

> Vision, Mission and Corporate Culture and Values

Vision, Mission

Vision

To be the Leading bank in Housing Finance.

Vision is set periodically based on the compilation mechanism of Bank Long Term Plan (RJP) in accordance with Director's Circular Letter No. 39/DIR/CMO/2012 on BTN Strategic and Performance System (BTN STORMS). The Vision is stipulated in the Leadership Forum workshop attended by the Board of Commissioners and Directors on December 4-5, 2015.

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



Transformation Phase I

Year 2013 – 2015: survival period phase, with the “domination of nation wide market leader” stage reached to dominate the national housing business. The requirements necessary in this phase were (a) to dominate the market share in the housing market, (b) protected market, (c) predictable change, and (d) financial capital driven.

Transformation Phase II

Year 2016 – 2019: digital banking period phase, with stages to be achieved to become the leading housing bank Indonesia with world-class services. Requirements to be met in these stages are: (a) dominance by speed, (b) technology enhance, (c) rapid change and (d) human capital driven.

Transformation Phase III

Year 2020 – 2025: global playership period stage, with stages to be achieved to gain a transformational Enterprise Global Mindset. Requirements to be met in these stages are: (a) size and speed thru network, (b) global free trade, (c) continuous change and (d) human and financial driven.

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 excellence 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.

The current vision of the Company, 'to be the Leading bank in Housing Finance' has been relatively achieved. The Company has 97% market share for Mass Subsidized segment. Hence, to support the 25% growth target and become the 5th Biggest Bank in Indonesia by 2020, the Company needs to sharpen and broaden the Vision and Mission in order to strengthen the main leading role in

housing business in accordance with the market perceptive and internal expertise of the Company.

The most recent Vision and Mission has been endorsed by the Board of Commissioners and the Board of Directors at the Joint Meeting of the Board of Commissioners and Board of Directors dated December 29, 2017 and valid from 2018.

Vision

Leading and trusted bank in facilitating the housing sector and family financial services

Mission

1. Have an active role in supporting integrated housing sector, both in terms of supply and demands in Indonesia.
2. Provide excellent services to housing financing sector and family financial needs.
3. To increase competitive excellence through innovative product and services development, and the latest technology-based strategic network.
4. To prepare and develop qualified and professional human capital of high integrity.
5. To improve shareholder value with the focus on profitability growth improvement in accordance with the prudence principle and good corporate governance.
6. To care for the sustainable interest of public, social, and environment.

Corporate Culture Value



The true values and principles in working are the core building of corporate culture. These 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 organization members 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 3, 2016, the Company has conducted a review of corporate culture called "SIIPS", and it has been implemented. Corporate Culture Value is set periodically based on the compilation mechanism of Bank Long Term Plan (RJP) in accordance with Director's Circular Letter No. 39/DIR/CMO/2012 on the Company 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 the Company's vision. 5 Corporate Culture and Values of the Company:



Sinergy

Building a synergistic cooperation with every stakeholder sincerely, openly, and to encourage productive collaboration with mutual trust and respect to achieve mutual goals.



Integrity

Consistency in mind, manner, matter, in line with the Company's rules, code of professional conduct, and commendable principle of truth .



Innovation

Constantly developing new ideas and continuous refinement to improve added value of the Company.



Professionalism

Visionary, competence in the field, always developing itself with the latest technology so it will yield the best performance.



Spirit to Achieve Excellence

Shows enthusiasm and strong commitment to achieve the best results and provide services that exceed customer expectations (internal and external) by enunciating the important aspect of quality in every activity as well as the calculated risk.

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:

Sinergy



1. Sincere, open, and productive collaboration
2. Trust and appreciate each other

Integrity



3. Consistency and discipline
4. Honest and dedicated
5. Responding to change

Innovation



6. Creative & innovative in perfecting value-added enhancements
7. Competent, entrepreneurship,

Professionalism



8. Smart working and result oriented
9. Enthusiastic, Proactive, and unyielding

Spirit to Achieve Excellence



10. Effective, efficient, and prioritizes customer satisfaction

Corporate Culture Internalization

Corporate value to support the transformation is prepared in order to make the Company' cultural value as the life of the organization and is carried 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 Company's cultural value starts with the phase of awareness, engagement, acceptance, and ownership.

The implemented work program is aimed to strengthen the entrepreneurship 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:

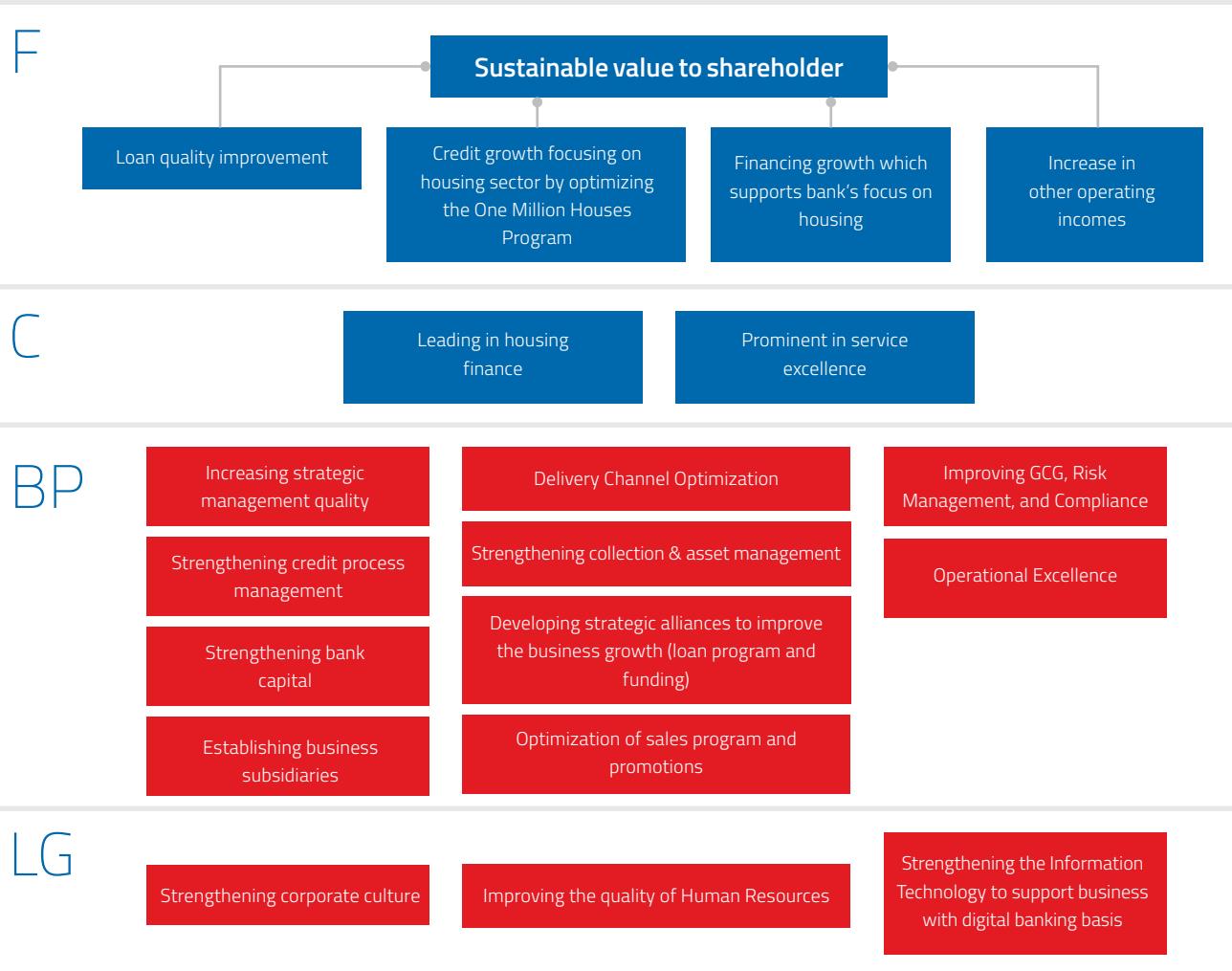
- a. Socialization and communication of corporate culture values.
- b. Internalization of corporate culture values.
- c. Effectivity improvement of the leaders' roles as the driving force of the transformation.
- d. Appointment of change agent team.
- e. Aligning the organization system and human resources.
- 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 2017, to achieve the Company's vision and mission by setting the direction of the General Policies as follows:

The Company Transformation to realize the vision to become the leading bank in housing finance with focus on loan quality improvement, optimization of One Million Houses Program, development of Digital Banking service, as well as quality improvement of Human Resource".

To support the direction of the general policies, **Grand Strategy** for the corporate level has been compiled as follows:



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

> Company Brand



1. The roof illustrates the main vision and mission of the Company as a provider of Housing Loan (KPR) for all Indonesian.
2. Two hexagons, one large and one small, symbolize "the great protects and develops the young."
3. The roof shaped like a room with three-dimensional imprint symbolizes the Company's flexibility as a forum for the community in conducting banking activities.
4. The Three Dimensional form of 4 Robust Pillars symbolizes the Company's security and flexibility.



The red line under 'BTN' word symbolizes confidence.



The color blue symbolizes the Company's maturity, experience in managing banking business and wisdom in carrying out the main mission of national development.



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



The color red symbolizes confidence as a firm bank in running the banking business in Indonesia.

> Business Sector

According to the Deed of Declaration of the Annual General Meeting of Shareholders Resolution on the Amendment of PT Bank Tabungan Negara (Persero) Tbk. Articles of Association No. 90 dated June 21, 2017, the Company's purpose and objectives are to conduct business in the Banking sector and to optimize the utilization of Company's resources to produce high-quality services and strong competitiveness in order to gain/pursue profit to increase the Company's value by applying the principles of Limited Liability Company. To achieve the above-mentioned purpose and objectives, the Company shall carry out the following main business:

1. Collect funds from public in the form of demand deposit, time deposit, deposit certificate, savings, and/or other equivalent form;
2. Grant loan;
3. Issue debt instrument;
4. Purchase, sell, or guarantee on Company's risk or for the Company's benefit and at the behest of its customer:
 - › Drafts, including draft accepted by Bank with expiration date no longer than the practice of said securities trading;
 - › Debt instrument and other trading instruments with expiration date no longer than the usual practice of said securities trading;
 - › Treasury Bills and Government Securities;
 - › Bank Indonesia Certificates (SBI);
 - › Bonds;
 - › Futures with maturity in accordance with rules and legislation;
 - › Other valuable instruments with maturity in accordance with rules and legislation.
5. Transfer money both for the Company's good interest and customer's;
6. Place funds on, or borrow from, or lend funds to other banks, using mail, communication, or sight draft, check, or any other means;
7. Receive bill for securities and perform calculations for or with third parties;
8. Provide place to store goods and securities;
9. Perform custody activities for the interests of other parties pursuant to a contract;
10. Make placements from client to another client in the form of securities not listed on stock exchange;
11. Conduct financing and/or other activities including sharia-principled activities, in accordance with the provisions set forth by Bank Indonesia;
12. Conduct factoring, asset securitization, credit card business, and trustee activities;
13. Perform foreign exchange in accordance with provisions by the authorized institution;
14. Conduct equity participation in bank or other company in the financial sector;
15. o.Conduct temporary investments to overcome credit failure, including failure of sharia principle based financing, on the terms that the Company shall withdraw its investment, in accordance with the provisions set forth by Bank Indonesia;
16. Act as the founder and the trustee for pension fund in accordance with rules and legislation;
17. Conduct financial services, commercial banking, and other investment banking;
18. Conduct business activities based on Sharia Principle, in accordance with provisions set forth by the rules and legislation;
19. Conduct other activities commonly undertaken by banks with regard to the provisions of rules and legislation.

In addition to the main business activities, the Company may perform other supporting business activities in the framework of optimizing the main business resources as long as the activities are in accordance with the rules and legislation.

> Products and Services Review

KPA BTN
Kredit Pemilikan Apartemen

Miliki Apartemen dengan proses cepat & mudah, uang muka ringan dan jangka waktu kredit hingga 15 tahun

Mewujudkan Apartemen Impian Anda

Bank @ BTN
PT Bank Tabungan Negara (Persero) Tbk
Kantor Pusat
Jl. Kuningan Raya No. 1, Jakarta Pusat 10130
Telp. (021) 500-286
1500-286

KPA BTN
Kredit Pemilikan Apartemen

Dokumen Permohonan

Dokumen	Bogor/Kota	Wiseawati/Bawen/Bantul	Professional
Formulir kredit d lengkap dengan asuransi kebakaran dan pesangon	✓	✓	✓
Fotokopi KTP pemohon dan pasangan, fotokopi kartu keluarga, fotokopi surat nikah/kartu	✓	✓	✓
Surat terihak/kutetengah penghulu	✓	✓	✓
Fotokopi SK pengembang pegawai tetap	✓		
Fotokopi rekening koran tabungan/ Giro di Bank BTN/bank lain	✓	✓	✓
Fotokopi SPT Pph. 21 untuk kredit >Rp. 30 Jt. G.S. Rp. 100 Jt.	✓	✓	✓
Fotokopi NPWP untuk pemohonan kredit >Rp. 100 Jt.	✓	✓	✓
Fotokopi Akta perihal pemohonan berikut perihalnya, SUD, TDP & surat ketengah domisili		✓	
Fotokopi ijin praktik dan catatan hidup usaha (minimal 3 bulan terakhir)			✓
Fotokopi SHM/SKH dan IHS	✓	✓	✓

Untuk ketentuan lebih lanjut dapat menghubungi Kantor Cabang Bank BTN terdekat atau menghubungi Contact Center BTN: 1500296

01

Consumer Banking

1. Consumer Loan Products

> Housing Loan

a. KPR BTN Subsidi

Housing Loan Program from the Ministry of Public Works and Housing of the Republic of Indonesia, which is intended for the Low-Income Communities (MBR) with low-interest rates and low installments in order to buy prosperous houses and flats.

b. KPR BTN Mikro

This product facilitates the purchase of a land or house, or house renovation gradually. The product is prioritized for the public who works in the informal sector.

c. KPR Non Subsidi

Housing loan for the middle-upper class customers. Non-subsidized Housing Loan services consist of BTN Platinum Housing Loan, BTN Apartment Loan, and Shop Ownership Loan.

- KPR BTN Platinum

Housing Loan for house purchase from developer or non-developer, both for a new house or used house, ready stock or indent, or loan take over from other Banks.

- KPA BTN

Apartment Loan for apartment purchase from developer or non-developer, both for a new apartment or used apartment, ready stock or indent, or loan take over from other Banks.

01

Consumer Banking

- KP Ruko BTN

Shop ownership loan to buy a shop unit, business unit, office, or kiosk with fast and easy services.

d. Other Housing-Related Loan

- Kredit Agunan Rumah BTN

Loan facility for various consumer needs by guaranteeing house/apartment/shop/house.

- Kredit Bangun Rumah BTN

Loan facility for those who want to build on their own land.

- Bantuan Perumahan PNS

Housing support facilities for Civil Servants from the Housing Savings Advisory Board for Civil Servants (Bapertarum-PNS), with several choices: Additional Housing Advances (TBUM) in the form of loans or Housing Savings Assistance (BTP) in the form of the fund (grant).

- Benefit of Employment BPJS Supplemental Services –

Housing Advances Loan

Housing advances loan for Employment BPJS who applies for BTN Subsidized Housing Loan.

> Non-Housing Loan

Non-Housing Consumer Loan is one of the Company's focus on improving the business growth, because this potential market can survive the global financial crisis. This loan has a large and scattered customer base. Non-Housing Consumer Loan products include BTN Small Loan (Kring BTN), BTN Small Loan Plan (Pre-Pension Kring BTN), BTN Small Loan Pension (Pension Kring BTN), BTN Self-financing Loan, Employee Loan.

a. Kredit Ringan BTN (Kring BTN)

Loan facility that is targeted for company/institution employee to fulfill their needs without collateral. The Employee's Statement shall suffice.

b. Kredit Ringan BTN Pra Pensiun (Kring BTN Pra Pensiun)

Loan facility granted to debtors/prospective debtors with the fixed income (salary and pension) as the repayment source. The salary may or may not be disbursed through the Bank, and shall be utilized for consumptive purposes. The financing period may extend through the debtor's pension period.

c. Kredit Ringan BTN Pensiunan (Kring BTN Pensiun)

Loan facility that is targeted for Pensioner of Civil Servant, Indonesian Army/Police, and their widow/widower. The pension benefit shall be disbursed through an account in the Company.

d. Kredit Swadana BTN

Loan facility that is targeted for customer with the guarantee in the form of savings or deposits in the bank, with the maximum loan 90% of the fund held by the customer with competitive interest rate, easy and fast process, flexible term time up to 1 year and can be extended.

e. Kredit Pegawai

Soft loan facility for employee who has meet requirements.

01

Consumer Banking

2. Consumer Saving Products

› Tabungan Konsumer

a. Tabungan BTN Batara

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

- **Tabungan BTN Batara**

Segmented savings for customer who receives the salary crediting through the Company.

- **Tabungan BTN Batara Pensiun**

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

- **Tabungan BTN Batara Pendidik**

Segmented savings for customer who works as an educator in the institutions that collaborate with the Bank.

b. Tabungan BTN Prima

Investment saving with various benefits to provide a better life for the customer.

c. Tabungan BTN Junior

Savings Education for children up to 12 years old.

d. Tabungan BTN Juara

Savings Education and transactions adapted to the need of the young generation (12-23 years).

e. TabunganKu

Individual savings with easy requirements to promote the saving culture and improve public welfare.

f. Tabungan Simpanan Pelajar (Simpel)

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

g. Tabungan BTN e'BATARAPOS

Easy and comfortable savings for the public because the transaction can be conducted online in all Post Office throughout Indonesia.

h. Tabungan BTN Cermat

Saving that facilitates access and easiness of banking transaction through EDC and phone account throughout the country without having to go to Bank. This saving is a part of Laku Pandai Program.

i. Tabungan BTN Perumahan

Tabungan yang diperuntukkan dalam rangka membantu lebih banyak masyarakat di Indonesia menabung dengan tujuan membeli rumah, khususnya rumah pertama.

j. Tabungan Rekening Dana Nasabah (RDN)

An account from the Bank for Investor in order to conduct transaction in the capital market.

k. Tabungan BTN siap!

The savings to meet the customers' future planning needs.

01

Consumer Banking

> **BTN Retail Deposit**

BTN Deposit is a time deposit in Rupiah or foreign currency. The BTN Deposit has interesting benefit, such as attractive interest, interest that could be capitalized to the principal, the interest that could be utilized to pay for the housing loan, electricity and phone bills. The placement period varies from 1 month, 2 months, 3 months, 6 months, 12 months, and 24 months, and the deposit can be utilized as the loan guarantee (Self-Financing Loan).

KPR BTN Platinum

Miliki Rumah idaman dengan proses cepat & mudah, uang muka ringan dan jangka waktu kredit hingga 25 tahun



Mewujudkan Rumah Idaman Anda

Bank @ **BTN**
PT Bank Tabungan Negara (Persero) Tbk
Kantor pusat
Menara Bank BTN
Jl. Gajah Mada No. 1, Jakarta Pusat 10120
www.bnptbk.com
1500-288
Bank@BNPTBK
Bank@BNPTBK
Bank@BNPTBK

KPR BTN Platinum

Kami wujudkan impian Anda untuk memiliki rumah idaman sebagai hunian nyaman perkotaan dengan jangka waktu kredit 25 tahun.

Fasilitas untuk membeli rumah baru atau lama, dalam proses pembangunan (indent) maupun meminimalkan pembayaran dari lembaga pembiayaan lain (take over), dapat kami layani dengan cepat dan mudah.

Memberikan jaminan sepenuhnya bagi keluarga tercinta dengan fitur perlindungan Asuransi Jiwa Kredit dan Asuransi Kebakaran.

Keungulan

- Nilai kredit bebas.
- Uang muka ringan.
- Proses cepat dan mudah.
- Jangka waktu kredit s.d. 25 tahun.
- Kredit di-cover dengan asuransi jiwa kredit dan asuransi kebakaran.

Persyaratan Pemohon

- Warga Negara Indonesia.
- Telah berusia 21 (dua puluh satu) tahun minimal.
- Memiliki penghasilan tetap dari gaji sebagai karyawan atau penghasilan usaha untuk wiraswasta dan profesional yang telah menjalankan bidang usahanya minimal 1 (satu) tahun.
- Memiliki NPWP untuk pemohonan kredit di-Plus 10.
- Fotokopi rekening koran tabungan/ Giro di Bank BTN lain.
- Fotokopi surat tanah (SKTM/KHUS) atau TMK.

Untuk keterangan lebih lanjut dapat menghubungi Kantor Cabang Bank BTN terdekat atau menghubungi Contact Center BTN 1500288

02

Commercial Banking

1. Commercial Loan Product

> Housing Loan

a. **Kredit Modal Kerja (KMK) Konstruksi BTN**

Loan facility that is targeted for Developers. This loan functions as the capital to fund horizontal construction (houses, offices, kiosks, etc.) and vertical/ high-rise building (flats, apartments, condotels, office buildings, etc.) and the facilities and infrastructures, as long as it has a feasible rating to get loan. The Company provides 80% of the maximum total cost of construction.

b. **Kredit Pemilikan Lahan (KPL) BTN**

Loans granted to the developers for the purchase of simple/subsidized housing land, in which the construction is funded by the Company.

> Non-Housing Loan

The Company Non-Housing Loan consists of MSME Loan Products, Linkage, and Corporate Programs and Loans. MSME Loan includes KUR BTN, KUMK, Kredit Investasi, KMK, and KMK Kontraktor. Linkage Program covers the loan to Rural Banks and Savings and Loans Cooperatives (Cooperatives). Whereas Corporate Loans consists of Kredit Investasi, Kredit Modal Kerja BTN, Kredit Modal Kerja Kontraktor and Kredit Sindikasi.

02

Commercial Banking

a. Kredit Usaha Mikro dan Kecil (KUMK) BTN

Loan for customer who has productive business in line with the requirements of MSME. The loan may be utilized to fund the capital and/or investment with a maximum loan up to Rp 5 billion.

b. Program Kemitraan

Program to increase the competence of small business in order to become strong and independent.

c. Kredit Usaha Rakyat (KUR)

Capital loan and/or investment granted to debtor in the MSMEs status, in a productive and viable business field, but do not have additional collateral or sufficient additional collateral.

d. BTN Kredit Linkage

Loan to facilitate legal entities i.e. Rural Banks (BPR) and Cooperatives, to be disbursed to Micro, Small, and Medium Enterprises sector.

e. Corporate Loan

- Kredit Modal Kerja (KMK) BTN

Customer loan for trading and services or procurement industry, from the production process to the selling process. The capital needs granted will be 80% of total needs, and up to 36 (thirty-six) months period.

- Kredit Investasi BTN

Funding targeted for customer to finance their goods or investment in the form of new investment, expansion, modernization, rehabilitation, or special needs related to investment.

- Kredit Modal Kerja Kontraktor (KMK Kontraktor)

Capital loan to help facilitate the contractor to finish their job based on specified contract with the amount up to 60% of the value of the contract.

- Kredit Sindikasi

Loan granted from more than one bank simultaneously to certain debtor.

2. Consumer Saving Products

> BTN Demand Deposit

BTN Demand Deposit is a saving with high flexibility, the withdrawal shall be performed anytime through Check/BG and other media, or through BTN Cash Management System (i-Cash)

BTN Demand Deposit by Ownership

a. Giro Perorangan

Personal demand deposit is an individual account, opened by the individual, including those who have business. The withdrawal shall be performed through Check/BG, ATM and other withdrawal media.

b. Giro Lembaga

Corporate demand deposit is an account under government/state institution, business entity/legal entity (including Bank and Rural Bank) and all business entities or legal entities governed by the Commercial Laws.

c. Giro Gabungan (Joint Account)

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

02

Commercial Banking

BTN Demand Deposit by Currency

a. Giro BTN Rupiah

BTN Rupiah Demand Deposit is a third party saving in Rupiah. The withdrawal shall be performed by using Check/BG, other withdrawal media, or BTN Cash Management System (i-Cash).

b. BTN Foreign Currency Demand Deposit

BTN Foreign Currency Demand Deposit is a third party savings in foreign currency (USD) which may be withdrawn by using a Purchase Order.

> Time Deposit for Institutions

Time deposit for institutions is a time deposit for investment in Rupiah or Foreign Currency, with attractive and competitive interest rates.

a. Deposito BTN Rupiah

BTN Rupiah Deposit is a time deposit for investment in Rupiah, with placement period of 1, 2 3, 6, 12, and 24 months. The savings shall only be withdrawn in a certain period, under the agreement of the customer and the bank.

b. Deposito BTN Valas

BTN Foreign Exchange Deposit is a time deposit for investment in foreign currency (USD) with placement period of 1, 2 3, 6, 12, and 24 months. The savings shall only be withdrawn in a certain period, under the agreement of the customer and the bank.

c. Deposito On Call Lembaga

BTN On Call Deposit is a time deposit in Rupiah and foreign currency (USD), with a minimum period of 1 day and maximum 35 days. The disbursement shall only be conducted on the maturity date, in accordance with the agreement between the customer and the bank.



03

Sharia Business Unit

1. Sharia Financing Products

Sharia Business Unit Financing Products are categorized into Consumer Finance and Commercial Finance. Sharia Business Financing Products is described as follows:

03

Sharia Business Unit

> Consumer Funding

a. KPR BTN Sejahtera iB

BTN Prosperous iB Housing Loan 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, or apartment as part of government program.

b. KPR BTN Platinum iB

BTN Platinum iB Housing Loan is a financing product to individual customer with a "Murabahah" (deed of sale), with fixed installments throughout the loan period in order to own a House, Shop, Office, Flat, or Apartment, both new and used.

c. Pembiayaan Bangun Rumah BTN iB

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

d. KPR BTN Indent iB

Funding product to facilitate the purchase of a house, shop, office, flat/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.

e. Pembiayaan Kendaraan Bermotor (PKB) BTN iB

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

f. Pembiayaan Tunai Emas (Tunas) BTN iB

Funding for customer to fulfill the customer's financial needs based on Qardh, Rahn, and Ijarah granted by the Bank to the Customer based on the agreement and the Letter of Lien is attached.

g. Pembiayaan Multijasa BTN iB

Funding with "Kafalah bil Ujroh" letter to finance various needs of services for the Customer, such as Education fund package, wedding fund package, traveling fund package, pilgrimage (umrah/haji plus) package, medical fund package, other services package that is in line with Sharia principles.

h. Pembiayaan Multimanfaat BTN iB

Individual consumptive financing with "Murabahah" in order to purchase various types of goods that are useful and not contrary to the applicable laws, such as electronics, furniture, and household appliance, as well as other necessities.

i. Pembiayaan Talangan Haji

Financing for individual customer with "Qard" contract in order to purchase the "Cost of Haji (BPIH)".

> Commercial Funding

a. Pembiayaan Konstruksi BTN iB

Financing product to provide the capital expenditure needs for housing developer in order to construct the housing and industrial projects with "Musyarakah (cooperation)" principle. The installment plan is based on the customer cash flow ability.

03

Sharia Business Unit

b. Pembiayaan KUR BTN iB

Financing with the "Musyarakah (cooperation)" or "Murabahah (deed of sales)" granted to productive business in the category of micro, small, and middle enterprises in the form of individual and Linkage Institution to fulfill the capital and investment needs. The installment plan is based on the customer cash flow.

c. Pembiayaan Modal Kerja BTN iB

Financing with the "Musyarakah (cooperation)" or "Murabahah (deed of sales)" granted to institutions or companies to meet the needs of capital in the trading and services industry. The return installment is based on the customer cash flow projection.

d. Pembiayaan Investasi BTN iB

Financing with the "Musyarakah (cooperation)" or "Murabahah (deed of sales)" granted to agencies, institutions, or companies to meet the needs for capital expenditure in order to rehabilitate, modernize, expand, or increase the business capacity. The return installment is based on the customer cash flow projection.

e. Pembiayaan Sindikasi BTN iB

Financing in the form of syndication or Club Deal by more than one Bank to Customer whose financing amount is too large to be granted by one Financial Institution/Bank/Agency. Non-Bank Financial Institutions (LKBB) with choices of "Mudharabah (Profit Sharing)", "Musyarakah (cooperation)", "Murabahah (deed of sales)", or "Ijarah (Rental)".

2. Sharia Savings Products

> Sharia Demand Deposit

a. Giro BTN iB

Saving product with the principles of "Wadiyah (entrusted)" for the financial operational needs of the customer, by giving lucrative bonus for the customer savings, in order to facilitate the business activities.

b. Giro BTN Prima iB

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

> Sharia Savings

a. Tabungan BTN Batara iB

Savings with "Wadi'ah (deposit)" contract for daily banking transaction with lucrative benefit for the customer and administration fee that does not reduce the principal savings.

b. Tabungan BTN Prima iB

Savings with a "Mudharabah Mutlaqah (Profit Sharing)" principle, intended for investment by providing a lucrative and competing outcome for customers, and administration fee that does not reduce the principal savings.

c. Tabungan BTN Haji iB dan Umroh iB

This savings product is intended to fulfill the dream to do a Pilgrimage (Haji and Umroh) by Mudharabah (Profit Sharing) contract. The outcome is lucrative and beneficial and competitive for the customer.

03

Sharia Business Unit

d. TabunganKu iB

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

e. Tabungan BTN Qurban iB

Savings to realize the qurban Prayer, by Mudharabah Mutlaqah (Profit Sharing), by giving a lucrative and competing outcome.

f. Tabungan BTN Simpel iB

Saving product destined for Students up to 17 years old who do not have Identity Card yet. The initial deposit is very small and it still gives lucrative bonus.

g. Tabungan BTN Emas iB

Savings with "Mudharabah Muthlaqah" contract to facilitate the customer in preparing fund for buying gold and other necessities in the future.

› Sharia Deposits

a. Deposito BTN iB

Savings for safe, comfortable, and reliable investment in a certain period of time. Based on "Mudharabah Mutlaqah (Profit Sharing)" principle. The deposit may be in the individuals or companies' name.

b. Deposito On Call iB

Savings for safe and reliable investment in a shorter period of time. Based on "Mudharabah Mutlaqah (Profit Sharing)" principle. The deposit may be in the individuals or companies' name.

04

Banking Services

The Company has Banking Services, such as customer card, wealth management, electronic channel, and other banking services. The customer card is in the form of debit and credit card. Wealth management is in the form of savings products, securities (ORI, Sukuk, and SBB), Mutual Funds, and Bancassurance. The electronic channel consists of ATM and KiosK products, CDM, Internet Banking, Cash Management, SMS Banking, and Mobile Banking. Other banking services provided are trading services, administration services, and other services.

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

1. Customer Card

› Kartu Debit BTN

Functioning as ATM cards as well as debit cards that to facilitate the customer to pay various transaction and needs in shop with Visa logo throughout the world. It is also easy, reliable, and fast in shopping online through various online merchant (for some types of BTN ATM cards). BTN Debit has many variants, tailored to the savings segment. The Cards Debit include TabunganKu ATM, Institution Card, BTN Debit Visa Regular, BTN Visa e'Batarapos, BTN Visa Winner, BTN Debit Visa Sharia, BTN Debit Visa Gold, and BTN Debit Visa Platinum for the Company priority customers.

04

Banking Services

› Kartu Kredit BTN

BTN Credit Card 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.

› Kartu Suka-suka BTN

The first Debit Visa with card designed for the customer or community specifically. This card is able to perform transaction in stores with VISA network all around the world.

› Debit BTN Online VBV (Verified by Visa)

The BTN Online Debit VBV (Verified by Visa) facilitate the customer to conduct transaction online with BTN Sharia Debit (e-Commerce)

2. Wealth Management

The Company's wealth management is improving by providing increase on fee-based income, especially the fee-based income from sales and non-banking products. The Company improves the product and services by opening the BTN Priority services to complement with the wealth management business. This is marked by the launching of Bancassurance and Mutual Funds products in cooperation with known insurance partner and Investment Banking professional in their field.

Perseroan cooperates with PT Zurich Topaz Life, PT Asuransi Jiwasraya (Persero), PT Asuransi Jiwa Generali Indonesia, PT Asuransi Jiwa Sinarmas MSIG, and PT FWD Life Indonesia for Bancassurance products. The Company cooperates with PT Trimegah Aset Manajemen, PT Bahana TCW Investment Management, PT Manulife Asset Management Indonesia, PT Schroder Investment Management Indonesia, and PT Danareksa Investment Management for Mutual Funds products. The Company also becomes the seller of Government Bonds completely. The Company provides the Sukuk Retail Government Bonds Series SR 006, Retail Saving Bonds Series SBR 001, Retail Government Bonds Series ORI 011, Sukuk Retail Government Bonds Series SR 007, and Retail Government Bonds Series ORI 012. Sukuk Retail Government Bonds Series SR008, Retail Saving Bonds Series SBF002, Sukuk Savings Series Seri ST001, and Retail Government Bonds Series ORI013, Sukuk Retail Government Bonds Series SR009, and Retail Government Bonds Series ORI 014.

BTN Priorities Services consist of Executive Lounge, Airport Handling, Good Living BTN Priorities Magazine, Merchant Discount, Birthday Gift, Holiday Gift, Welcoming Pack, Priority Banking Officer/Priority Banking Manager, Meeting Room, SMS Market Update, E-Consolidated Statement, Safe Deposit Box, and Priority Event.

3. Electronic Channel ATM

The Automatic Teller Machine (ATM) provides cash withdrawals with denomination of Rp50,000 and Rp100,000, spread throughout Branch Offices and premium locations, such as ATM Gallery at Malls, shopping centers, offices, markets, and houses to facilitate the customer in doing transaction. The network is always online (24/7).

04

Banking Services

4. CDM (Cash Deposit Machine)

ATM machine services to receive cash deposit to facilitate fast and real-time transaction. The machine is able to receive money with denomination of Rp20,000, Rp50,000, and Rp100,000.

5. ATM Non Tunai (Kiosk)

A compact and modern machine with touchscreen. It looks similar to an ATM machine, but does not facilitate cash withdrawal. The machine functions as promotion media and provides non-cash financial transactions.

6. SMS Banking

Banking services application for individual customer for the convenience of conducting financial transactions (non-cash) and non-financial transactions anywhere and everywhere by using a mobile phone. The application can be accessed by sending text message to 3555 or by USSD (Unstructured Supplementary Service Data) command. Customer may register through BTN ATM machine or by contacting Customer Service at branch offices.

7. Mobile Banking

Banking application for individual customer to conduct financial transaction (non-cash) and non-financial transactions anywhere and everywhere using the mobile phone. The application can be accessed by downloading the BTN iMobile application from Google Play, Blackberry World, and Apple Store. The connection uses internet data so it is cheaper and more efficient. The data tariff follows the provisions of the network provider.

8. Internet Banking

Banking application for individual customer to obtain financial information and conduct self-managed banking transaction using the internet. Website: <https://internetbanking.btn.co.id> Register through the BTN ATM machine or by contacting the Customer Service at branch office. The data tariff follows the provisions of the network provider.

9. Virtual Account

The identification number service for the end user of a company that has been cooperating with the Company both for individual customer and non-individual customer to identify fund receipt.

10. Electronic Data Capture (EDC)

The service is similar to a mini ATM that functions as the means to provide transactions and means of payment by putting the card inside or by swiping the ATM Card (both Debit and Credit) in a bank or between banks, completed with other payment facilities. It also connects real-time.

11. Cash Management

Special services for institution customer to perform self-managed financial transaction by using the internet. Website: <https://cashmanagement.btn.co.id> Register by contacting the Customer Service at the nearest branch office. The data tariff follows the provisions of the network provider.

04

Banking Services

12. Branchless Banking

Banking services for the customers that are performed 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 promote the realization of financial services without offices for inclusive finance. It is called LAKU PANDAI.

13. Jasa dan Layanan Perbankan Lainnya

In addition to disbursing loan and collecting third-party funds, the Company also provides other consumer services to improve fee-based income, such as: Domestic money transfer, remittance, foreign currency exchange, safe deposit box, bill payment (telephone, electricity, and water), Internet and TV cable payment, flight and train tickets purchase, and top up.

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

› **BTN Bank Guarantee**

This is a statement issued by the bank at customer's request to guarantee certain risk that may arise if the customer does not perform its obligations (breach of contract) to the party receiving guarantee.

› **BTN Cash Management**

BTN Cash Management is a financial management service for institutional customer (with demand deposit account) to self-managed their financial transaction (mutation and balance monitoring, overdraft printing, transfer, operational cost payment, employee payroll, multi debit, cash pooling, and cash distribution) by using internet connection to make it easier, more effective, and more efficient.

› **Virtual Account BTN**

BTN Cash Management is a financial management service for institutional customer (with demand deposit account) in the form of virtual account. This account shall be utilized by the customer/partner of this particular institution customer to pay the bill by using any bank. The institution customer shall monitor the payment online real-time.

› **Transfer Management**

Transfer Management is a financial service for institutional customer to assist in conducting online institutional fund transfer. The transfer may be in the form of In-house transfer (between accounts), Domestic transfer (LLG/ Clearing, and RTGS), and International Fund Transfer (transfer to another bank both domestically or abroad in foreign currency). The transfer may be in single currency (the recipient received the same currency being sent) or multi-currency (the recipient received different currency from the currency that is being sent).

04

Banking Services

> Payment Management

Payment management is a form of bank cooperation with the customer to assist the customer in managing payment and bill, such as:

- a. BTN Online Edu Payment/SPP
- b. Edu payment is a facility for educational institution to receive the education payment and other payment related to the education online real time.
- c. Bill Payment (telephone, electricity, water, gas, etc.)
- d. Tax Payment
- e. Purchase of payment for Pertamina products
- f. Payment of Employment BPJS Subscription
- g. Payment of Health BPJS Subscription
- h. Pension Payment (Taspen dan ASABRI)
- i. Hospital Bill Payment
- j. Bank Operational I and II

> BTN Payroll Service

Payroll Service is a form of bank cooperation with the customer to help customer pay the employee's wage or salary.

14. Sharia Business Unit Services

> BTN Sharia Debit Visa

The card facility to provide easiness for customer through ATM, such as cash withdrawal and transfer. The transaction may be performed in all the Company ATM, ATM Bersama (Joint ATM), Prima (Prime), Visa and Plus. The transaction may be in the form of shopping in merchant with Visa logo in the country and abroad.

> Transfer or Remittance

The facility to send money real-time to other BTN and BTN Sharia account, and to other Banks by using SKN, RTGS, Link, ATM Bersama (Joint ATM), and Prima (Prime).

> BTN Cash Management

Internet-based services by using web browser to facilitate customer in managing the banking activities independently, effectively, and efficiently.

> BTN iB Payment Point

Fasilitas layanan bagi nasabah untuk memudahkan dalam membayar tagihan rutin dan tetap seperti tagihan pembayaran uang pendidikan.

> BTN iB Payrol

Services used by the company, institution, and individual in managing payroll, Holiday Allowance (THR), bonus, and other routine financial needs of the employee.

04

Banking Services

> **The Cost of Haji Receipt**

Service to provide certainty and easiness to obtain the departure sit of haji pilgrimage by online system from Siskohat.

> **BTN iB SPP Online**

Services for Universities/Schools in order to provide delivery channel to accept the payment for education fee in real-time and online.

> **BTN iB Operational Development Program**

The Bank provides this program to the Institutional Customer in the form of fund, goods, or other facilities to support the operation of Customer with certain requirements, agreed upon by the Bank and the Customer while maintaining the principles of prudence and Good Corporate Governance (GCG).

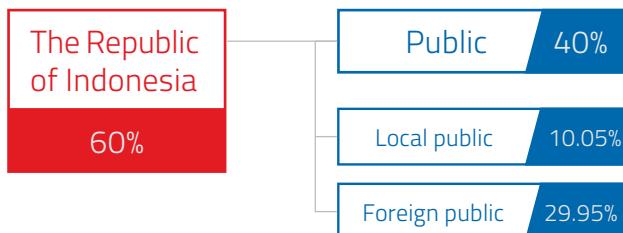
> **BTN iB Bank Guarantee**

This service provides the guarantee payment in a certain amount of money to the receiving party, in the interest of specified transactions/projects that is performed by the Customer. This guarantee is agreed upon in the Customer's "Kafalah (Guarantee)" contract.

> **BTN iB Safe Deposit Box**

A box specially designed with certain sizes and complete with safety system to ensure the safety of valuables or important documents. The purpose is to store the valuables/important documents away from fire, robbery, etc. The safe deposit box uses the "Ijarah (Rent)" contract.

> Shareholder Composition



The Republic of Indonesia has one Bicolor Series A share. Bicolor Series A Share gives its shareholder a special right that is not owned by any other shareholders, i.e. to approve the appointment and dismissal of Board of Commissioners and

Directors, to approve amendments in Articles of Association including changes in the capital, merger approval, acquisition and dissolution of the Company, to file a petition of bankruptcy and liquidation as well as to request report and explanation on certain matters to the Company's Board of Commissioners and Directors, with regards to the prevailing rules and legislations, especially in the Capital Market sector.

On December 31, 2017, the Republic of Indonesia has 6,354,000,000 Common Shares, and 1 Bicolor Series A Share, which has special voting rights, bringing its share ownership to 60%.

In details, the Company shareholdings are as follows:

31 December 2017

No	Public Shareholder	Total	Shares	
			Shares	%
1	The Republic of Indonesia	1	6,354,000,000	60.00%
2	Public			
	Local public			
	Individual	8,214	159,635,827	1.51%
	Employee	1,229	18,225,800	0.17%
	Cooperatives	2	235,000	0.00%
	Foundation	10	15,597,433	0.15%
	Pension Fund	65	57,567,127	0.54%
	Insurance	70	353,970,781	3.34%
	Limited Liability Company	46	198,025,989	1.87%
	Mutual Funds	159	261,281,799	2.47%
	Sub Total	9.795	1,064,539,756	10.05%
	Foreign public			
	Foreign Individual	37	8,534,840	0.08%
	Foreign Business Entity	647	3,162,925,404	29.87%
	Sub Total	684	3,171,460,244	29.95%
	Total	10,480	10,590,000,000	100.00%

Details of Top 20 Shareholders of BBTN

The 20 Shareholders other than the Government of the Republic of Indonesia is:

No	Name	Shares	Status	
			%	
1	DJS KETENAGAKERJAAN PROGRAM JHT	137.239.308	1,30	Limited Liability Company
2	PT. PRUDENTIAL LIFE ASSURANCE - REF	137.208.800	1,30	Insurance
3	JPMCB NA UCITS CLT RE-HANDELSBANKEN TILLVAXTMARKNAD TEMA	129.500.000	1,22	Foreign Business Entity
4	NT TST CO S/A LSV EMERGING MARKETS EQUITY FUND, LP	92.008.000	0,87	Foreign Business Entity
5	JPMCB NA RE-SWEBANK ROBUR GLOBAL EMERGING MARKETS	66.922.500	0,63	Foreign Business Entity
6	CITIBANK NEW YORK S/A DIMENSIONAL EMERGING MARKETS VALUE FUND	65.720.027	0,62	Foreign Business Entity
7	UBS AG LDN BRANCH A/C CLIENT	61.139.430	0,58	Foreign Business Entity
8	BBH BOSTON S/A VANGRD EMG MKTS STK INFID	58.617.100	0,55	Foreign Business Entity
9	DB LDN GPF CLT OMNI FULL TAX	57.763.870	0,55	Foreign Business Entity
10	CITIBANK NEW YORK S/A EMERGING MARKETS CORE EQUITY PORTFOLIO OF DFA INV DIMENSIO	57.527.635	0,54	Foreign Business Entity
11	JPMCB NA RE-VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	46.074.797	0,44	Foreign Business Entity
12	PICTET AND CIE (EUROPE) S.A., LUXEMBOURG S/A PICTET EMERGING MARKETS	43.095.500	0,41	Foreign Business Entity
13	SG/SGBTUX/PIO FD GLB SEL	42.336.200	0,40	Foreign Business Entity
14	SSB IZQH S/A GMO EMERGING DOMESTIC OPPORTUNITIES FD	42.079.500	0,40	Foreign Business Entity
15	JPMCB NA RE-INVESTERINGSFORENINGEN SYDINVEST	40.594.000	0,38	Foreign Business Entity
16	BNYM S/A ACADIAN EM MKTS SM ALL CAP EQ FD LLC	39.636.900	0,37	Foreign Business Entity
17	PT AIA FINL - UL EQUITY	37.636.100	0,36	Insurance
18	HSBC BANK PLC RE: LXG/HSBC GLOBAL INVESTMENT FUNDS ASIA EX JAPAN EQUITY SMALLER	37.538.700	0,35	Foreign Business Entity
19	RBC ISB S/A ROBECO CAPITAL GROWTH FUNDS	36.616.500	0,35	Foreign Business Entity
20	SSB 2Q27 S/A ISHARES CORE MSCI EMERGING MARKETS ETF	36.297.276	0,34	Foreign Business Entity

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	I Wayan Agus Mertayasa	-	0,000000%
2	Independent Commissioner	Kamaruddin Sjam	-	0,000000%
3	Independent Commissioner	Arie Coerniadi	-	0,000000%
4	Independent Commissioner	Lucky Fathul Aziz Hadibrata	-	0,000000%
5	Commissioner	Sumiyati	-	0,000000%

No	Position	Name	Shares	% Shareholdings
Board of Commissioners				
6	Commissioner	Maurin Sitorus	-	0,000000%
7	Commissioner	Iman Sugema	-	0,000000%
8	Commissioner*)	Garuda Wiko	-	0,000000%
Director				
1	President Director	Maryono	98.500	0,0009301%
2	Director	Iman Nugroho Soeko	-	0,000000%
3	Director	Adi Setianto	-	0,000000%
4	Director	Oni Febriarto Rahardjo	-	0,000000%
5	Director**)	R. Mahelan Prabantarikso	64.000	0,0006043%
6	Director***)	Nixon L.P. Napitupulu	-	0,000000%
7	Director****)	Budi Satria	-	0,000000%
8	Director*****)	Dasuki Amsir	-	0,000000%
Total				162.500

- *) Appointed as an Independent Commissioner of PT Bank Tabungan Negara (Persero) Tbk based on the Annual GMS Resolution dated March 17, 2017, effective immediately after obtaining the approval from Financial Services Authority (OJK) for the Fit and Proper Test and in accordance with the prevailing rules and legislation.
- **) Appointed as a Director of PT Bank Tabungan Negara (Persero) Tbk based on the Annual GMS Resolution dated March 17, 2017, effective immediately after obtaining the approval from Financial Services Authority (OJK) for the Fit and Proper Test and in accordance with the prevailing rules and legislation.
- ***) Appointed as a Director of PT Bank Tabungan Negara (Persero) Tbk based on the Annual GMS Resolution dated March 17, 2017, effective immediately after obtaining the approval from Financial Services Authority

(OJK) for the Fit and Proper Test and in accordance with the prevailing rules and legislation.

****) Appointed as a Director of PT Bank Tabungan Negara (Persero) Tbk based on the Annual GMS Resolution dated March 17, 2017, effective immediately after obtaining the approval from Financial Services Authority (OJK) for the Fit and Proper Test and in accordance with the prevailing rules and legislation.

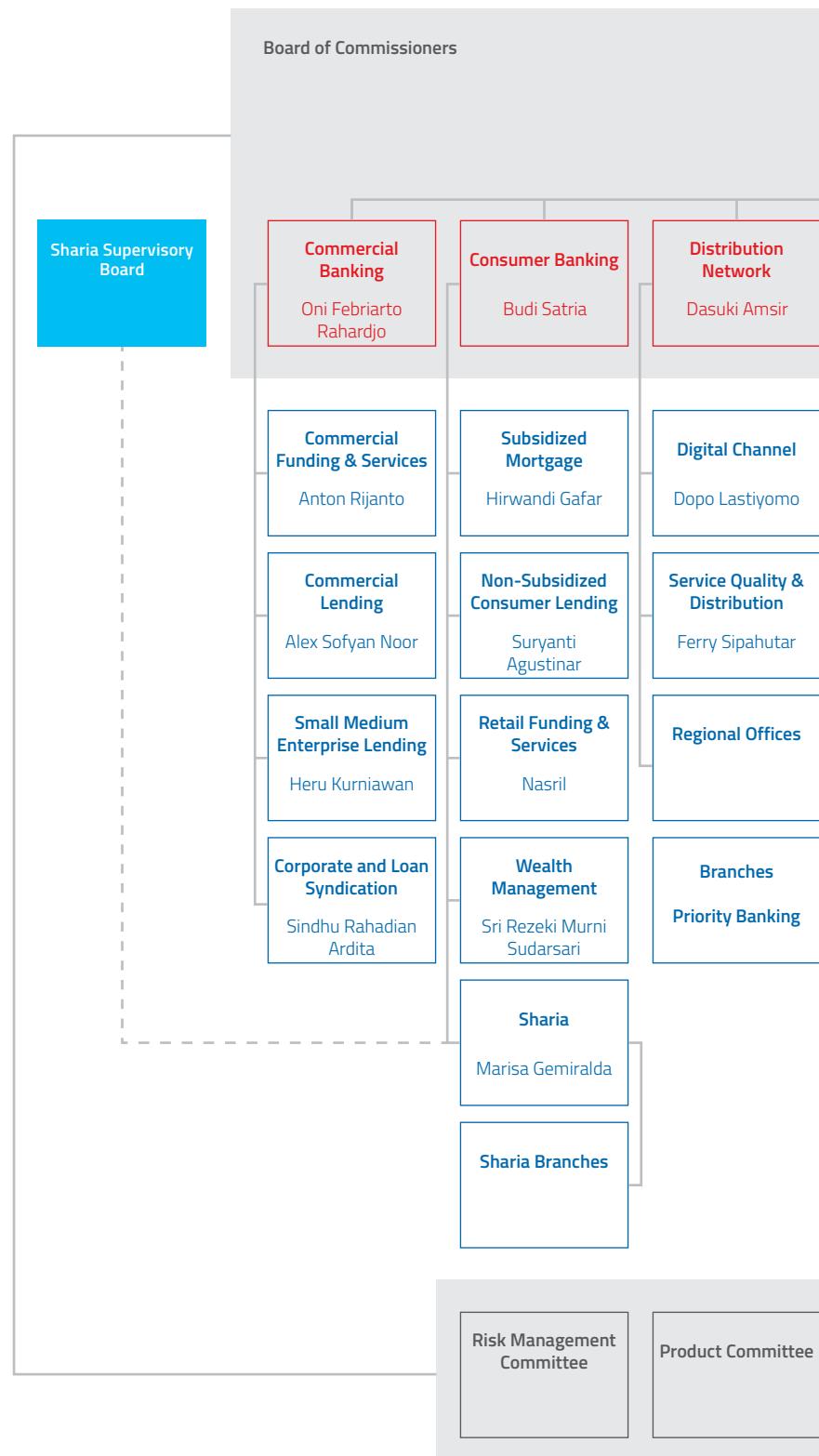
*****) Appointed as a Director of PT Bank Tabungan Negara (Persero) Tbk based on the Annual GMS Resolution dated December 28, 2017, effective immediately after obtaining the approval from Financial Services Authority (OJK) for the Fit and Proper Test and in accordance with the prevailing rules and legislation.

Public Shareholders with Shareholdings Less Than 5%

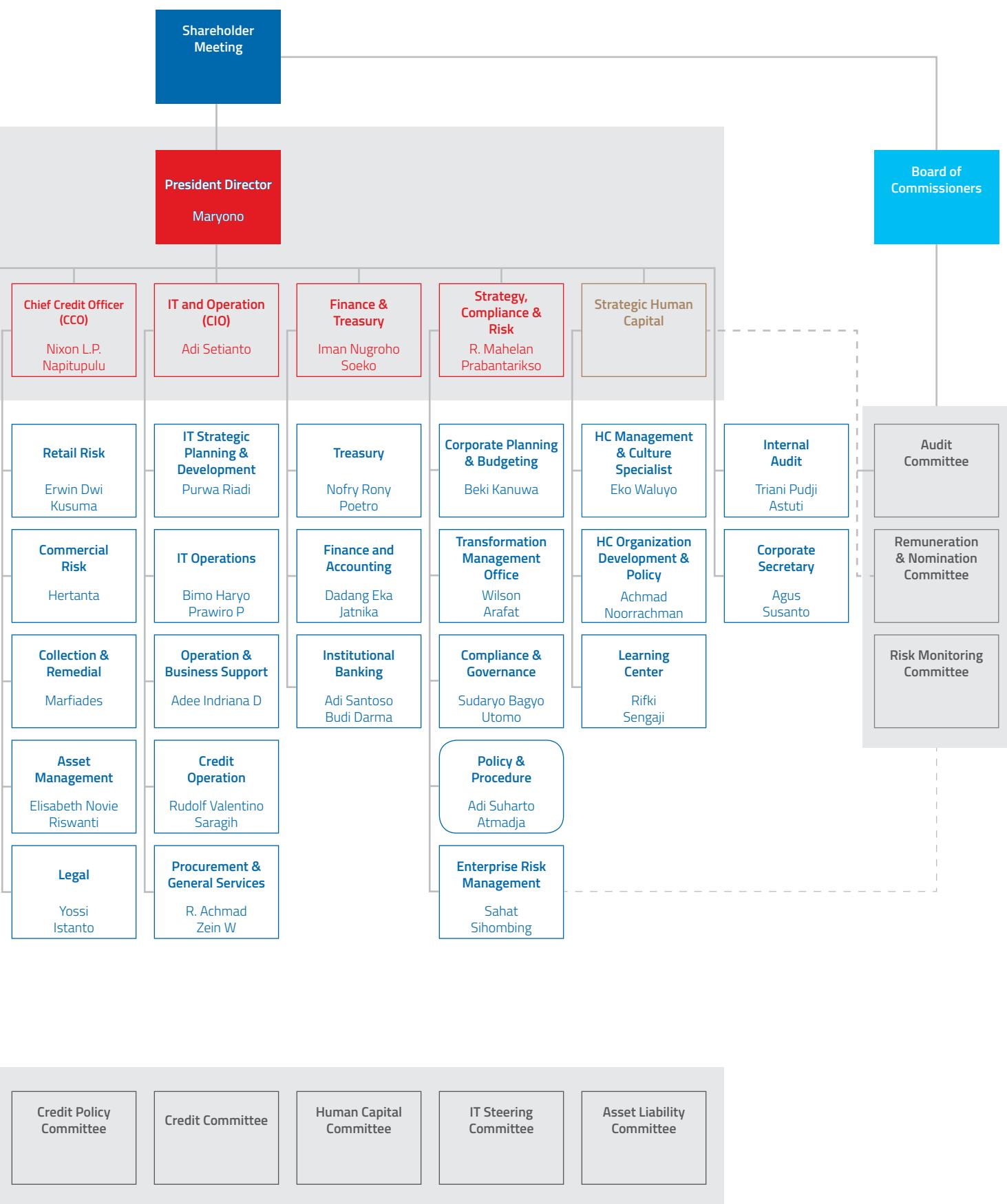
No	Public Shareholder	Total	Shares	
			Stock	%
Local public				
1	Individual	8,214	159,635,827	1.51%
2	Employee	1,229	18,225,800	0.17%
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8	Mutual Funds	159	261,281,799	2.47%
Sub Total		9,795	1,064,539,756	10.05%
Foreign public				
1	Foreign Individual	37	8,534,840	0.08%
2	Foreign Business Entity	647	3,162,925,404	29.87%
Sub Total		684	3,171,460,244	29.95%
Total		10,479	4,236,000,000	40.00%

> Company's Organization Structure

Facing the increasingly competitive business climate and competition, the Company continuously performs strategic measures in various field to conduct more effective and efficient bank operations. In line with the Company's business transformation, the Directors has made adjustments to the organization structure in order to execute the business initiatives and operational process more effectively. On May 29, 2017, Directors has stipulated the Amendment to the Directors' Resolution Number: 04/KD/DIR/SIPD/2017 on Head Office Organization Structure, with the prior approval of the Board OF Commissioners.



— Line of Command
- - - Line of Communication/ Information



> Sharia Supervisory Board's Profiles



(left to right)

**DR.H. Mohammad Hidayat
Ahmad Nazri Adlani
Muhammad Syakir Sula**

- Member of Sharia Supervisory Board
- Member of Sharia Supervisory Board
- Member of Sharia Supervisory Board



Ahmad Nazri Adlani
Member of Sharia Supervisory Board

Indonesian Citizen, 80, based in Jakarta. Finished his Bachelor degree from Sharia Faculty University Al Azhar, Cairo, Egypt, and Ushuluddin Faculty, IAIN Syarif Hidayatullah. Studied at Macquarie University, Sydney, Australia.

Serves as the Chairman of the Company Sharia Supervisory Board since February 15, 2005. He was active in the military sector and he is a Veteran Brigadier General of the Indonesian National Armed Forces. He served as Vice President of People's Consultative Assembly of the Republic of Indonesia (MPR RI) from Group Representatives Fraction for 1999-2004 period, after being a Member of MPR RI for 1997-1998 period, General Secretary of Indonesian Ulema Council (MUI) for 1995-2000 period, Chairman of Foreign Relations Commission of MUI for 2000-2005 period, Chairman of Inter-Religion Harmony MMUI 2005-2014 period, and Vice President General of Indonesian Ulema Council for 2010-2015 period. He co-founded the National Sharia Board 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 Board - MUI,

Chairman of the Supervisory Board of Mega Finance Sharia and member of Sharia Supervisory Board for Sinar Mas Sharia Insurance. He received the military education through Defense and Safety Department, SUSBINMINU, SUSLAPA IF VII (Army Infantry Officers School) Bandung, and SUSCADOS BINTAL ABRI (Lecturer for Mental Development ABRI) Jakarta. He also attended Ijtima' Samawi (Sharia Forum held by National Sharia Board/DSN) in Jakarta, December 8-9, 2016.

Appointed as the Chairman of the Company Sharia Supervisory Board based on the Directors' Circular Letter PT Bank Tabungan Negara (Persero) No. 131/DIR/2017 dated Wednesday, March 22, 2017 on the Working Period Extension of the Sharia Supervisory Board of PT Bank Tabungan Negara (Persero) Tbk and No. 608/DIR/2017 dated November 1, 2017, started on January 1, 2017 to the date of AGMS 2018.



DR.H. Mohammad Hidayat
Member of Sharia Supervisory Board

Indonesian Citizen, 50, based in Jakarta. Finished his Bachelor degree in Sharia Faculty IAIN Jakarta in 1991 and Master of Law from STIH IBLAM in 2003. He also has a Ph.D. of Islamic Economic and Finance, from Trisakti University in 2015.

Serves as a member of the Company Sharia Supervisory Board since February 15, 2005. Active as a Postgraduate Lecturer at Indonesia Banking School, and provided lectures to several Universities: Postgraduate Program of Middle East and Islam at University of Indonesia, Islamic Economic and Finance of Trisakti University, etc.

He has attended numerous training, such as Islamic Banking in Langkawi, Malaysia, 1998; Monitoring System held by YPPI in 1999; Sharia Supervisory Board Certification by National Sharia Board MUI and the Financial Services Authority in 2014; and Regulation and Supervision of Islamic Financial Institutions by the Financial Services Authority in 2015; Ijtima' Samawi (Sharia Forum held by National Sharia Board/DSN) in Jakarta, 8—9 December 2016. Certification of Sharia Capital

Market Expertise 2016, Expert Competence Certificate from National Professional Certification Board (BNSP) and Ijtima' Samawi (Sharia Forum held by National Sharia Board/DSN) in Jakarta, November 2-3, 2017.

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.



Muhammad Syakir Sula
Member of Sharia Supervisory Board

Indonesian Citizen, 53, based in Jakarta. Obtained his Bachelor from Faculty of Agriculture Padjajaran University Bandung in 1989.

Serves as a member of the Company Sharia Supervisory Board since Monday, July 19, 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. He served as the Public Relation Deputy of Wakaf Agency Indonesia (BWI) in 2008-2014, Member of KPS-BI (Committee of Sharia Banking - Bank Indonesia) in 2008-2012, CEO of Batasa Tazkia Consulting (2006-2007), Expert Staff on Directors' Board of Bank Muamalat (2005-2006), and Marketing Director of Takaful Insurance and Operation Director of Takaful Insurance (1999-2005). In the professional organizations, he was the 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 Center 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 the 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, Quality Management System Training – BNSP, Assessor Competency Training – BNSP, Ijtimâ' Samawi (Sharia Forum held by National Sharia Board/DSN) in Jakarta, December 8-9, 2016, etc.

Appointed as the Chairman of the Company Sharia Supervisory Board based on the Directors' Circular Letter PT Bank Tabungan Negara (Persero) Tbk No. 379/DIR/2015 dated June 30, 2015, on the Working Period Extension of the Sharia Supervisory Board of PT Bank Tabungan Negara (Persero) Tbk. The Letter is enacted from July 18, 2015, to December 31, 2016.

> Board of Commissioners' Profiles



(left to right)

Kamaruddin Sjam

- Independent Commissioner

Garuda Wiko

- Independent Commissioner

Lucky Fathul Aziz Hadibrata - Independent Commissioner

I Wayan Agus Mertayasa

- President Commissioner/
Independent

Sumiyati

- Commissioner

Arie Coerniadi

- Independent Commissioner

Maurin Sitorus

- Commissioner

Iman Sugema

- Commissioner



I Wayan Agus Mertayasa
President Commissioner/Independent

Indonesian Citizen, 70, based in Jakarta. Holds a Bachelor of Economic from Brawijaya Malang University in 1973

First Appointment Basis

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

Work Experience

Started his career in 1973 as a Loan Analyst at Head Office of Bank Bumi Daya, became a General Manager at Bank Bumi Daya Los Angeles Agency (USA) (1991-1992), Chief Executive at Bumi Daya Finance Hongkong (1992-1993), General Manager at Bank Bumi Daya New York (1993-1994), Director of Bank Pembangunan Indonesia (1994-1999), Director and/or EVP of PT Bank Mandiri (Persero) Tbk (1999-2005), Vice President Director of PT Bank Mandiri (Persero) Tbk (2005-2010), Chairman Non-Executive Director of Bank Mandiri (Europe) Limited, London UK (2010-2015).

Training attended, namely

In addition to attending various training and seminar domestically, He also attended various Leadership course, such as: Seminar Expand Leadership Program for BOD/BOC in Bali, August 2-5, 2017; Living Wills, Planning For Bank Recovery and Resolution in London, UK, September 2017; IIA Conference 2017 in Sydney, Australia, July 2017; Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation in Bali, May 2017; London Business School and SRW & Co in London, UK, September 2016; Global Strategic Management (Harvard Business School) in Boston, USA, June 2009; New Challenges, New Solutions (Harvard Business School) in Boston, USA, July 2008; and Changing The Game Negotiation & Competitive Decision (Harvard Business School) in Boston, USA, August 2003; as well as various advance management development in finance and legal in Hongkong, Singapore, New York, and Champaign Urbana Illinois USA.

He does not have any affiliation with Directors and members of Board of Commissioners, or main and/or controlling shareholders.



Kamaruddin Sjam
Independent Commissioner

Indonesian citizen, age 70 years, based in Jakarta. Graduated with a Bachelor degree in Tanjungpura University Pontianak in 1972 and earned a Master of Management (MM) degree from IPWI School of Economics, Jakarta in 1997.

First Appointment Basis

Appointed as Independent Commissioner in the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk dated March 24, 2015, and declared effective by the Financial Services Authority (OJK) on June 29, 2015. He received special assignments as the Chairman of Audit Committee since September 9, 2015 – present, and a Member of Remuneration & Nomination Committee since September 9, 2015 – present.

Work Experience

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 has attended various training programs, namely Integration of GRC in New Zealand, Australia, September

2017; Risk Culture & Leadership The Paramount of GRC in Geneva Switzerland, Prague Czech, and Budapest Hungary, March 2017; Benchmarking and Workshop Enterprise Risk Management in London, UK, April 2016; Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration in Stockholm, Sweden, September 2016; ECIIA European Conference Paris France & On Site Learning in September 2015, National IIA Conference Seminar in August 2015, High Level of Administration Leadership (SPATI) by BPKP and LAN in 2002; Study tour to Guangzhou and Shenzhen, China, in 2002; and Short Term Training Programme on Auditing Objectives and Methods Applied to Public Sector (Performance Audit) in Marseille, France, 1999.

He does not have any affiliation with Directors and members of Board of Commissioners, or main and/or controlling shareholders.



Arie Coerniadi
Independent Commissioner

Indonesian Citizen, 50, based in Tangerang. Has a Bachelor of Electric Engineering from the University of Indonesia in 1991.

First Appointment Basis

Appointed as Independent Commissioner in the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk dated March 24, 2015, and declared effective by the Financial Services Authority (OJK) on June 29, 2015. He received special assignments as the Chairman of Risk Monitoring Committee and a Member of Remuneration & Nomination Committee since March 25, 2016 - present.

Work Experience

He had various strategic positions, such as Vice President in NISP Securities (2005-2010), 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 has attended various training namely ICAAP in Geneva Switzerland, Prague Czech, and Austria in October 2017; Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation in Bali, May 2017; Risk Culture & Leadership The Paramount of GRC in Geneva Switzerland, Prague Czech, and Budapest Hungary in March

2017; Mobile World Congress for Mobile Payment and Mobile Banking Solutions, including Mobile Ekyc in Barcelona, Spain, February 2016; Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration in Stockholm, Sweden, September 2016; Financial Market Operation by New York Institute of Finance in New York, 1998;

Securities Lending and Borrowing in Amsterdam, 1996; and Global Custodian Services by State Street in Sydney, 1995.

He does not have any affiliation with Directors and members of Board of Commissioners, or main and/or controlling shareholders.



Lucky Fathul Aziz Hadibrata Independent Commissioner

Indonesian Citizen, 61, based in Jakarta. Holds a Master of Art (MA) degree in Development Economics from Boston University, Massachusetts, USA in 1985. In 1991, he earned a Master of Science (MS) from Hasanuddin University, Makassar

First Appointment Basis

Appointed as a Commissioner in Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk on March 24, 2015, and was subsequently transferred to Independent Commissioner in the Extraordinary General Meeting of Shareholders (EGMS) of the Company dated January 7, 2016, and declared effective by the Financial Services Authority (OJK) on November 15, 2017. He received special assignments as a Member of Audit Committee and a Member of Remuneration & Nomination Committee since November 21, 2017 - present.

Work Experience

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

Training attended, namely

He has attended various trainings such as ERMA International Conference on ERM "Navigating the Future of Risk, Integration of Business Processes" in Yogyakarta, December 2017; ICAAP in Geneva Switzerland, Prague Czech, dan Austria in October 2017; The IIA International Conference 2016, in New York & Washington DC, USA, July 2016; International Enterprise Risk Management Benchmarking in Barcelona, Spain, 2015; Leading and Managing People: Power and Relationships by Wharton Bussiness School University of Pennsylvania in 2014; A New Era of Conduct Supervision: Consequences, Challenges, and Opportunities by OJK, AusAID, and 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 does not have any affiliation with Directors and members of Board of Commissioners, or main and/or controlling shareholders.



Sumiyati Commissioner

Indonesian Citizen, 56, based in Jakarta. Graduated with a Bachelor degree at the State College of Accountancy in 1986 and a Master of Financial Management (M.F.M) degree from Queensland University, Australia in 1994.

First Appointment Basis

Appointed as Commissioner in the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk dated September 2, 2015, and declared effective by the Financial Services Authority (OJK) on February 22, 2016. She received a special assignment as a Member of Risk Monitoring Committee since April 26, 2016 - present.

Training attended, namely

She has attended various training such as Integration of GRC in New Zealand, Australia, September 2017; Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation in Bali, May 2017; London Business School and SRW & Co in London, UK, September 2016; 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.

Work Experience

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.

She does not have any affiliation with Directors and members of Board of Commissioners, or main and/or controlling shareholders.



Maurin Sitorus Commissioner

Indonesian Citizen, 61, based in Jakarta. Graduated with a Bachelor degree in Law from the University of Indonesia in 1983, Master in Monetary and International Economic University of Illinois Urbana - Campaign USA in 1990 and earned his Ph.D. in Monetary and International Economics from the University of Kentucky, Lexington, USA in 1994.

Appointed as Independent

Commissioner in the Extraordinary Meeting of Shareholders (EGMS) of PT Bank Tabungan Negara (Persero) Tbk dated January 7, 2016, and declared effective by the Financial Services Authority (OJK) on June 6, 2016. He received a special assignment as a Member of Remuneration & Nomination Committee since November 1, 2016 - present.

Training attended, namely

He has attended various training such as Seminar Expand Leadership Program for BOD/BOC in Bali, August 2-5, 2017; Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation in Bali, May 2017; Finance for Non-Finance Manager in Hongkong, November 2017; Risk Culture & Leadership The Paramount of GRC in Geneva Switzerland, Prague-Czech, and Budapest Hungary in March 2017; Program 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 Denhaag Netherlands, 2002.

Work Experience

He served as the Directorate General of Housing Finance of the Ministry of Public Works, Secretary of Directorate General of Debt Management, Directorate General of Debt Management, Ministry of Finance, in 2014, and the Head of Regional Office of Directorate General of Treasury of Bengkulu Province, Directorate General of Treasury, Ministry of Finance of the Republic of Indonesia.

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

**Iman Sugema
Commissioner**

Indonesian Citizen, 53, based in Bogor. Graduated from Bogor Agricultural University in 1987 and earned his Ph.D in economics (1996-2000), Department of Economics, Research School of Pacific and Asian Studies, The Australian National University.

Appointed as Independent Commissioner in Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk dated April 12, 2016, and declared effective by Financial Services Authority (OJK) on July 25, 2017. He received a special assignment as a Member of Risk Monitoring Committee since August 15, 2017 - present.

Work Experience

Executive President of Ec-Think Indonesia (Think Tank Economy), Corp (2010-present), Director of Inter-CAFE (International Center for Applied Finance and Economics) in Bogor Agricultural University (2005-2013), Senior Economist of Inter-CAFE (International Center for Applied Finance and Economics) in Bogor Agricultural University (2005-present). Senior Economist in INDEF (Institute for

Development of Economics and Finance) (2002-present), Senior Economist in ISEI (Indonesian Economist Association) (2002-present)

Training attended, namely

He has attended various training such as Integration of GRC in New Zealand, Australia in September 2017; Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation in Bali, May 2017; ERMA Bali International Conference On Enterprise Risk Management in Denpasar Bali, December 2016; Risk Management Training Level 1 and 2 in Jakarta, 2016.

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

**Garuda Wiko
Independent Commissioner**

Indonesian Citizen, 53, based in Jakarta. Graduated from Pontianak University in 1988 and in 1980. He earned a Doctorate in Law from Diponegoro University in 2006.

Appointed as Independent

Commissioner in Annual General Meeting of Shareholders (AGMS) of PT Bank Tabungan Negara (Persero) Tbk dated March 17, 2017, and declared effective after obtaining the approval from the Financial Services Authority (OJK) on July 25, 2017. He received special assignments as a Member of Audit Committee and a Member of Risk Monitoring Committee since August 15, 2017 - present.

Work Experience

In addition to the Independent Commissioner of the Company, he also is a Lecturer at Magister Management Program in University of Tanjungpura (2008-present), and a Member of Senate of Pontianak State Islamic Institute, and Professor of Sharia Major (2010-present).

Training attended, namely

He has attended various training such as Seminar Expand Leadership Program for BOD/BOC in Bali, August 2-5, 2017; Living Wills, Planning For Bank Recovery and Resolution in London, UK, September 2017; Expand Leadership Program in Bali, August 2017; Arbitration Workshop in Construction in Jakarta, 2008; and Workshop and Research on Critical Law Studies and Legal Pluralism in Pontianak, 2004.

He does not have any affiliation with Directors and members of Board of Commissioners, or main and/or controlling shareholders.

> Board of Directors' Profiles



(left to right)

Oni Febriarto Rahardjo	- Director
R. Mahelan Prabantarikso	- Director
Iman Nugroho Soeko	- Director
Maryono	- President Director
Adi Setianto	- Director
Budi Satria	- Director
Nixon L.P. Napitupulu	- Director
Dasuki Amsir	- Director



Maryono
President Director

Indonesian Citizen, 62, based in Jakarta. Holds a Bachelor degree in Economics (S1) from Diponegoro University in 1981 and Master (S2) from IPWI School of Economics in 1998.

First Appointment Basis

Appointed as the President Director of the Company in the Annual General Meeting of Shareholders (GMS) of the Company on March 24, 2017, for the 2nd Period, and declared effective by the Financial Services Authority (OJK) on March 17, 2017. Currently, he is not serving as other Director of other company.

Work Experience

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. He also served as the Group Head of Jakarta Network Group in PT Bank Mandiri (Persero) Tbk. Currently, he is the Regional President of WSBI (World Saving Bank Institute) in Asia Pacific Region, and the Chairman of HIMBARA (Association of State-Owned Banks) 2017 - present.

Training attended, namely

He has attended various training such as Executive Leadership Program (ELP) of Ministry of SOEs in Jakarta, April 2017; WSBI Innovation Workshop in Bangkok, Thailand, May 2017; WSBI General Assembly & Conference in Cape Town, South Africa, November 2017; 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, Fontainebleau, French, in 2004; and Senior Executive Programme in Asia, Michigan Business School, Hongkong, in 2004.

He does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders.



Iman Nugroho Soeko
Director

Indonesian Citizen, 62, based in Jakarta. Obtained a Master of Social Science from the University of Birmingham, England, in 1989.

First Appointment Basis

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

Work Experience

He was a Senior Recovery Manager Asset Management and Disposal Department (2006), IBMCS Group Head of Bank Mandiri (2009–2010), and Chief Executive of Bank Mandiri (Europe) Ltd. (2010 - 2013).

Training attended, namely

He attended various training such as Deeper Understanding on IFRS 9 &

BASEL IV and Progress of BASEL III, in Bali, May 2017; Refreshment Program in Frankfurt, Vienna, August 2017; Risk Governance Master Class Training & Certification in Jakarta, 2016; Real Estate Management Program, Finance, Design and Leadership, in Harvard Business School, HBS Campus, Boston, USA, 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 does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders.



Adi Setianto
Director

Indonesian Citizen, 56, based in Tangerang. Holds a Bachelor of Economics (S1) of Narotama in 1989 and a Master of Business Administration (MBA) (S2) from Drexel University, Pennsylvania, USA in 1992.

First Appointment Basis

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

Work Experience

Career in the Banking industry since 1993 He had various strategic positions such as Director of Network and Services (2014-2015) and Director of Treasury and Financial Institution in PT Bank Negara Indonesia (Persero) Tbk. (2010–2014).

Training attended, namely

He attended various training such as Executive Leadership Program (ELP)

of Ministry of SOEs in Jakarta, April 2017; Program for Executives, Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III in Bali, May 2017; ASEAN Global Leadership in Cambridge, UK, September 2017; 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 Baldridge Criteria for Executive Workshop in 2017.

He does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders.

**Oni Febrianto Rahardjo****Director**

Indonesian Citizen, 47. Based in Tangerang. Holds a Bachelor of Engineering (S1) from Diponegoro University in 1994 and Master of Management (S2) of PPM School of Management in 1996.

First Appointment Basis:

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

Work Experience

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

Training attended, namely

He attended various training such as Executive Leadership Program (ELP) of Ministry of SOEs in Jakarta, April 2017; ASEAN Global Leadership Program in Berkeley, 2016; Certified Risk Management Level 5 in 2015; 60th Staff and Bank Leaders School (SESPIBANK) 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.

He does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders.

**R. Mahelan Prabantarikso****Director**

Indonesian Citizen, 48. Based in Jakarta. Holds a Bachelor degree in Economics (S1) from Jenderal Sudirman University, Master of Management (S2) from Gadjah Mada University and Candidate, Doctor of Business Management / Strategic of Agribusiness Management from Institut Pertanian Bogor, Bogor in 2018.

First Appointment Basis

Appointed as Director in Annual General Meeting of Shareholders (GMS) of the Company dated March 17, 2017, and declared effective by Financial Services Authority (OJK) on July 25, 2017. Currently, he is not serving as other Director of other company.

Work Experience

He has been with PT Bank Tabungan Negara (Persero) Tbk since 1995. He served as the Head of Strategic Innovation & Performance Division, Bank BTN (2015 – 2017), Head of Change Management Office, Bank BTN (2013 – 2015), Superintendent Human Capital Projects, Bank BTN (2012 - 2013).

Training attended, namely

He has attended various training, such as Training Corporate Governance Leadership Program (CGLP) in Bali, August 2017; Mutual Evaluation Review (MER) in Jakarta, September 2017; "To be Top 50 Team Asean CG Scorecard" Workshop in Batam, 2016; Socialization of AFI KPKU BTN Senior Leader in Jakarta, 2016; Interest Rate Risk in Banking Book in Jakarta, 2015; and Banking Industry Strategies Seminar in Jakarta, 2015.

He does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders.



Nixon L.P. Napitupulu

Director

Indonesian Citizen, 48. Based in Jakarta. Obtained a Bachelor of Economics from the University of North Sumatera, Medan, in 1994.

First Appointment Basis

Appointed as Director in Annual General Meeting of Shareholders (GMS) of Bank BTN dated March 17, 2017, and declared effective by Financial Services Authority (OJK) on July 25, 2017. Currently, he is not serving as other Director of other company.

Training attended, namely

He has attended various training such as Executive Leadership Program (ELP) of Ministry of SOEs in Jakarta, April 2017; Risk Management Refreshment Level 4 in Jakarta, 2017; and Refreshment Sound Practice in Bank Management Using Risk-Based Bank Rating (RBBR) in Denpasar, 2016.

Work Experience

He served as the President Director of PT Bank Mandiri Taspen Pos (2015 – 2017), Head of Transition Team for Bank Joint Venture PT Bank Mandiri (Persero) Tbk (2015), Head of Priority Project Bank Joint Venture PT Bank Mandiri (Persero) Tbk (2014 – 2015), and Group Head Corporate Secretary Group of PT Bank Mandiri (Persero) Tbk (2013 – 2014).

He does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders.



Budi Satria

Director

Indonesian Citizen, 54. Based in Jakarta. Holds a Law Degree (S1) from the Islamic University of Indonesia in 1987 and Master of Management (S2), the University of Indonesia, Jakarta in 2001.

First Appointment Basis

Appointed as Director in Annual General Meeting of Shareholders (GMS) of Bank BTN dated March 17, 2017, and declared effective by Financial Services Authority (OJK) on July 25, 2017. Currently, he is not serving as other Director of other company.

Training attended, namely

He has attended various training such as WSBI Innovation Workshop in Bangkok Thailand and South Africa in 2017; Domestic Public Course on Marketing, Jakarta, 2014; Matriculation and Help Session, Risk Management Level 4, Jakarta, 2012, and Assistant Vice President Development Program (AVPDP) in Jakarta, 2012.

Work Experience

He served as the Jakarta Regional Head of PT Bank Rakyat Indonesia (Persero) Tbk (2015 – 2017), Corporate Secretary of PT Bank Rakyat Indonesia (Persero) Tbk (2014 – 2015), Head of Palembang Regional Office of PT Bank Rakyat Indonesia (Persero) Tbk (2012 – 2014).

He does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders

**Dasuki Amsir
Director**

Indonesian Citizen, 54. Based in Jakarta. He holds a Bachelor of Economics (S1) from the University of Krisna DwiPayana in 1986 and a Master of Management (S2) of the Gadjah Mada University in 1996.

First Appointment Basis

Appointed as Director in Annual General Meeting of Shareholders (GMS) of the Company dated December 28, 2017, and declared effective by Financial Services Authority (OJK) on Currently, he is not serving as other Director of other company.

Work Experience

He served as the President Director of Holding Perkebunan Nusantara PTPN III (Persero) (April – December 2017), President Director of PT Perkebunan Nusantara IV (2016–2017), Director of Finance PT Perkebunan Nusantara XII (2015–2016), Head of Commercial Remedial Division of PT Bank BNI Tbk (2015), Head of Surabaya Regional Office of PT Bank BNI Tbk (2012–2014), the Leader of Business Banking across Surabaya in PT Bank BNI Tbk (2011–2012), and Leader of Small Centered Loan PT Bank BNI Tbk (2007–2011).

Training attended, namely

He has attended various training such as Executive Leadership Program (ELP) of Ministry of SOEs in Jakarta, April 2017; Seminar on Fertilization Technology and Strategy to Overcome Climate Anomaly for Plantations in Bali, on March 31 – April 1, 2016; Semiloka, with the theme: "BRINGING FRUGAL INNOVATION TO THE PLANTATION BUSINESS, Achieving Superior Sustainable Performance" in Yogyakarta, on February 5, 2016.

He does not have any affiliation with Directors and members of Board of Commissioners, or main shareholder and/or controlling shareholders.

> Officers Reporting Directly to the Board of Directors



Agus Susanto
Corporate Secretary

Indonesian Citizen, 55, based in Jakarta. Obtained a Bachelor of Economics from the University of Muhammadiyah, Palembang, in 1990.

Appointment Basis

Appointed as the Corporate Secretary Division Head based on the Directors' Circular Letter No. 266/DIR/2017.

Work Experience

Started his career in PT Bank Tabungan Negara (Persero) Tbk since 1991, and he was in the Division of Mortgage & Consumer Lending Regional II, Branch Manager Mataram Branch Office (2013), Branch Manager of Denpasar Branch office (2015), Branch Manager of Semarang Branch Office (2016) and Branch Manager of Bekasi Branch Office (2017).

Training attended

He has attended various training and seminar: Corporate Secretary Dialogue on POJK 51 / POJK.03 / 2017 on Sustainable Finance in Jakarta (2017), Public Relations Workshop Forum (FH) BUMN in Makassar (2017), 2 (two) Days Workshop Three Pillars Corporate Secretary in Bandung (2017) Socialization of Loan Policy Implementation in Jakarta, BM Financial Planning Training in Jakarta (2016), Training and Corporate Culture Socialization in Jakarta (2015), Banking Management Certification Level 3 in Jakarta (2014) and number of seminars and other trainings.



Triani Pudji Astuti
Chairman of Internal Audit

Indonesian Citizen, 55, based in Jakarta. Holds a Bachelor of Economics from the University of Gadjah Mada, Yogyakarta, in 1985.

Appointment Basis

Appointed as the Chairman of Internal Audit effective since November 13, 2017, based on the Directors' Circular Letter No. 612/DIR/2017 dated November 7, 2017, on Employee Rotation/Promotion.

Work Experience

Started her career in PT Bank Tabungan Negara (Persero) Tbk since 1986 and she was the Head of Finance & Accounting Division (2011 - 2017).

Training attended

She has attended various workshop, domestically and abroad, namely: Developing The Strategic Manager 2 by AGSM UNSW Business School, Australia, in 2016; Asset Accounting Training (PSAK & ISAK) by the Institute of Indonesia Chartered Accountants (IAI), Jakarta, in 2017; Workshop of Asset Accounting Implementation by PT Barka Cahaya Mediatama in Jakarta, 2017.

Executive Officers' Profiles



Anton Rijanto

46. Master of Economics from the University of Hasanudin. Appointed as the Head Division of Commercial Funding & Services based on Directors' Circular Letter No. 177/DIR/2017.



Alex Sofyan Noor

51. Bachelor of Economics, Universitas Islam Indonesia. Appointed as the Head of Commercial Lending Division based on Directors' Circular Letter No. 353/DIR/2017.



Heru Kurniawan

45. Holds a Magister of Management from the Bogor Agriculture Institute. Appointed as the Head of Small & Medium Lending Division based on Directors' Circular Letter No. 177/DIR/2017.



Sindhu Rahardian Arditia

44. Holds a Magister Management, University of Gadjah Mada. Appointed as the Head of Corporate & Loan Syndication Division based on Directors' Circular Letter No. 105/DIR/2017.



Hirwandi Gafar

49. Bachelor of Civil Engineering, Bandung Institute of Technology. Appointed as the Head of Subsidized Mortgage Division based on Directors' Circular Letter No. 105/DIR/2017.



Suryanti Agustinar

52. Master of Law, University of Gadjah Mada. Appointed as the Head of Non-Subsidized Mortgage and Consumer Lending Division based on Directors' Circular Letter No. 441/DIR/2016.



Nasril

52. Bachelor of Economics, STIE KBP, Padang. Appointed as the Head of Retail Funding and Services Division based on Directors' Circular Letter No. 257/DIR/2015.



Sri Rezeki Murni Sudarsari

52. Magister of Management, University of Gadjah Mada. Appointed as the Head of Wealth Management Division based on Directors' Circular Letter No. 177/DIR/2017.



Marisa Gemiralda

57. Holds a Master degree in Marketing Management, Trisakti University. Appointed as the Head of Sharia Division based on Directors' Circular Letter No. 257/DIR/2015.



Dopo Lastiyomo

46. Bachelor of Economics, University of Veteran National Development. Head of Digital Banking Division. Served since August 1, 2017, based Directors' Circular Letter No. 265/DIR/2017.



Ferry Sipahutar

47. Magister of Management, University of Gadjah Mada. Appointed as the Head of Service Quality and Distribution Division based on Directors' Circular Letter No. 105/DIR/2017.



Erwin Dwi Kusuma

38. Bachelor of Civil Engineering, Surabaya Institute of Technology. Appointed as the Head of Retail Risk Division based on Work Agreement No.15139 / PK / BTN / HCD / HCS / V2017

**Hertanta**

52. Master of Financial Management, Padjajaran University. Appointed as the Head of Commercial Risk based on Directors' Circular Letter No. 353/DIR/2017.

**Marfiades**

53. Magister of Management, STIE Indonesia. Appointed as the Head of Consumer Collection & Remedial based on Directors' Circular Letter No. 579/DIR/2017.

**Elisabeth Novie Riswanti**

49. Bachelor of Civil Law, University of Gadjah Mada. Appointed as the Head of Asset Management Division based on Directors' Circular Letter No. 177/DIR/2017.

**Yossi Istanto**

44. Master of Business Law, Parahyangan Catholic University, Bandung. Appointed as the Head of Legal Division based on Directors' Circular Letter No. 473/DIR/2013.

**Purwa Riadi**

38. Bachelor of Information Technology, Budi Luhur University. Appointed as the Head of IT Strategic Planning & Development Division based on Work Agreement No.15137/PK/BTN-ICTD/HCD/HCS/V/ 2017.

**Bimo Haryo Prawiro P**

41. Bachelor of Engineering, Bandung Institute of Technology (ITB) Appointed as the Head of IT Operation Division based on Work Agreement No. 15645/PK/BTN-ICTD/HMCD/HCS/VIII/2017.

**Adee Indriana D**

45. Bachelor of Economics, University of Eleventh March. Appointed as the Head of Operation & Business Support based on Directors' Circular Letter No. 353/DIR/2017.

**Rudolf Valentino Saragih**

50. Bachelor of Accounting and Economics, University of North Sumatera Utara. Appointed as the Head of Credit Operation Division based on Directors' Circular Letter No. 177/DIR/2017.

**R. Achmad Zein W.**

51. Bachelor of Economics, Islam Nusantara University. Appointed as the Head of Procurement and General Services Division based on Directors' Circular Letter No. 105/DIR/2017.

**Nofry Rony Poetro**

49 Master of Business Administration, The George Washington University, Washington DC, USA. Appointed as the Head of Treasury based on Directors' Circular Letter No. 439/DIR/2016..

**Dadang Eka Jatnika**

48 Master of Accounting, Diponegoro University. Appointed as the Head of Finance and Accounting Division based on Directors' Circular Letter No. 612/DIR/2017.

**Adi Santoso Budi Darma**

52. Bachelor of Economics Management, Pancasila University. Appointed as the Head of Institutional Banking Division based on Directors' Circular Letter No. 260/DIR/2017.

**Beki Kanuwa**

44. Bachelor of Civil Engineering, Bandung Institute of Technology (ITB) Appointed as the Head of Corporate Planning & Budgeting Division based on Directors' Circular Letter No. 353/DIR/2017.

**Wilson Arafat**

45. Master of Economics, University of Gadjah Mada. Appointed as the Head of Transformation Management Office Division, based on Directors' Circular Letter No. 139/DIR/2017.

**Sudaryo Bagyo Utomo**

54. Bachelor of Civil Law, Diponegoro University, Semarang. Appointed as the Head of Compliance & Governance Division based on Directors' Circular Letter No. 397/DIR/2014.

**Sahat Sihombing**

51. Master of Economics Management, IPPM Jakarta. Appointed as the Head of Enterprise Risk Management Division based on Directors' Circular Letter No. 353/DIR/2017.

**Eko Waluyo**

45. Master of Management, University of Gadjah Mada. Appointed as the Head of HC Management & Culture Specialist Division based on Directors' Circular Letter No. 180/DIR/2017.

**Achmad Noorachman**

54. Bachelor of Business Law, Diponegoro University. Appointed as the Head of HC Organization Development & Policy based on Directors' Circular Letter No. 260/DIR/2017.

**Rifki Sengaji**

53. Master of Law, Ars International University. Appointed as the Head of Learning Center based on Directors' Circular Letter No. 260/DIR/2017.

**Satya Wijayantara**

50. Master of Law, Jayabaya University. Appointed as the Head of Regional Office 1 based on Directors' Circular Letter No. 177/DIR/2017.

**Dewi Fitrianingrum**

51. Master of Management, Gadjah Mada University. Appointed as the Head of Regional Office 2 based on Directors' Circular Letter No. No. 177/DIR/2017.

**Joni Prasetyianto**

49. Holds a Master of Business Law, University of Indonesia. Appointed as the Head of Regional Office 3 based on Directors' Circular Letter No. 138/DIR/2016.

**Manahan Hutape**

49. Bachelor of Economics, University of North Sumatera. Appointed as the Head of Regional Office 4 based on Directors' Circular Letter No. 579/DIR/2017.

**Achmad Chaerul,**

47. Master of Law, University of Indonesia. Appointed as the Head of Regional Office 5 based on Directors' Circular Letter No. 260/DIR/2017.

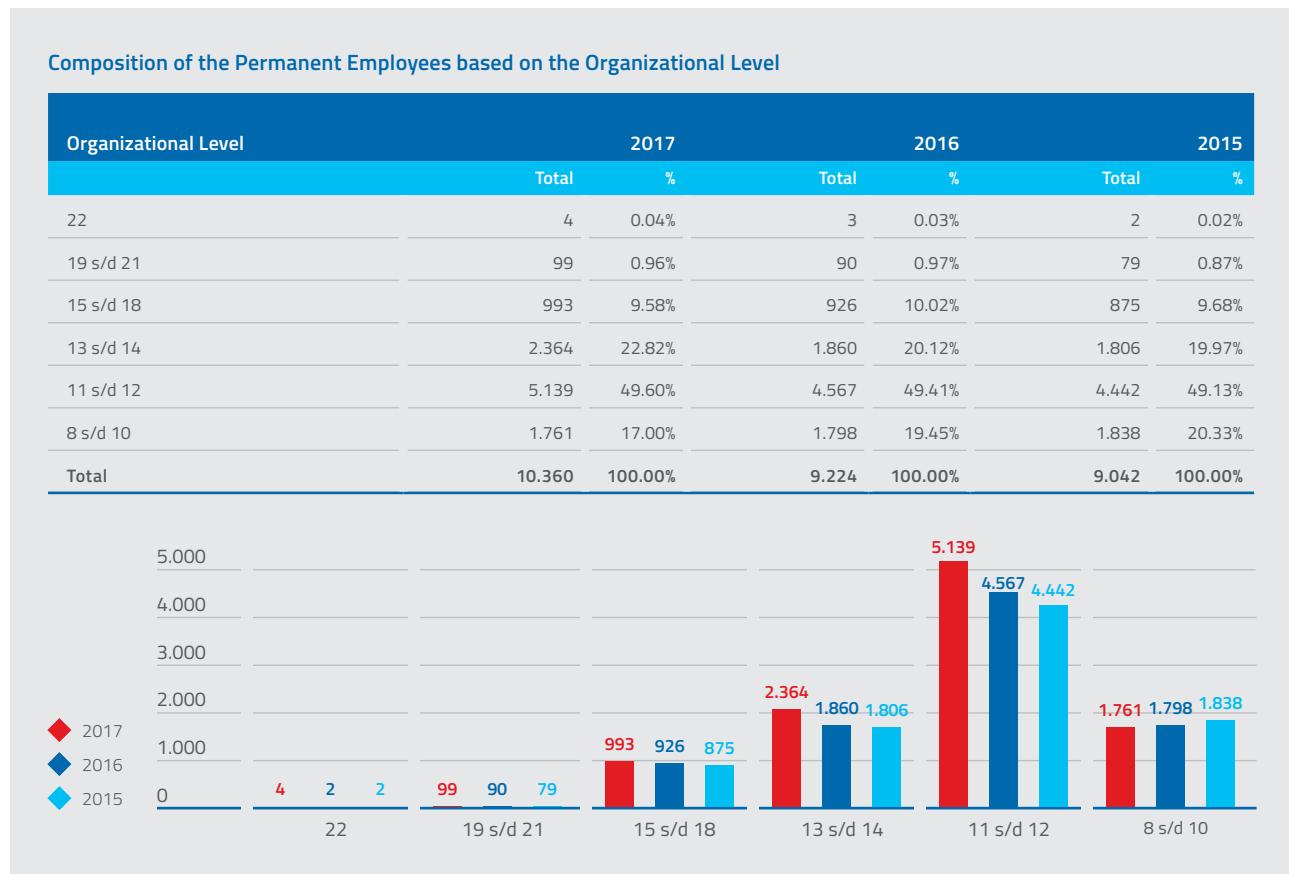
> Employee Profile

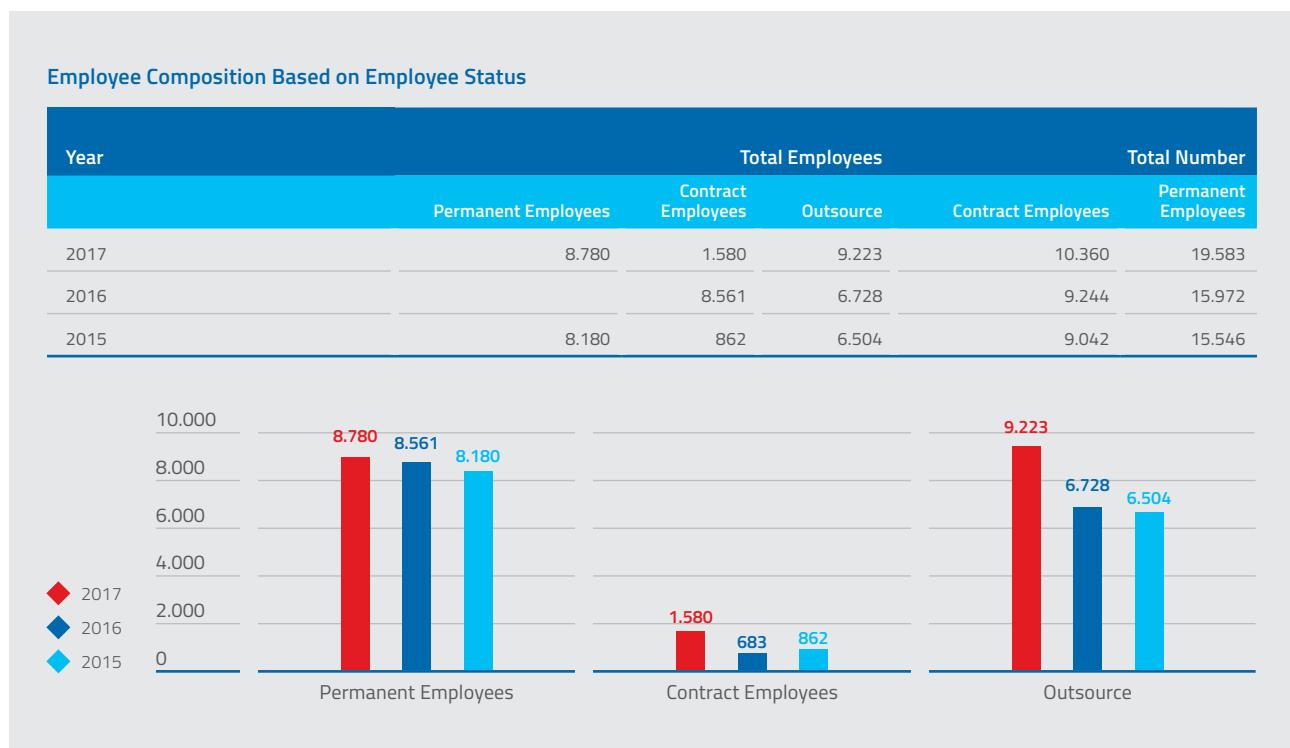
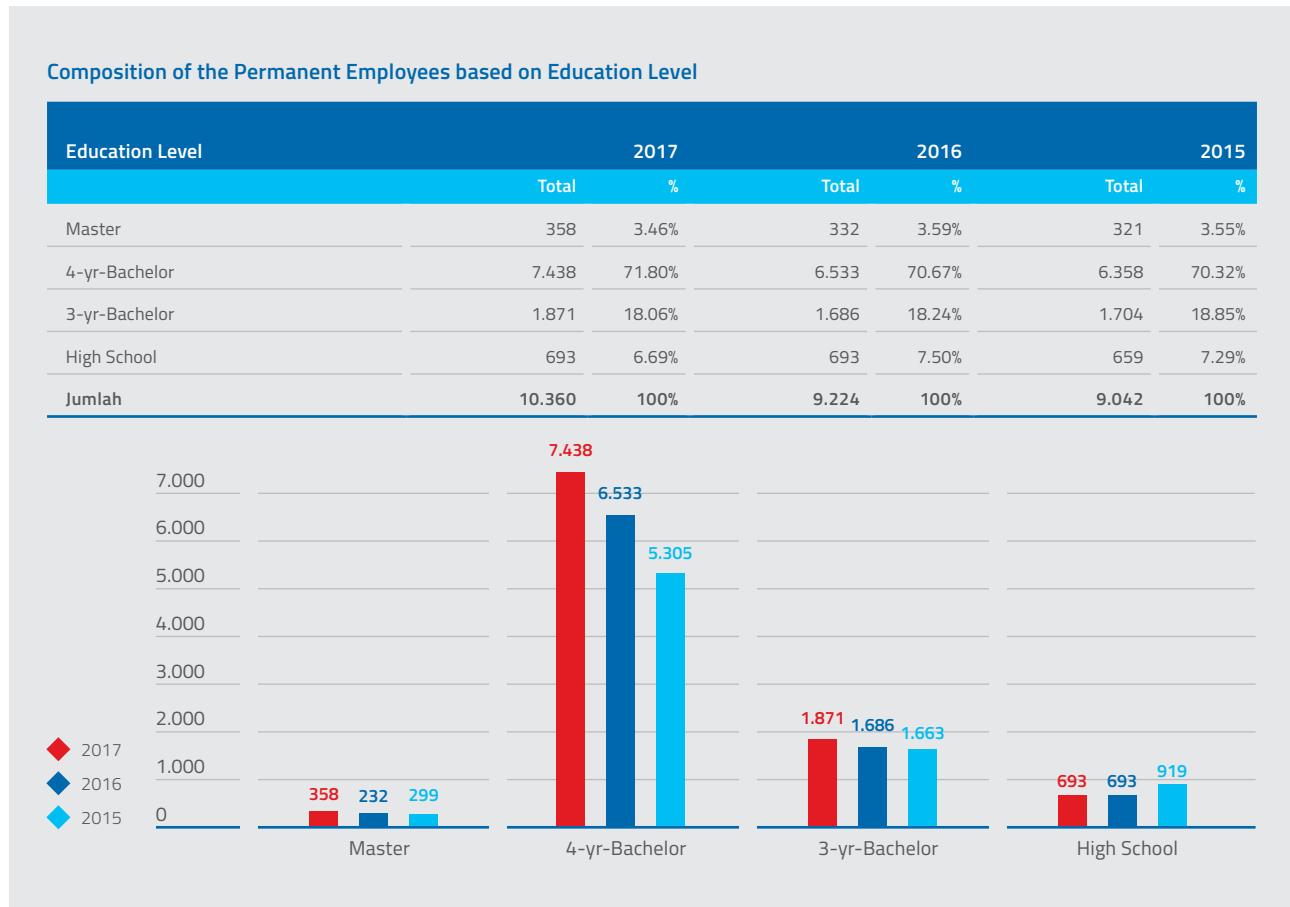
In 2017, the Company employs 19,583 employees, which consist of 8,780 Permanent Employees, 1,580 Contract Employees, and 9,223 Outsource Employees. The number increased by 22.6% from 2016, which was 15,972 employees.

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

Year	Total Employees				Total	
	Permanent Employees	Contract Employees	Outsource Employees	Not including Outsource	Including Outsource	
2017	8.780	1.580	9.223		10.360	19.583
2016	8.561	683	6.728		9.244	15.972
2015	8.180	862	6.504		9.042	15.546

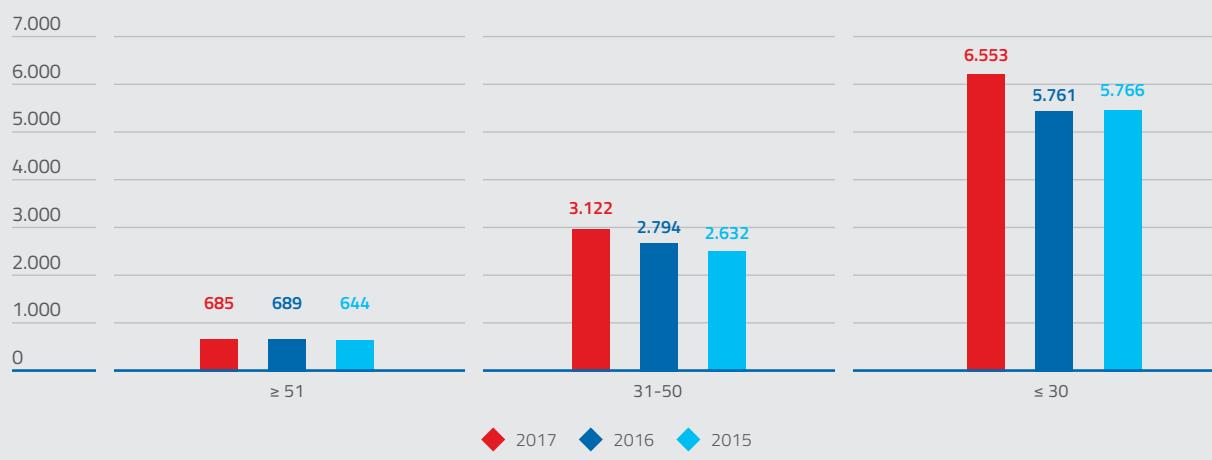
The following tables and graphics show the composition comparison of the Company's Employee within the last 3 (three) years, based on the organization level, education level, employment status, age, gender, and work unit location:





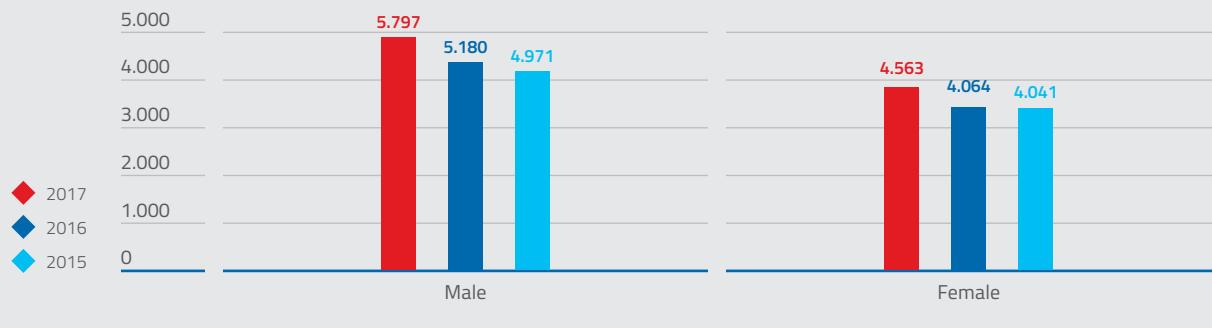
Employee Composition Based on Age

Age (Year)	2017		2016		2015	
	Total Employee	%	Total Employee	%	Total Employee	%
≥ 51	685	6.61%	689	7.45%	644	7.12%
31 – 50	3.122	30.14%	2.794	30.23%	2.632	29.11%
≤ 30	6.553	63.25%	5.761	62.32%	5.766	63.77%
Total	10.360	100%	9.244	100%	8.665	100%



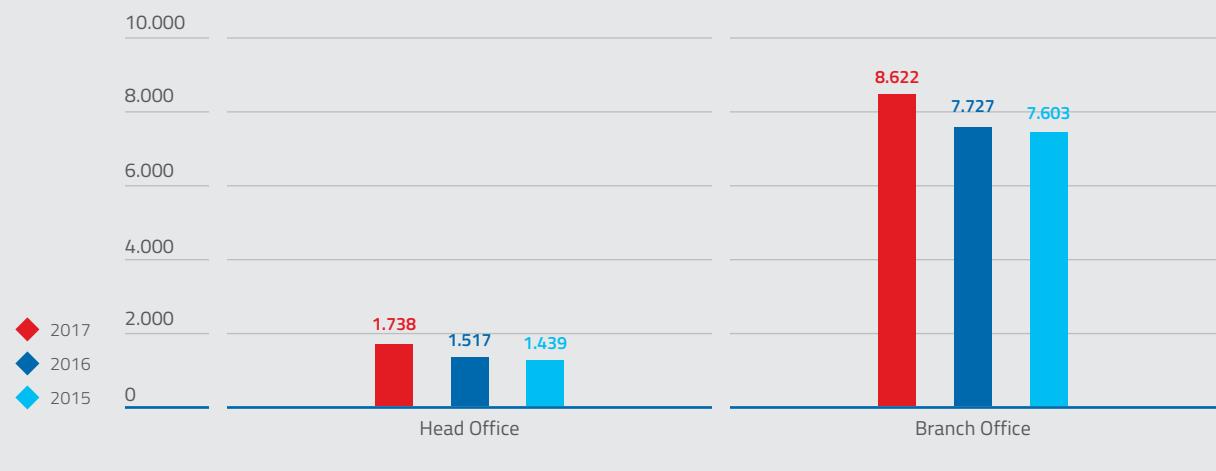
Composition of Employee Based on Gender

Gender	2017		2016		2015	
	Total Employee	%	Total Employee	%	Total Employee	%
Male	5.797	55.96%	5.180	56.04%	4.971	54.98%
Female	4.563	44.04%	4.064	43.96%	4.041	45.02%
Total	10.360	100%	9.244	100%	9.042	100%



Employee Composition Based on Work Unit Location

Work Unit Location	2017		2016		2015	
	Total	%	Total	%	Total	%
Head Office	1.738	16.78%	1.517	16.41%	1.439	15.91%
Branch Office	8.622	83.22%	7.727	83%	7.603	84.09%
Total	10.360	100%	9.924	100%	9.042	100%



> Education and/or training for Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit.

Information related to the education and/or training for Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit have been described in Good Corporate Governance Chapter.

> Employee Competence Development

Employment Opportunity Policy

This policy stated the employment opportunity in the Company that is implemented in an 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 performance, ability, and competence. The competence development for employees, both hard skill and soft skill became one of the main programs in 2016, i.e. people transformation. Pursuant to the Directors' Circular Letter No. 43/DIR/CMO/2011 dated November 28, 2011, on Employee Training and Development, which was part of the Human Capital Policy Guidelines, it is stipulated that employees who are entitled to attend Training and Development activities are the employees with permanent status and certain status. In this case, every employee has equal opportunity in training and development activities, regardless of the gender.

The Company always ensures that it provides equal opportunities to every employee in obtaining training and development program. This reflects the equal opportunities in each level of the organization. The employee participation in

competence development program is determined based on the Training Need Analysis, taking into account the gender equality and equal opportunities for all employees.

Skill and knowledge development for the Company's Human Resources (HR) are 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 shall 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 has equal opportunity to participate in the development program, tailored to the needs for the basic and technical competence of the position in order to support the employee to give the best in their work and career.

The following table described the Number of the Company Education and Training Based on Position for January - December 2017 period:

No	Grade	Type of Training	Objectives	Duration (hour)
1	<i>Staf (Grade 9 - 10)</i>	<i>Faculty of Audit</i>	Training for anti-fraud, Zero Tolerance & Zero Defect	8
2	<i>Staf (Grade 9 - 10)</i>	<i>Consumer Lending</i>	Basic Appraiser Education (PDP) for Consumer Lending staff	8
3	<i>Staf (Grade 9 - 10)</i>	<i>Consumer Lending</i>	Office Channeling for trainers	16
4	<i>Staf (Grade 9 - 10)</i>	<i>Faculty of Compliance</i>	Staff training on Prudence Principles of Banking Business	16
5	<i>Staf (Grade 9 - 10)</i>	<i>Faculty of Compliance</i>	Staff Assessment on branch office for APU & PPT Program	16
6	<i>Staf (Grade 9 - 10)</i>	<i>Faculty of Compliance</i>	Test Micro Learning of CDD & WIC-APU PPT for staff	8
7	<i>Staf (Grade 9 - 10)</i>	<i>Faculty of General Affair</i>	Training on Logistics and E-Procurement application	24
8	<i>Staf (Grade 9 - 10)</i>	<i>Faculty of Human Capital</i>	MVP briefing related to Corporate Culture	8
9	<i>Staf (Grade 9 - 10)</i>	<i>Faculty of Human Capital</i>	Training for the Company trainers candidate	24
10	<i>Staf (Grade 9 - 10)</i>	<i>Finance & Accounting</i>	Training on Taxes and Socialization of E-Filing	16
11	<i>Staf (Grade 9 - 10)</i>	<i>Finance & Accounting</i>	Socialization on Taxes legislations	8
12	<i>Staf (Grade 9 - 10)</i>	<i>Finance & Accounting</i>	Refreshment on Accounting training related to LBU & LLD	32
13	<i>Staf (Grade 9 - 10)</i>	<i>Operational Banking</i>	Training on BG, SKNBI, RTGS, DHN & ATM	8
14	<i>Staf (Grade 9 - 10)</i>	<i>Operational Banking</i>	Training and Socialization of Rupiah 2016	16
15	<i>Staf (Grade 9 - 10)</i>	<i>Operational Banking</i>	Socialization on BI RTGS, CEK/BG & SKN Provisions	8
16	<i>Staf (Grade 9 - 10)</i>	<i>Retail Funding & Services</i>	Socialization on Office Channeling for trainers	8
17	<i>Staf (Grade 9 - 10)</i>	<i>Service Quality</i>	Training for award winners of BSEM MRI 2016/2017	40
18	<i>Staf (Grade 9 - 10)</i>	<i>Sharia Others</i>	Socialization on Sharia Services for trainers	8
19	<i>Staf (Grade 9 - 10)</i>	<i>Treasury</i>	Training on Foreign Currency Transactions	8
20	<i>Staf (Grade 9 - 10)</i>	<i>Treasury</i>	Socialization on BTN Foreign Currency Savings	8
21	<i>Staf (Grade 9 - 10)</i>	<i>Wealth Management</i>	Sales training for Priority Banking Officer	24
22	<i>Senior Staf (Grade 11 - 12)</i>	<i>Collection & Asset Management</i>	New Employee Training for General Banking Staff as Team Leader	24
23	<i>Senior Staf (Grade 11 - 12)</i>	<i>Collection & Asset Management</i>	Competence and Motivation Development for AMD employee	16
24	<i>Senior Staf (Grade 11 - 12)</i>	<i>Collection & Asset Management</i>	Collection training for CCRD division	8
25	<i>Senior Staf (Grade 11 - 12)</i>	<i>Collection & Asset Management</i>	Training related to The New Smart & Successful Collection	8
26	<i>Senior Staf (Grade 11 - 12)</i>	<i>Collection & Asset Management</i>	Employee Refreshment on the loan restructuration	16
27	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Funding</i>	Training on PPO, Virtual Account & BTN CMS products for trainers	8
28	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Lending</i>	Training for Loan Commercial Analyst & SMAO	48
29	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Lending</i>	Training related to Commercial Loan products	24
30	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Lending</i>	Training for Loan Commercial Analyst Level Basic	48
31	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Lending</i>	Training for Small & Medium Account Officer (SMAO)	48
32	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Lending</i>	Training for Loan Relationship Management	40
33	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Lending</i>	Training for Loan SMAO	32
34	<i>Senior Staf (Grade 11 - 12)</i>	<i>Commercial Lending</i>	RM training related to commercial loan monitoring	8
35	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Consumer Loan Analyst training related to analysis and interview, basic level	48
36	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Consumer Loan Directive and Training	8

No	Grade	Type of Training	Objectives	Duration (hour)
37	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Consumer Loan Analysis Training	8
38	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Competence development of the Pension Savings and BTN Kring Savings products	8
39	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Consumer Loan Service training	40
40	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Basic Appraiser Education (PDP) for Consumer Lending staff	96
41	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Training to stop bad loans for Head of MCLU	32
42	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Consumer Loan Analyst Level Advance Training	32
43	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	BTN Office Channeling training for trainers	16
44	<i>Senior Staf (Grade 11 - 12)</i>	<i>Consumer Lending</i>	Training of Head of MCLU & Consumer Loan on BTN Micro Housing Loan product	16
45	<i>Senior Staf (Grade 11 - 12)</i>	<i>Digital Banking</i>	Digital Banking Online training	32
46	<i>Senior Staf (Grade 11 - 12)</i>	<i>Digital Banking</i>	Socialization and Go Live of Prepaid Blink card distribution	8
47	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Audit</i>	Refreshment on Audit Root Cause Analysis	8
48	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Audit</i>	Socialization related to Anti-Fraud & Whistle Blowing System	8
49	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Audit</i>	Training related to Fraud Prevention & Detection Operational	16
50	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Audit</i>	Sharing Knowledge of the employee with the Audit Board of Indonesia and the Company President Director	8
51	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Audit</i>	Examination of Certified Forensic Auditor (CFrA)	40
52	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Audit</i>	Training on Mobile Forensic Investigation	16
53	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Compliance</i>	Employee socialization on Internal & SOP regulation	8
54	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Compliance</i>	Refreshment & Coordinating Meeting of BCSO 2017	24
55	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Compliance</i>	Certification on Banking Officer Compliance	8
56	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Corporate Affair</i>	Refreshment for Secretary 2017	16
57	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Corporate Affair</i>	Certified Investor Relations (CIR)	32
58	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Corporate Affair</i>	Protocol Seminar for all Branch Office Protocol	8
59	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Workshop related to Budgeting	16
60	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Workshop on Employee Recruitment Application	24
61	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Workshop on Minibank module of Teaching Guide	24
62	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Outsourcing Management training	16
63	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	MVP briefing related to Corporate Culture	8
64	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Training on Competency Based Interviewing Technique	48
65	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Workshop on Outsourcing Monitoring	8
66	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Indonesia Outsourcing seminar for outsource employees	16
67	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Training on Labor Law and Industrial Relations	24
68	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Training on the Effective Implementation of KM	8
69	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Training on Operation module for trainers	24
70	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Training related to Google Educator	8
71	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Training on Technology-based Google Educator for trainers	16
72	<i>Senior Staf (Grade 11 - 12)</i>	<i>Faculty of Human Capital</i>	Employee training: Supporting Staff & General Banking Staff 2017	8

No	Grade	Type of Training	Objectives	Duration (hour)
73	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	New Employee (Secretary) education 2017	8
74	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	Induction training (Apprenticeship BTN) 2017	8
75	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	Secretary Development Program professional education	16
76	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	Great Leader training for Millennial Generation	16
77	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	Training on Competency Based Training Facilitator	24
78	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	New Employees Training (Customer Service) 2017	8
79	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	Training on Incentive of Sales-Individual finalization	16
80	Senior Staf (Grade 11 - 12)	Faculty of Human Capital	Training for Change Agent related to Corporate Culture 2017	16
81	Senior Staf (Grade 11 - 12)	Faculty of Information Technology	Workshop on IT Directional & Trend 2017	16
82	Senior Staf (Grade 11 - 12)	Faculty of Information Technology	Workshop on IT Infrastructure Library 2017	24
83	Senior Staf (Grade 11 - 12)	Faculty of Information Technology	Workshop on VMware VSphere	40
84	Senior Staf (Grade 11 - 12)	Faculty of Information Technology	Training and Examination of IT Infrastructure Library Foundation 2011 Edition	24
85	Senior Staf (Grade 11 - 12)	Faculty of Information Technology	Certification and Examination of In the GE IT	24
86	Senior Staf (Grade 11 - 12)	Faculty of Information Technology	Training and preparation of examination on the IT Infrastructure Library Foundation	24
87	Senior Staf (Grade 11 - 12)	Faculty of Information Technology	Certified IT Procurement Expert (CIPTE)	24
88	Senior Staf (Grade 11 - 12)	Faculty of Leadership	Employee training for Officer Development Program (ODP) 41	1104
89	Senior Staf (Grade 11 - 12)	Faculty of Leadership	Employee training for Supervisor Development Program (SDP)	200
90	Senior Staf (Grade 11 - 12)	Faculty of Legal	Workshop on Contract Drafting	16
91	Senior Staf (Grade 11 - 12)	Faculty of Legal	Capital Market Law Consultancy Basic Education 1	64
92	Senior Staf (Grade 11 - 12)	Faculty of Legal	Special Education for Advocate (PKPA)	296
93	Senior Staf (Grade 11 - 12)	Faculty of Legal	Education for Law Auditor	40
94	Senior Staf (Grade 11 - 12)	Faculty of Legal	Writing workshop for Business Legal Document	8
95	Senior Staf (Grade 11 - 12)	Faculty of Legal	Training on Strategy and Technic for Handling	16
96	Senior Staf (Grade 11 - 12)	Faculty of Risk	Training and Certification for Risk Management Competence	24
97	Senior Staf (Grade 11 - 12)	Faculty of Risk	RCSA Application Training & Risk Profile Formulation	32
98	Senior Staf (Grade 11 - 12)	Faculty of Risk	Living Wills, Planning for Bank Recovery training	24
99	Senior Staf (Grade 11 - 12)	Faculty of Risk	Training on Application of Integrated Risk Management	24
100	Senior Staf (Grade 11 - 12)	Faculty of Risk	Workshop on BTN-RCSA application	8
101	Senior Staf (Grade 11 - 12)	Faculty of Risk	Socialization of ISO 31000 Series I: Risk Management	40
102	Senior Staf (Grade 11 - 12)	Finance & Accounting	Socialization on Taxes legislations	8
103	Senior Staf (Grade 11 - 12)	Finance & Accounting	Training on Taxes	16
104	Senior Staf (Grade 11 - 12)	Finance & Accounting	Socialization on Tax Update & Planning after Tax Amnesty	32
105	Senior Staf (Grade 11 - 12)	Finance & Accounting	Commercial Bank Monthly Report (LBU) Training	16
106	Senior Staf (Grade 11 - 12)	Operational Banking	Socialization of BI regulation related to BG	8
107	Senior Staf (Grade 11 - 12)	Operational Banking	Fraud Prevention For Issuers & Acquirers	24
108	Senior Staf (Grade 11 - 12)	Operational Banking	Socialization on CIF Form	8
109	Senior Staf (Grade 11 - 12)	Operational Banking	Socialization of Non-Cash Payment System	16

No	Grade	Type of Training	Objectives	Duration (hour)
110	Senior Staf (Grade 11 - 12)	Operational Banking	Workshop on Access Level Identification Arrangement	8
111	Senior Staf (Grade 11 - 12)	Operational Banking	Certification in Operation (IBI)	16
112	Senior Staf (Grade 11 - 12)	Operational Banking	Verifying Staff training	40
113	Senior Staf (Grade 11 - 12)	Others	Suksesmulia Inspirational Seminar	8
114	Senior Staf (Grade 11 - 12)	Others	Suksesmulia Inspirational Session	8
115	Senior Staf (Grade 11 - 12)	Others	Archive Safety Modernization Urgency training	32
116	Senior Staf (Grade 11 - 12)	Others	Service Power From WOW to NOW Seminar	8
117	Senior Staf (Grade 11 - 12)	Pembinaan Syariah	Workshop BTN Sharia Financing	16
118	Senior Staf (Grade 11 - 12)	Retail Funding & Services	2nd Coaching for Sales Officer	32
119	Senior Staf (Grade 11 - 12)	Retail Funding & Services	Office Channeling Seminar in cooperation with PT Taspen (Persero)	8
120	Senior Staf (Grade 11 - 12)	Retail Funding & Services	Sales training for Sales Officer	40
121	Senior Staf (Grade 11 - 12)	Retail Funding & Services	2nd Assessment for Sales Officer	8
122	Senior Staf (Grade 11 - 12)	Retail Funding & Services	Sales training to become POA Staff	24
123	Senior Staf (Grade 11 - 12)	Retail Funding & Services	1st Assessment for Sales Officer	8
124	Senior Staf (Grade 11 - 12)	Retail Funding & Services	1st Coaching for Sales Officer	8
125	Senior Staf (Grade 11 - 12)	Retail Funding & Services	Office Channeling 2017 training	8
126	Senior Staf (Grade 11 - 12)	Retail Funding & Services	Consultative Selling training for Customer Service	8
127	Senior Staf (Grade 11 - 12)	Retail Funding & Services	Skill Cross Selling skill enhancement for KLKK Customer Service	16
128	Senior Staf (Grade 11 - 12)	Service Quality	Coaching Clinic Service Quality	8
129	Senior Staf (Grade 11 - 12)	Service Quality	Service Inspiring Leader training for SQUH & SAS	32
130	Senior Staf (Grade 11 - 12)	Service Quality	Training Tour for the winner of Best Frontliner Award	32
131	Senior Staf (Grade 11 - 12)	Service Quality	Workshop on Financial Information Service System (SLIK)	8
132	Senior Staf (Grade 11 - 12)	Service Quality	Training and Roleplay Office Channeling & SLIK	8
133	Senior Staf (Grade 11 - 12)	Service Quality	Refreshment on CIF, SLIK, and SPN	8
134	Senior Staf (Grade 11 - 12)	Service Quality	Training on the Debtor Information Implementation for trainers	8
135	Senior Staf (Grade 11 - 12)	Service Quality	Refreshment on IDQ, CIF, SLIK, and SPN	8
136	Senior Staf (Grade 11 - 12)	Sharia Funding	Sharia Funding training for Experienced Hire	16
137	Senior Staf (Grade 11 - 12)	Treasury	Workshop on Foreign Currency Transactions	8
138	Senior Staf (Grade 11 - 12)	Treasury	Workshop on Treasury Management	24
139	Senior Staf (Grade 11 - 12)	Treasury	Training on Basic Bond & Fixed Income Portfolio	24
140	Senior Staf (Grade 11 - 12)	Treasury	Socialization related to the Delima product and Remittance	8
141	Senior Staf (Grade 11 - 12)	Wealth Management	Module 2 Wealth Management Training	32
142	Senior Staf (Grade 11 - 12)	Wealth Management	Module 3 Wealth Management Training	32
143	Senior Staf (Grade 11 - 12)	Wealth Management	Sales training for Priority Banking Officer	32
144	Senior Staf (Grade 11 - 12)	Wealth Management	BTN Priorities Personality Development	16
145	Assistant Manager (Grade 13 - 14)	Service Quality	Coaching Clinic Service Quality	8
146	Assistant Manager (Grade 13 - 14)	Collection & Asset Management	Training on Coaching Influencer	8

No	Grade	Type of Training	Objectives	Duration (hour)
147	Assistant Manager (Grade 13 - 14)	Collection & Asset Management	Receivables Management Mechanism Training	16
148	Assistant Manager (Grade 13 - 14)	Collection & Asset Management	Influencer training for Branch Coordinator	16
149	Assistant Manager (Grade 13 - 14)	Collection & Asset Management	Loan settlement training for bad loan with Cessie & AYDA	16
150	Assistant Manager (Grade 13 - 14)	Commercial Lending	Workshop on Commercial Loan product	16
151	Assistant Manager (Grade 13 - 14)	Commercial Lending	Training on Basic Loan Commercial Analyst	48
152	Assistant Manager (Grade 13 - 14)	Commercial Lending	Training on Loan Relationship Management	40
153	Assistant Manager (Grade 13 - 14)	Commercial Lending	Commercial Lending Gathering	8
154	Assistant Manager (Grade 13 - 14)	Commercial Lending	Marketing training for RM Commercial	8
155	Assistant Manager (Grade 13 - 14)	Commercial Lending	Workshop on Fundamental Corporation & Syndicated Loan	16
156	Assistant Manager (Grade 13 - 14)	Commercial Lending	Training on Advance Commercial Loan Analyst	48
157	Assistant Manager (Grade 13 - 14)	Consumer Lending	Education on A Comprehensive on Mortgage for Bankers	16
158	Assistant Manager (Grade 13 - 14)	Consumer Lending	Training on Negotiation Skill In Business	24
159	Assistant Manager (Grade 13 - 14)	Consumer Lending	Training to Break Loan & Consultative Selling for Head of Sub-Branch	40
160	Assistant Manager (Grade 13 - 14)	Consumer Lending	Workshop on be Motivator be Champion for consumer loan	8
161	Assistant Manager (Grade 13 - 14)	Consumer Lending	Training on Consumer Loan Marketing	32
162	Assistant Manager (Grade 13 - 14)	Consumer Lending	Training on Basic Loan Consumer Analyst	40
163	Assistant Manager (Grade 13 - 14)	Consumer Lending	Corporate Loan & Syndication training	24
164	Assistant Manager (Grade 13 - 14)	Digital Banking	Digital Banking Workshop with HIMBARA	24
165	Assistant Manager (Grade 13 - 14)	Faculty of Audit	Audit Command Language (ACL) training	32
166	Assistant Manager (Grade 13 - 14)	Faculty of Audit	CISA training	312
167	Assistant Manager (Grade 13 - 14)	Faculty of Audit	IAIB CAES workshop	16
168	Assistant Manager (Grade 13 - 14)	Faculty of Audit	Fraud Prevention & Detection workshop	16
169	Assistant Manager (Grade 13 - 14)	Faculty of Compliance	ASEAN CG Scorecard Tim ACGS Workshop	8
170	Assistant Manager (Grade 13 - 14)	Faculty of Compliance	Refreshment on Compliance Certification Level 1	16
171	Assistant Manager (Grade 13 - 14)	Faculty of Compliance	Workshop on Rules Sequences & Mechanism	8
172	Assistant Manager (Grade 13 - 14)	Faculty of Compliance	Anti-bribery Seminar: ISO 37001	8
173	Assistant Manager (Grade 13 - 14)	Faculty of Corporate Affairs	MC & Public Speaking training	8
174	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	Preparation of Retirement Program training	40
175	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	Certified Professional Human Resource	16
176	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	Workshop on Corporate Culture Preparation	16
177	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	MVP briefing related to Corporate Culture	8
178	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	Operation Academy Module Preparation	16
179	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	Socialization on Sales Incentive and Vocational	8
180	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	Kaizent Event Experience	24
181	Assistant Manager (Grade 13 - 14)	Faculty of Human Capital	the Company Strategic Workforce Planning	16
182	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	IT Planning 2017 Workshop	16
183	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	Training IT Infrastructure Library Foundation 2017 Edition	24

No	Grade	Type of Training	Objectives	Duration (hour)
184	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	Training IT Infrastructure Library 2017	40
185	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	Training VMware VSphere v6.5	40
186	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	Facing the Financial Technology industry	16
187	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	Project Management Prince2 Foundation	24
188	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	Managing IT Risk: GRC-ITGOV-150	16
189	Assistant Manager (Grade 13 - 14)	Faculty of Information Technology	Training and Examination related to IT Infrastructure Library	24
190	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	Leadership Series 2017 Training	16
191	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	Manager Development Program	96
192	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	GMAT Preparation Program S2 Abroad	96
193	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	MDP Requirements	96
194	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	Officer Development Program (ODP) 40	8
195	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	Officer Development Program (ODP) 42	8
196	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	Advanced Leadership Program training	24
197	Assistant Manager (Grade 13 - 14)	Faculty of Leadership	Officer Development Program (ODP) 43	8
198	Assistant Manager (Grade 13 - 14)	Faculty of Legal	Legal Audit & Legal Opinion Drafting Training	8
199	Assistant Manager (Grade 13 - 14)	Faculty of Legal	Stock Opname and document finishing	8
200	Assistant Manager (Grade 13 - 14)	Faculty of Legal	Seminar on PPAT Certainty of Deed	8
201	Assistant Manager (Grade 13 - 14)	Faculty of Management System	Training on Implementation of Management Office Transformation	24
202	Assistant Manager (Grade 13 - 14)	Faculty of Management System	Training on KPKU Interpretation for State-Owned Enterprises	24
203	Assistant Manager (Grade 13 - 14)	Faculty of Management System	Consignment of KPKU State-Owned Enterprises BTN 2017	16
204	Assistant Manager (Grade 13 - 14)	Faculty of Management System	KPKU-based Performance Evaluator for State-Owned Enterprises	24
205	Assistant Manager (Grade 13 - 14)	Faculty of Management System	AODN Summit 2018 (International Conference)	24
206	Assistant Manager (Grade 13 - 14)	Faculty of Management System	Refreshment on KPKU 2017 for State-Owned Enterprises	8
207	Assistant Manager (Grade 13 - 14)	Faculty of Risk	Training on Risk Management & GCG Implementation	16
208	Assistant Manager (Grade 13 - 14)	Faculty of Risk	Training on Risk Management Strengthening	16
209	Assistant Manager (Grade 13 - 14)	Faculty of Risk	Refreshment on UKMR 2017	8
210	Assistant Manager (Grade 13 - 14)	Faculty of Risk	Certification of Level 1 UKMR (LSPP)	24
211	Assistant Manager (Grade 13 - 14)	Faculty of Risk	Statistics Based Credit Risk Scoring Models	8
212	Assistant Manager (Grade 13 - 14)	Faculty of Risk	BTN-RCSA Application Workshop	16
213	Assistant Manager (Grade 13 - 14)	Faculty of Risk	Risk Management training	24
214	Assistant Manager (Grade 13 - 14)	Finance & Accounting	Workshop on IFRS 9	16
215	Assistant Manager (Grade 13 - 14)	Operational Banking	Socialization on Pilot Project CIF Web BDS	16
216	Assistant Manager (Grade 13 - 14)	Operational Banking	Certification on Operation	16
217	Assistant Manager (Grade 13 - 14)	Others	8th Affordable Housing Projects Seminar	32
218	Assistant Manager (Grade 13 - 14)	Others	Training on The 7 Habits For Manager	16
219	Assistant Manager (Grade 13 - 14)	Others	Training on Microsoft Excel Advance & VBA	32
220	Assistant Manager (Grade 13 - 14)	Others	Powerful Social Media-Content Marketing	16

No	Grade	Type of Training	Objectives	Duration (hour)
221	Assistant Manager (Grade 13 - 14)	Others	Workshop on Facebook Ads Mastery	16
222	Assistant Manager (Grade 13 - 14)	Others	Training on Amazing Presentation For Business	16
223	Assistant Manager (Grade 13 - 14)	Others	Workshop & Regulation Update	16
224	Assistant Manager (Grade 13 - 14)	Others	Political Economy Outlook 2018 Seminar	8
225	Assistant Manager (Grade 13 - 14)	Others	Strategic Marketing Communications	40
226	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Consultative Selling For Cash Office Head Training	24
227	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Sales Academy-Sales Manager (Supervisor)	40
228	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Assessment 1 for Sales Manager	8
229	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Assessment 1 for Sales Officer	8
230	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Experience Hire Cash Office Head	40
231	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Coaching 1 for Sales Officer	8
232	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Training Marketing On Desk (MOD)	8
233	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Coaching 2 for Sales Manager	8
234	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Coaching 2 for Sales Officer	8
235	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Coaching 1 for Sales Manager	8
236	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Coaching 3 for Sales Manager	8
237	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Assessment 2 for Sales Officer	8
238	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Socialization on BTN Ready & Preparation of AAJI Certification	8
239	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Assessment 2 for Sales Manager	8
240	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Coaching 2 for Sales Officer	8
241	Assistant Manager (Grade 13 - 14)	Retail Funding & Services	Product Knowledge on SDB, Insurance & IB	8
242	Assistant Manager (Grade 13 - 14)	Sharia Others	Product & Instrument Treasury On Sharia	24
243	Assistant Manager (Grade 13 - 14)	Treasury	Everything U Need to Know a/ Derivative	16
244	Assistant Manager (Grade 13 - 14)	Treasury	Hedging & Treasury Transactions Records	16
245	Assistant Manager (Grade 13 - 14)	Treasury	45th Basic Treasury Training	32
246	Assistant Manager (Grade 13 - 14)	Treasury	SKBDN Training	16
247	Assistant Manager (Grade 13 - 14)	Treasury	ALMA STRATEGIC & FTP Training	24
248	Assistant Manager (Grade 13 - 14)	Treasury	Workshop Global Treasury Management	24
249	Assistant Manager (Grade 13 - 14)	Wealth Management	Module 1 Wealth Management Training	32
250	Assistant Manager (Grade 13 - 14)	Wealth Management	Selling training for Priority Banking Officer	24
251	Assistant Manager (Grade 13 - 14)	Wealth Management	Financial Planning training for Priority Banking Officer	32
252	Assistant Manager (Grade 13 - 14)	Wealth Management	Financial Planning Fee Base Income Training	8
253	Manager (Grade 15 - 16)	Collection & Asset Management	Post Assessment Influencer	8
254	Manager (Grade 15 - 16)	Commercial Lending	Credit Risk Desk (CRD) Training	24
255	Manager (Grade 15 - 16)	Consumer Lending	Breaking Loan - Consultative Selling SBH	48
256	Manager (Grade 15 - 16)	Faculty of Audit	Fraud in Financial Transaction Workshop	16
257	Manager (Grade 15 - 16)	Faculty of Audit	QMS Auditor - Lead Auditor	40
258	Manager (Grade 15 - 16)	Faculty of Audit	Socialization on Anti-Fraud & WBS Strategies	8

No	Grade	Type of Training	Objectives	Duration (hour)
259	Manager (Grade 15 - 16)	Faculty of Audit	CISA Preparation Full Package Training	40
260	Manager (Grade 15 - 16)	Faculty of Audit	Certified Information System Auditor	24
261	Manager (Grade 15 - 16)	Faculty of General Affair	SOE Asset Rescue Strategy	8
262	Manager (Grade 15 - 16)	Faculty of Human Capital	MVP briefing related to Corporate Culture	8
263	Manager (Grade 15 - 16)	Faculty of Information Technology	CGEIT 2017 Training	24
264	Manager (Grade 15 - 16)	Faculty of Leadership	Advanced Leadership Program	24
265	Manager (Grade 15 - 16)	Faculty of Leadership	Leadership Series Basic	24
266	Manager (Grade 15 - 16)	Faculty of Management System	Refreshment on KPKU BTN 2017	24
267	Manager (Grade 15 - 16)	Faculty of Management System	Assessor Preparation Course (APC) KPKU	16
268	Manager (Grade 15 - 16)	Faculty of Risk	UKMR Certification Level 2	24
269	Manager (Grade 15 - 16)	Faculty of Risk	UKMR-BSMR Certification Level 3	16
270	Manager (Grade 15 - 16)	Operational Banking	ASWIFTINDO Networking Forum 2017	8
271	Manager (Grade 15 - 16)	Operational Banking	Workshop on Financial Transactions Fraud	16
272	Manager (Grade 15 - 16)	Others	The Power of Credibility And Trust	16
273	Manager (Grade 15 - 16)	Others	ISO 9001:2015-QMS Interpretation & Doc	24
274	Manager (Grade 15 - 16)	Others	Workshop on Negotiation Skill	16
275	Manager (Grade 15 - 16)	Others	ISO 22301-based Business Management	24
276	Manager (Grade 15 - 16)	Others	Upgrading ISO 9001:2008 to 9001:2015	16
277	Manager (Grade 15 - 16)	Others	Quality Audit ISO 9001: 2015 training	16
278	Manager (Grade 15 - 16)	Others	Certified Contact Center Manager	32
279	Manager (Grade 15 - 16)	Others	ISO 9001:2015-QMS Transition Course	8
280	Manager (Grade 15 - 16)	Retail Funding & Services	Coaching 1 for Sales Manager	8
281	Manager (Grade 15 - 16)	Retail Funding & Services	Coaching 3 for Sales Manager	8
282	Manager (Grade 15 - 16)	Retail Funding & Services	Consultative Selling training for Head of Sub-Branch	40
283	Manager (Grade 15 - 16)	Retail Funding & Services	Coaching 2 for Sales Manager	8
284	Manager (Grade 15 - 16)	Retail Funding & Services	Assessment 1 for Sales Officer	8
285	Manager (Grade 15 - 16)	Retail Funding & Services	Assessment 2 for Sales Officer	8
286	Manager (Grade 15 - 16)	Retail Funding & Services	Socialization on National GOJEK Roll Out Program	8
287	Manager (Grade 15 - 16)	Sharia Others	Workshop on Sharia Treasury Management	24
288	Manager (Grade 15 - 16)	Sharia Others	Workshop on Sharia Capital Market 2017	8
289	Manager (Grade 15 - 16)	Treasury	Workshop on Liquidity Risk Management	16
290	Manager (Grade 15 - 16)	Treasury	Workshop on Trade Based Financial Crime	16
291	Manager (Grade 15 - 16)	Wealth Management	Financial Planning training for Priority Banking Manager	32
292	Manager (Grade 15 - 16)	Wealth Management	Examination of Mutual Funds Sales Representatives (WAPERD)	8
293	Manager (Grade 15 - 16)	Wealth Management	PPL of Mutual Funds Sales Representatives (WAPERD)	8
294	Manager (Grade 15 - 16)	Wealth Management	Workshop on Bancassurance & Mutual Funds	8
295	Senior Manager (Grade 17)	Faculty of Audit	Qualified Internal Auditor Certification	88
296	Senior Manager (Grade 17)	Faculty of Audit	Workshop on Fraud In Banking Industry	16

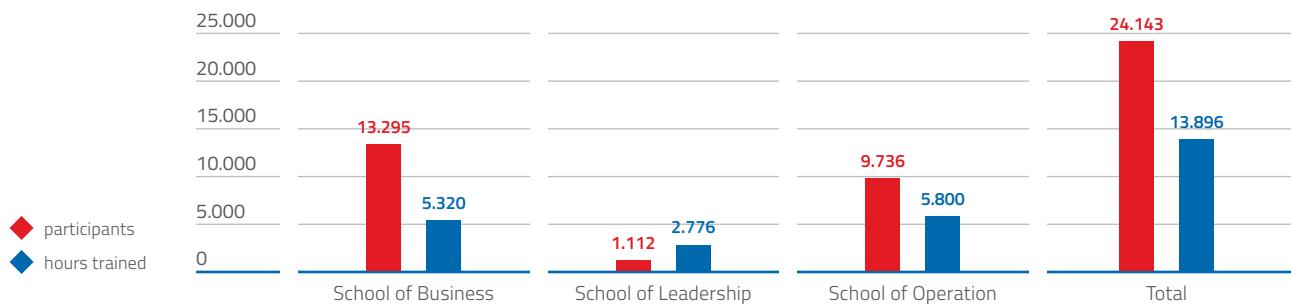
No	Grade	Type of Training	Objectives	Duration (hour)
297	Senior Manager (Grade 17)	Faculty of Audit	Advanced Audit Internal II Certification	96
298	Senior Manager (Grade 17)	Faculty of Audit	Loan training on Four Eyes Principle	16
299	Senior Manager (Grade 17)	Faculty of Compliance	Socialization related to the Directives of APU-PPT policy	8
300	Senior Manager (Grade 17)	Faculty of Human Capital	Workshop on Job Evaluation & Job Analysis	24
301	Senior Manager (Grade 17)	Faculty of Human Capital	The 2nd Asia Pacific HR Forum Conference	16
302	Senior Manager (Grade 17)	Faculty of Leadership	Asean Fixed Income Conference	8
303	Senior Manager (Grade 17)	Faculty of Leadership	Senior Manager Development Program	88
304	Senior Manager (Grade 17)	Faculty of Legal	Bankruptcy Training and PKPU	16
305	Senior Manager (Grade 17)	Faculty of Legal	Workshop on Law Aspect of SOE Holding	16
306	Senior Manager (Grade 17)	Faculty of Risk	Refreshment on UKMR (LSPP)	8
307	Senior Manager (Grade 17)	Faculty of Risk	IRRBB (Interest Rate Risk Banking Book)	24
308	Senior Manager (Grade 17)	Finance & Accounting	CKPN Seminar & IFRS Implementation	24
309	Senior Manager (Grade 17)	Others	Workshop on KPMM & ATMR	16
310	Senior Manager (Grade 17)	Others	GCG Implementation and Assessment Strategy	16
311	Senior Manager (Grade 17)	Retail Funding & Services	Coaching 2 for Sales Manager	8
312	Senior Manager (Grade 17)	Retail Funding & Services	Coaching 1 for Sales Manager	8
313	Senior Manager (Grade 17)	Retail Funding & Services	Assessment 2 for Sales Manager	8
314	Senior Manager (Grade 17)	Sharia Others	Training for the Candidate of Head of Sharia Branch Offices	264
315	Senior Manager (Grade 17)	Treasury	Basic Fixed Income Securities	16
316	Assistant Vice President (Grade 18)	Collection & Asset Management	Training on Post Assessment Influencer	8
317	Assistant Vice President (Grade 18)	Collection & Asset Management	Training on Bad Loan Strategies	16
318	Assistant Vice President (Grade 18)	Commercial Lending	Workshop on Function, Duties, and Authorities of CLSD	16
319	Assistant Vice President (Grade 18)	Commercial Lending	Workshop and Training on Credit Risk Division	8
320	Assistant Vice President (Grade 18)	Commercial Lending	Senior Credit Officer Competence Examination	24
321	Assistant Vice President (Grade 18)	Faculty of Audit	Workshop on Digital Forensic Basic	24
322	Assistant Vice President (Grade 18)	Faculty of Audit	IIA Indonesia National Conference 2017	16
323	Assistant Vice President (Grade 18)	Faculty of Audit	IX IAIB 2017 National Conference	24
324	Assistant Vice President (Grade 18)	Faculty of Corporate Affair	International CIR	8
325	Assistant Vice President (Grade 18)	Faculty of Human Capital	Integrated Training Design Program	16
326	Assistant Vice President (Grade 18)	Faculty of Leadership	The 2nd International Leadership Seminar	16
327	Assistant Vice President (Grade 18)	Faculty of Leadership	Analytics Leaders' Summit	16
328	Assistant Vice President (Grade 18)	Faculty of Management System	Workshop on BTN KPKU Champion Team	40
329	Assistant Vice President (Grade 18)	Faculty of Management System	Workshop for SOE Human Resources Directors & Managers	8
330	Assistant Vice President (Grade 18)	Faculty of Risk	Workshop on Risk-Based Rating	24
331	Assistant Vice President (Grade 18)	Others	ESQ HR Management in Economic Crisis	8
332	Assistant Vice President (Grade 18)	Others	NLP Training "Communication Expert"	48
333	Assistant Vice President (Grade 18)	Others	ESQ Quantum Excellence Training	24
334	Assistant Vice President (Grade 18)	Retail Funding & Services	Coaching 3 for BTN Sales Supervisor	24

No	Grade	Type of Training	Objectives	Duration (hour)
335	Assistant Vice President (Grade 18)	Treasury	Workshop on All About Currency Option	24
336	Vice President (Grade 19 - 20)	Commercial Lending	Senior Credit Officer Certification	24
337	Vice President (Grade 19 - 20)	Commercial Lending	Credit Policy Certification	24
338	Vice President (Grade 19 - 20)	Commercial Lending	Training on Commercial Credit Motivation	8
339	Vice President (Grade 19 - 20)	Commercial Lending	Loan Certification	8
340	Vice President (Grade 19 - 20)	Commercial Lending	Level 3 Credit Policy Competence Examination	8
341	Vice President (Grade 19 - 20)	Digital Banking	Workshop on Digital Banking & Fintech	16
342	Vice President (Grade 19 - 20)	Faculty of Compliance	Seminar on Payment System Directives	8
343	Vice President (Grade 19 - 20)	Faculty of Compliance	Seminar on Mutual Review Assessment of APU-PPT	16
344	Vice President (Grade 19 - 20)	Faculty of General Affair	Training on Self-Regulation Formulation Method	24
345	Vice President (Grade 19 - 20)	Faculty of General Affair	Workshop on Public Relations	24
346	Vice President (Grade 19 - 20)	Faculty of Human Capital	English Presentation For Executive Training	912
347	Vice President (Grade 19 - 20)	Faculty of Leadership	Strategic Leaders Program	40
348	Vice President (Grade 19 - 20)	Faculty of Leadership	6th SESPIBANK Training	8
349	Vice President (Grade 19 - 20)	Faculty of Leadership	OMDT SESPIBANK 67/2017 Certification	16
350	Vice President (Grade 19 - 20)	Faculty of Leadership	67th SESPIBANK Certification	344
351	Vice President (Grade 19 - 20)	Faculty of Legal	Indonesian Liquidators Training	40
352	Vice President (Grade 19 - 20)	Faculty of Management System	Workshop on SOE and subsidiaries	8
353	Vice President (Grade 19 - 20)	Faculty of Management System	Training for KPKU Criteria and Implementation	8
354	Vice President (Grade 19 - 20)	Faculty of Management System	Workshop on BTN 2018 Business Plan	16
355	Vice President (Grade 19 - 20)	Faculty of Risk	Refreshment of UKMR (BARA)	264
356	Vice President (Grade 19 - 20)	Faculty of Risk	Workshop on KRI Simulated Based	16
357	Vice President (Grade 19 - 20)	Faculty of Risk	Level 5 UKMR Certification Refreshment	16
358	Vice President (Grade 19 - 20)	Faculty of Risk	Bara Risk Forum Seminar	16
359	Vice President (Grade 19 - 20)	Faculty of Risk	Risk Management Update	8
360	Vice President (Grade 19 - 20)	Faculty of Risk	Refreshment on UKMR Level 4 (LSPP)	8
361	Vice President (Grade 19 - 20)	Faculty of Risk	Training IRRBB, Understanding OJK CP	16
362	Vice President (Grade 19 - 20)	Faculty of Risk	Level 3 Banking Competence Certification	8
363	Vice President (Grade 19 - 20)	Faculty of Risk	Refreshment on Level 3 Risk Management	8
364	Vice President (Grade 19 - 20)	Faculty of Risk	Refreshment on Level 4 UKMR (IRPA)	8
365	Vice President (Grade 19 - 20)	Finance & Accounting	IFRS 9 : Financial Instruments	16
366	Vice President (Grade 19 - 20)	Others	50 Hours Business English Conversation	400
367	Vice President (Grade 19 - 20)	Others	Indonesia Change Management Forum (ICMF)	8
368	Vice President (Grade 19 - 20)	Others	Indonesia Marketeers Festival 2017	8
369	Vice President (Grade 19 - 20)	Others	The Positive Leader - DCO Transformation	40
370	Vice President (Grade 19 - 20)	Others	Moderator on KNKS Grand Launching	8
371	Vice President (Grade 19 - 20)	Others	Level 3 General Banking Competence Certification	8
372	Vice President (Grade 19 - 20)	Sharia Others	International Islamic Risk Management	8

No	Grade	Type of Training	Objectives	Duration (hour)
373	<i>Vice President (Grade 19 - 20)</i>	<i>Wealth Management</i>	Workshop on Financial Planning	8
374	<i>Executive Vice President (Grade 21)</i>	<i>Faculty of Audit</i>	Workshop on Successful Audit Strategy and Risk Mitigation	8
375	<i>Executive Vice President (Grade 21)</i>	<i>Faculty of Risk</i>	Refreshment on UKMR Level 4	16
376	<i>Executive Vice President (Grade 21)</i>	<i>Finance & Accounting</i>	Workshop on Asset Accounting Implementation	8
377	<i>Executive Vice President (Grade 21)</i>	<i>Finance & Accounting</i>	Asset Accounting Training (PSAK & ISAK)	24
378	<i>Executive Vice President (Grade 21)</i>	<i>Faculty of Leadership</i>	Workshop on Developing Leadership Competencies	32
379	<i>Executive Vice President (Grade 22)</i>	<i>Faculty of Risk</i>	Refreshment on UKMR Level 3 (LSPP)	8
380	<i>Executive Vice President (Grade 22)</i>	<i>Others</i>	Marketing In The Era Of Disruption	16

Throughout 2017, the Company has conducted development programs that were attended by 13,896 employees, categorized into 3 (three) types of training. School of Business training dominates as it reached 13,295 participants or 55.07% of total participants in 2017. The total training hours reached

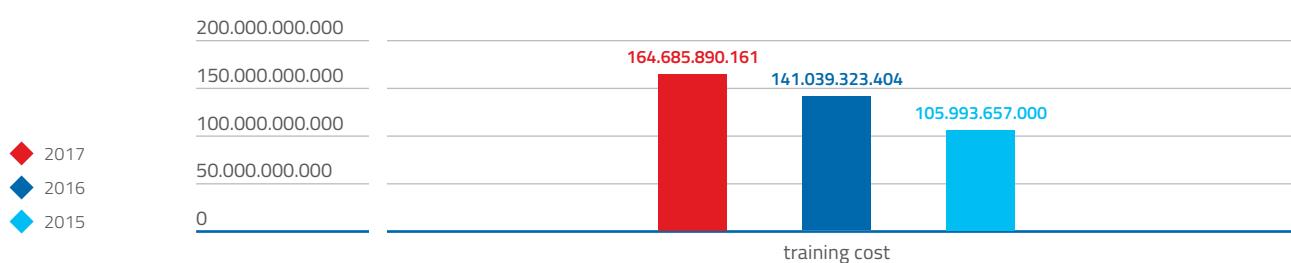
5,320 hours. Meanwhile, the School of Banking is attended by 9,736 participants with a total of 5,800 training hours. The School of Leadership is attended by 1,112 participants with a total of 2,776 training hours. The data is depicted in the following graph:



The Cost of Employee Competence Development

In 2017, the training cost Rp164,685,890,161. It increased by 14.36% compared with the cost in 2016 which was Rp141,039,323,404. The increased cost was adapted to the

training needs of employee. The following graphic depicted the training cost in the last 3 years:



> Group Structure, Subsidiaries, Associations, and Venture Companies

The Company is a State-Owned Enterprise, in which the Republic of Indonesia owns 60% of the shares. The Public owns the rest of 40% as described in the Shareholder Composition sub-chapter. As of December 31, 2017, the Company does not own any subsidiaries, associations, joint ventures, and special purpose vehicles (SPV). Therefore, there is no information related to the Company's group structure in terms of the share ownership percentage, field of business, and operational status of the subsidiaries, associations, joint ventures, or the special purpose vehicles (SPV).

> Share Listing Chronology

Information related to the Company's Share Listing Chronology is explained in more detail at Performance Overview Chapter in 2017.

> Securities Chronological Listing

Bond Chronological Listing

Bonds	Nominal (in Rp million)	Issuance Date	Maturity Date	Period (years)	Coupon	Rank*)	Matured	Stock Exchange
BTN Bond XIV 2010	1.650.000	June 11, 2010	June 11, 2020	10	10,250%	idAA+	No	Indonesia Stock Exchange
BTN Bond XV 2011	1.300.000	28 Juni 2011	28 Juni 2021	10	9,500%	idAA+	No	
BTN Continuous Bond I Phase I 2012	2.000.000	June 5, 2012	June 5, 2022	10	7,900%	idAA+	No	
BTN Continuous Bond I Phase II 2013	2.000.000	March 27, 2013	March 27, 2023	10	7,900%	idAA+	No	
BTN Continuous Bond II Phase I 2015 Series A	900.000	July 8, 2015	July 8, 2018	3	9,625%	idAA+	No	
BTN Continuous Bond II Phase I 2015 Series B	500.000	July 8, 2015	July 8, 2020	5	9,875%	idAA+	No	
BTN Continuous Bond II Phase I 2015 Series C	800.000	July 8, 2015	July 8, 2022	7	10,000%	idAA+	No	

Bonds	Nominal (in Rp million)	Issuance Date	Maturity Date	Period (years)	Coupon	Rank*)	Matured	Stock Exchange
BTN Continuous Bond II Phase II 2016 Series A	1.347.000	August 30, 2016	August 30, 2019	3	8,200%	idAA+	No	
BTN Continuous Bond II Phase II 2016 Series B	1.653.000	August 30, 2016	August 30, 2021	5	8,750%	idAA+	No	
BTN Continuous Bond III Phase I 2017 Series A	1,466,000	July 13, 2017	July 13, 2020	3	8,300%	idAA+	No	Indonesia Stock Exchange
BTN Continuous Bond III Phase I 2017 Series B	1,295,000	July 13, 2017	July 13, 2022	5	8,500%	idAA+	No	
BTN Continuous Bond III Phase I 2017 Series C	853,000	July 13, 2017	July 13, 2024	7	8,700%	idAA+	No	
BTN Continuous Bond III Phase I 2017 Series D	1,386,000	July 13, 2017	July 13, 2027	10	8,900%	idAA+	No	
Total	17.950.000							

*) Rating by PT Pefindo (March 8, 2017 – March 1, 2018)

Bonds Issued by the Company

Name of Bonds	Nominal Amount	Term	Maturity Date	Interest
BTN Bonds I	50,000	5 years	July 25, 1994 *)	18.75% fixed
BTN Bonds II	50,000	5 years	June 1, 1995 *)	16.25% fixed
BTN Bonds III	50,000	5 years	November 11, 1996 *)	20.00% fixed
BTN Bonds IV	100,000	5 years	January 23, 1996 *)	17.00% fixed
BTN Bonds V	150,000	5 years	July 31, 1998 *)	15.25% fixed for first and second years, floating for remaining years until maturity
BTN Bonds VI	350,000	5 years	December 21, 2000 *)	17.25% fixed for the first year, floating for remaining years until maturity
BTN Bonds VII	200,000	5 years	July 22, 2001 *)	17.125% fixed for the first year, floating for remaining years until maturity
BTN Bonds VIII	400,000	5 years	July 18, 2002 *)	14.15% fixed
BTN Bonds IX	750,000	5 years	October 2, 2008 *)	12.50% fixed
Obligasi BTN X/ BTN Bonds X	750,000	5 tahun/years	May 25, 2009 *)	12.20% fixed
Obligasi BTN XI/ BTN Bonds XI	750,000	5 tahun/years	July 6, 2010 *)	12.00% fixed
Obligasi BTN XII/ BTN Bonds XII	1,000,000	10 tahun/years	September 19, 2016	12.75% fixed
Obligasi BTN XIII A/ BTN Bonds XIII A	300,000	3 tahun/years	May 29, 2012 *)	11.75% fixed

Name of Bonds	Nominal Amount	Term	Maturity Date	Interest
Obligasi BTN XIII B/ BTN Bonds XIII B	300,000	4 tahun/years	May 29, 2013 *)	12.00% fixed
Obligasi BTN XIII C/ BTN Bonds XIII C	900,000	5 tahun/years	May 29, 2014 *)	12.25% fixed
BTN Bonds XIV	1,650,000	10 years	June 11, 2020	10.25% fixed
BTN Bonds XV	1,300,000	10 years	June 28, 2021	9.50% fixed
BTN Continuous Bonds I Phase I	2,000,000	10 years	June 5, 2022	7.90% fixed
BTN Continuous Bonds I Phase II	2,000,000	10 years	March 27, 2023	7.90% fixed
BTN Continuous Bonds II Phase I Series A	900,000	3 years	July 8, 2018	9.625% fixed
BTN Continuous Bonds II Phase I Series B	500,000	5 years	July 8, 2020	9.875% fixed
BTN Continuous Bonds II Phase I Series C	800,000	7 years	July 8, 2022	10.00% fixed
BTN Continuous Bonds II Phase I Series D	800,000	10 years	July 8, 2025	10.50% fixed
BTN Continuous Bonds II Phase II Series A	1,347,000	3 years	August 30, 2019	8.20% fixed
BTN Continuous Bonds II Phase II Series B	1,653,000	5 years	August 30, 2021	8.75% fixed
BTN Continuous Bonds III Phase I Series A	1,466,000	3 years	July 13, 2020	8.30% fixed
BTN Continuous Bonds III Phase I Series B	1,295,000	5 years	July 13, 2022	8.50% fixed
BTN Continuous Bonds III Phase I Series C	853,000	7 years	July 13, 2024	8.70% fixed
BTN Continuous Bonds III Phase I Series D	1,386,000	10 years	July 13, 2027	8.90% fixed
BTN Subordinated Bonds I	250,000	10 years	May 25, 2014 **)	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 buy back on the fifth year since the issuance date

*) The Bank has made the repayment of bonds issued on maturity date

**) The Bank has exercised the call options on May 25, 2009

Housing Loan Securitization Chronological Listing

The Company has securitized Housing Loan bills through the scheme of Asset-Backed Securities Collective Investment Contract (KIK-EBA) and Asset-Backed Securities Participation Contract (EBA-SP), as follows:

Security Type		Issuance Amount (Rp Million)	Coupon (%)	Issuance Date	Maturity Date	Rate	Stock Exchange
1st BTN Housing Loan Securitization (KIKDSMF01)	Class A	1.000.000	13,00%	February 11, 2009	January 10, 2018	idAAA	Indonesia Stock Exchange
	Class B	11.111					
2nd BTN Housing Loan Securitization (KIKDSMF02)	Class A	360.000	11,00%	November 10, 2009	December 10, 2019	idAAA	Indonesia Stock Exchange
	Class B	31.305					

Security Type		Issuance Amount (Rp Million)	Coupon (%)	Issuance Date	Maturity Date	Rate	Stock Exchange
3rd BTN Housing Loan Securitization (KIKDBTN01)	Class A	688.500	9,25%	December 27, 2010	February 27, 2019	idAAA	
	Class B	61.500					
4th BTN Housing Loan Securitization (KIKDBTN02)	Class A	645.000	8,75%	November 16, 2011	February 27, 2021	idAAA	
	Class B	58.450					
5th BTN Housing Loan Securitization (KIKDBTN03)	Class A	925.000	7,75%	December 12, 2021	January 7, 2023	idAAA	
	Class B	75.000					
6th BTN Housing Loan Securitization (KIKDBTN04)	Kelas A1	403.000	8,90%	December 20, 2013	February 26, 2022	idAAA	Indonesia Stock Exchange
	Kelas A2	525.000	9,50%				
	Kelas B	72.000					
7th BTN Housing Loan Securitization (KIKDBTN05)	Kelas A1	723.500	10,00%	December 2, 2014	September 7, 2025	idAAA	
	Kelas A2	647.500					
	Kelas B	129.000					
8th BTN Housing Loan Securitization (EBA-SP SMF-BTN01)	Kelas A	181.600	8,60%	December 4, 2015	March 7, 2022	idAAA	
	Kelas B	18.400					

Negotiable Certificate of Deposit (NCD) Chronological Listing

Negotiable Certificate of Deposit (NCD) Type	Amount (Rp Million)	Term (Months)	Interest (%)	Issuance Date	Maturity Date
BTN NCD I Phase I 2014 Series C	300.000	15	9.50	December 5, 2014	February 26, 2016
BTN NCD I Phase II 2015 Series B	85.000	12	9.25	February 26, 2015	February 8, 2016
BTN NCD I Phase II 2015 Series C	10.000	15	9.50	February 26, 2015	May 19, 2016
BTN NCD I Phase II 2015 Series D	440.000	18	9.70	February 26, 2015	August 18, 2016
BTN NCD II Phase II 2015 Series B	620.000	12	9.00	April 30, 2015	April 30, 2016
BTN NCD II Phase II 2015 Series C	160.000	18	9.25	April 30, 2015	October 30, 2016

Matured Negotiable Certificate of Deposit (NCD)

Negotiable Certificate of Deposit (NCD) Type	Amount (Rp Million)	Term (Months)	Interest (%)	Issuance Date	Maturity Date
BTN NCD I Phase I 2014 Series A	280.000	6	9.00%	December 5, 2014	June 4, 2015
BTN NCD I Phase I 2014 Series B	45.000	12	9.25	December 5, 2014	November 27, 2015
BTN NCD I Phase II 2015 Series A	470.000	6	9.00%	February 26, 2015	August 26, 2015
BTN NCD I Phase III 2015	500.000	5	9.00%	February 17, 2015	July 15, 2015
BTN NCD II Phase II 2015 Series A	330.000	6	8.75%	April 30, 2015	October 30, 2015

> Certifications and Awards

The Company continues to work to provide the best for stakeholders, as evidenced by the achievements of numerous awards and appreciation from various institutions both in national and international level, as follows:

Awards

International



ASEAN GRC Awards Winner
from Enterprise Risk Management Academy International Institution
"ASEAN Risk Award 2017"
7 Desember 2017
International



Gold Award in the category of Corporate Governance & Investor Relation
from The Asset - Hongkong International Institution
"The Asset Corporate Award 2017"
Desember 13, 2017
International

National



Analyst's Picks
from CSA Institute
Association of Indonesian Securities Analyst
"Let's Buy Shares' Goes to Campus"
March 13, 2017
National



The Best Digital Banking 2012-2016, Commercial Bank Sharia Business Unit
from Majalah Infobank National Magazine
"6th Digital Bank Award"
March 30, 2017
National



Category of Media Relations, Sub-category of Limited Liability Company, State-Owned Enterprises
from PR Indonesia
National Magazine
"PR Indonesia Awards 2017"
March 24, 2017
National



Markplus and State-Owned Enterprises (BUMN) Public Relations Forum
from Markplus dan Forum Humas BUMN
"BUMN Marketeers Awards 2017"
May 3, 2017
National



Highest Asset Growth in the last 5 years (2012-2016)

from Majalah Investor
Banking Magazine
Investor Award
June 13, 2017
National



The Best Bank In Retail Banking Services

from Majalah Tempo
National Magazine
"Indonesia Banking Award"
15 September 2017
National



The Best Sharia Business Unit

from Ikatan Ahli Ekonomi Islam (IAEI)
Islamic Institution
"IAEI Award"
July 26 - 27, 2017
National



The Best Bank In Digital Services

from Majalah Tempo
National Magazine
"Indonesia Banking Award"
15 September 2017
National



The Bank with the Biggest Housing Loan Disbursement 2017

from Majalah Housing Indonesia
Property Magazine
"Real estate Creative Award"
August 11, 2017
National



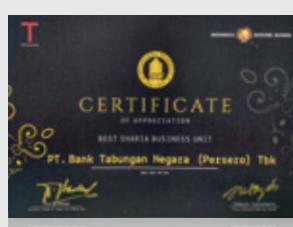
The Most Efficient Bank

from Majalah Tempo
National Magazine
"Indonesia Banking Award"
15 September 2017
National



Best Limited Liability Company in Indonesia

from Economic Review Magazine
Economic Magazine
"Anugerah Perbankan Indonesia"
August 23, 2017
National



Best Sharia Business Unit

from Majalah Tempo
National Magazine
"Indonesia Banking Award"
15 September 2017
National



Marketing Innovation

from Sindo
National Newspaper
"Innovation Appreciation"
August 28, 2017
National



Best Bank In Productivity

from Majalah Tempo
National Magazine
"Indonesia Banking Award"
15 September 2017
National



2nd Rank in the category of Listed Financial State-Owned Enterprises
from Indonesia Financial Services Authority
Financial Industry Regulator
“Annual Report Award”
September 20, 2017
National



The Leading In Home Loan Bank
from Majalah Properti National Magazine
“Properti Indonesia Award 2017”
October 17, 2017
National



The Most Popular Company
from Warta Ekonomi
National Magazine
“Corporate PR Award of Warta Ekonomi Indonesia 2017”
September 29, 2017
National



The Top 50 Companies For 2017
from Forbes Indonesia
National Magazine
“Best of The Best Awards 2017”
October 19, 2017
National



The Most Popular Company In Asia
from Warta Ekonomi
National Magazine
“Corporate PR Award of Warta Ekonomi Indonesia 2017”
September 29, 2017
National



Bank with the biggest Housing Loan Market Share
from Property & Bank
National magazine
“Indonesia Property and Bank Award 2017”
November 9, 2017
National



Sharia Unit with “Excellent” predicate on the Sharia Business Unit Financial Performance throughout 2016
from Infobank Magazine
National Magazine
“Infobank 6th Sharia Awards 2017”
October 13, 2017
National



The Most Favorite Leadership
from Majalah Property & Bank
National magazine
“Indonesia Property and Bank Award 2017”
November 9, 2017
National



The Appreciation of Synergization in Financial Inclusion
from Ministry of State-Owned Enterprises Government Institution "Rapat Kordinasi BUMN di Bengkulu" November 22-23, 2017 National



Top 50 Of The Biggest Market Capitalization Public Listed Companies
from IICD (Indonesian Institute For Corporate Directorship) National Institution "9th IICD Corporate Governance Conference And Award" November 27, 2017 National



Best Financial Sector
from IICD (Indonesian Institute For Corporate Directorship) National Institution "9th IICD Corporate Governance Conference And Award" 27 November 2017 National



Top 3 Popular Bank, Top 3 Complete Banking Product
from Majalah Warta Ekonomi National magazine "Indonesia Best Banking Brand" 29 November 2017 National



Good Financial Performance kategori State-owned Bank
from Majalah Warta Ekonomi National magazine "Indonesia Best Banking Brand Award" 29 November 2017 National



Best Performance Bank in the category of Sharia Business Unit of Commercial Bank
from Republika National Newspaper "Republika Sharia Awards 2017" December 6, 2017 National



Special Award in the category of the Best Digital Marketing
from BUMN Track National magazine "BUMN Branding & Marketing Award 2017" December 14, 2017 National



"Good Corporate Governance Award 2017" Indonesia Most Trusted Companies
from IICG dan SWA December 19, 2017 National



Top 5 Most Reputable Companies in Banking Sector With Core Capital Rp5 – 30 Trillion
from Warta Ekonomi National magazine "Indonesia Best Corporate Reputation Award" Desember 14, 2017 National



7th Rank in the category of State-Owned Enterprises
from Central Information Commission of the Republic of Indonesia Government Institution "Public Information Disclosure Ranking 2017" Desember 21, 2017 National



Gold Winner Corporate Branding Kategori Digital Branding
from Majalah BUMN Track
National magazine
“BUMN Branding & Marketing Award 2017”
December 14, 2017
National



Best Performance
from Republika
National Newspaper
“Republika Sharia Awards 2017”
December 6, 2017
National



The Best CEO of the Year
from Mens Obsession Magazine
Magazine
“Mens Obsession Award”
30 Maret 2017
National



The Best PR for CEO
from Warta Ekonomi
National Magazine
“Corporate PR Award of Warta Ekonomi Indonesia 2017”
September 29, 2017
National



The Best CEO 2017
from Housing Indonesia
Property Magazine
“Realestate Creative Award”
August 11, 2017
National



The Most Popular CEO
from Warta Ekonomi
National Magazine
“Corporate PR Award of Warta Ekonomi Indonesia 2017”
September 29, 2017
National



The Best CEO Bank-2017
from Economic Review Magazine
Economic Magazine
“Anugerah Perbankan Indonesia”
August 23, 2017
National



CEO Kategori Developing Talent
from BUMN Magazine
Government Institution
“BUMN Awards 2017”
CEO in the category of
Developing Talent
National

Certifications



ISO 9001:2008
Mortgage Processing (Ready Stock for Non-Subsidized Housing Loan and Apartment Loan) from Application to Loan Disbursement
from SGS Indonesia
Recipient *Non-Subsidized Mortgage & Consumer Lending Division*
Expiry September 15, 2018



ISO 9001:2008
Risk Management Service
from SGS Indonesia
Recipient Risk Management Division
masa berlaku September 15, 2018



ISO 9001:2008
Compliance Assurance
from SGS Indonesia
Recipient *Compliance Division*
Expiry September 15, 2018



ISO 9001:2015
For The Following Activities Internal Audit Services
from United Kingdom Accreditation Service (UKAS)
Recipient *General, Sharia and IT Audit*
Expiry July 2017 until July 2020

> Map of Operational Area





5	
Bali and Nusa Tenggara	
Regional Offices	0
Branch Offices	3
Sub Branch Offices	9
Cash Offices	10
Sharia Outlets	1
Priority Outlets	2
Post Office	141
ATM	50

6	
Papua and Maluku	
Regional Offices	0
Branch Offices	3
Sub Branch Offices	3
Cash Offices	4
Sharia Outlets	0
Priority Outlets	0
Post Office	61
ATM	24

Outlet Network	2015	2016	2017
Regional Offices	3	4	5
Branch Offices	65	65	75
Sub Branch Offices	223	243	275
Cash Offices	479	477	484
Sharia Outlets	50	65	71
Priority Outlets	40	40	41
Total Outlets	860	894	951
Post Office	2951	2.951	2.954
ATM	1.830	1.830	1.964

> Names and Addresses of Regional and Branch Offices

Head Office

Jl. Gajah Mada No. 1 Jakarta Pusat 10130
 Phone : (021) 6336789, 6332666
 Facs. : (021) 6346704
 Email : csd@btn.co.id
 Website: www.btn.co.id

Regional Office

Regional Office 1

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

Regional Office 2

Jl. HOS Cokroaminoto No. 95
 Jakarta Pusat 10310
 Phone : (021) 2301184, 31901656,
 3905775
 Facs. : -
 Email : kantorwilayah2@btn.co.id

Regional Office 3

Jl. Raya Darmo No. 123-125 Surabaya-
 Jawa Timur 60241
 Phone : (031) 5661704 , 5661204
 Facs. : (031) 5661696
 Email : kantorwilayah3@btn.co.id

Regional Office 5

Jl. Sultan Hassanudin No. 1 Makassar
 Phone : (0411) 5070760
 Facs. : -
 Email : kantorwilayah5@btn.co.id

Regional Office 4

Komplek Perkantoran Batam Center
 Jl. Engku Putri No. 1, Kel. Belian,
 Kec. Nongsa Batam Center
 Phone : (0778) 7711331, 7711215,
 7711661
 Facs. : -
 Email : kantorwilayah4@btn.co.id

Conventional Branch Offices

Conventional Branch Offices Region I

Bandung Branch Office (Main Branch Office)

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

Bogor Branch Office (Main Branch Office)

Jl. Pengadilan No. 13-15 Bogor 16121
 Phone : (0251) 8311700
 Facs. : (0251) 8323007, 8351432
 Email : kc.bogor@btn.co.id

Bekasi Branch Office (Main Branch Office)

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

Depok Branch Office (Branch Office I)

Jl. Margonda Raya No. 186 Depok 16423
 Phone : (021) 7751236-37
 Facs. : (021) 7772927
 Email: kc.depok@btn.co.id

Karawang Branch Office (Branch Office I)

Jl. Kertabumi No. 29 A-D,
 Karawang 41311 Jawa Barat
 Phone : (0267) 412282 - 83
 Facs. : (0267) 412247
 Email : kc.karawang@btn.co.id

Cikarang Branch Office (Branch Office I)

Ruko Cikarang Commercial Center B1
 No. 3-5 Jl. Raya Cikarang-Cibarusah
 Km. 40 Cikarang 17550
 Phone : (021) 8936275 / 89830014
 Facs. : (021) 8936418
 Email : kc.cikarang@btn.co.id

**Cirebon Branch Office
(Branch Office II)**

Jl. Siliwangi No. 16 Cirebon 45121
Phone : (0231) 209143, 209153
Facs. : (0231) 209777
Email : kc.cirebon@btn.co.id

**Purwakarta Branch Office
(Branch Office II)**

Jl. RE. Martadinata No. 1
Purwakarta 41114
Phone : (0264) 201024, 210830 - 31,
206637
Facs. : (0264) 201591
Email : kc.purwakarta@btn.co.id

**Cibubur Branch Office
(Branch Office II)**

Ruko Madison Blok B1 No. 6-8
Cibubur Time Square
Jl. Raya Alternatif transyogi Km. 3
Cibubur-Bekasi 17435
Phone : (021) - 84300071 - 73
Email : kc.cibubur@btn.co.id

**Harapan Indah-Bekasi Branch Office
(Branch Office II)**

Ruko Office Park Harapan Indah Blok
OP Kavling No. OP1-01 & OP1-02,
Harapan Indah - Bekasi 17132
Phone : (021) 88386971 (hunting),
88386972, 88386974
Facs. : (021) 88386974
Email : kc.harapanindah@btn.co.id

East Bandung Branch Office

(Branch Office III)
Jl. Raya Cinunuk No. 223 A Kec. Cileunyi,
Kab. Bandung
Phone : (022) 7816883
Facs. : (022) 7838482, 7816876
Email : kc.bandungtimur@btn.co.id

**Tasikmalaya Branch Office
(Branch Office III))**

Jl. Sutisna Senjaya No. 101
Tasikmalaya 46112
Phone : (0265) 334464 - 65
Facs. : (0265) 330884
Email : kc.tasikmalaya@btn.co.id

**Cimahi Branch Office
(Branch Office III)**

Jl. Jend. Amir Machmud / Raya Timur
No. 475 Cimahi Cimahi 40524
Phone : (022) - 6651644, 6651645
Facs. : (022) - 6652586
Email : kc.cimahi@btn.co.id

**Sukabumi Branch Office
(Branch Office III)**

Jl. Jendral Sudirman No. 49,
Kel. Sriwedari, Kec. Gunung Puyuh,
Sukabumi - Jawa Barat
Phone : (0266) 223446, 235951
Facs. : (0266) 223447
Email : kc.sukabumi@btn.co.id

Conventional Branch Offices Region II**Kuningan Jakarta Branch Office
(Main Branch Office)**

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

**Harmoni Jakarta Branch Office
(Main Branch Office)**

Jl. Gajah Mada No. 1
Central Jakarta – 10130
Phone : (021) 6336789, 6332666,
2310490
Facs. : (021) 6386593, 6332676,
6333021
Email : kc.jakartaharmoni@btn.co.id

**Kelapa Gading Square Branch Office
(Main Branch Office)**

Jl. Gajah Mada No. 1
Jakarta Pusat 10130
Phone : (021) 6336789, 6332666,
2310490
Facs. : (021) 6386593, 6332676,
6333021
Email : kc.kelpagadingsquare@btn.co.id

**Kelapa Gading Square Branch Office
(Main Branch Office)**

Gedung Emerald Tower Jl. Boulevard
Barat Blok XB No. 3 Kelapa Gading -
Jakarta Utara 14240
Phone : (021) - 45866883,
45866884
Facs. : (021) – 45866885

**Kebon Jeruk Jakarta Branch Office
(Branch Office I)**

Jl. Anggrek No. 01 Kel. Kelapa Dua,
Kec. Kebon Jeruk Kebon Jeruk,
Jakarta Barat 11550
Phone : (021) 53666345
Facs. : (021) 59666344
Email : kc.jakartakebonjeruk@btn.co.id

**Tangerang Branch Office
(Main Branch Office)**

Jl. Perintis Kemerdekaan No. 01
Tangerang 15118
Phone : (021) 5539363
Facs. : (021) 5537977, 5581186
Email : kc.tangerang@btn.co.id

Ciputat Branch Office (Branch Office I)

Jl. Dewi Sartika No. 21 Ciputat 15411
Phone: (021) 7445145
Facs. : (021) 7490968, 7402731
Email : kc.ciputat@btn.co.id

**Cawang Jakarta Branch Office
(Branch Office I)**

Patria Park Apartment & Office
RK 01-02 Jl. DI Panjaitan Kav. 5-7,
Jakarta Timur 13340
Phone : (021) 85918467 - 69
Facs. : (021) 85918470
Email : kc.jakartacawang@btn.co.id

**Melawai Jakarta Branch Office
(Branch Office II)**

Jl. Melawai Raya No. 19 C-D,
Kel. Melawai, Kec. Kebayoran Baru-
Jakarta Selatan
Phone : (021) 27517843, 27517840
Facs. : (021) 27517858
Email : kc.jakartamelawai@btn.co.id

Cilegon Branch Office (Branch Office II)

Jl. Sultan Ageng Tirtayasa No. 49
Cilegon 42414
Phone : (0254) 391766, 392681,
393479
Facs. : (0254) 393480
Email : kc.cilegon@btn.co.id

**Bumi Serpong Damai Branch Office
(Branch Office II)**

Komp. BSD, Ruko Sektor VII E
Blok K No. 8, Jl. Raya Serpong,
Tangerang 15310
Phone : (021) 5372235 - 37
Facs. : (021) 5372238
Email: kc.bumiserpongdamai@btn.co.id

**Karawaci Branch Office
(Branch Office II)**

Perumnas Karawaci I , Jl. Cendrawasih
No. 1 Tangerang 15115
Phone : (021) 5517849 - 50
Facs. : (021) 5524367, 5511420
Email : kc.karawaci@btn.co.id

Conventional Branch Offices Region III**Surabaya Branch Office
(Main Branch Office)**

Jl. Pemuda No. 50 Surabaya 60271
Phone : (031) 5353513-19
Facs. : (031) 5345073, 5458002
Email : kc.surabaya@btn.co.id

**Sidoarjo Branch Office
(Branch Office I)**

Jl. Ahmad Yani No. 15 – Sidoarjo
Phone : (031) 8929211, 8957949 -
50
Facs. : (031) 8957951
Email : kc.sidoarjo@btn.co.id

**Jember Branch Office
(Branch Office III)**

Jl. A. Yani No. 05 Jember 68118
Phone : (0331) 484611, 489292,
489266
Facs. : (0331) 484617
Email: kc.jember@btn.co.id

**Semarang Branch Office
(Main Branch Office)**

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

**Yogyakarta Branch Office
(Branch Office II)**

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

**Pekalongan Branch Office
(Branch Office III)**

Jl. Merdeka No. 7 Pekalongan 51113
Phone : (0285) 433883 - 84, 433484,
433917, 413222
Facs. : (0285) 433926 , 413902
Email : kc.pekalongan@btn.co.id

Solo Branch Office (Branch Office II)

Jl. Slamet Riyadi No. 282 Solo 57141
Phone : (0271) 726930
Facs. : (0271) 726931
Email : kc.solo@btn.co.id

**Mataram Branch Office
(Branch Office II)**

Jl. Pejanggik No. 99-101 Cakranegara,
Mataram 83121
Phone : (0370) 631186, 638289
Facs. : (0370) 634542
Email : kc.mataram@btn.co.id

**Purwokerto Branch Office
(Branch Office III)**

Jl. Jend. Sudirman No. 431
Purwokerto 53116
Phone : (0281) 641114
Facs. : (0281) 638386
Email : kc.purwokerto@btn.co.id

**Kupang Branch Office
(Branch Office III)**

Jl. Jend. Sudirman No. 87 Kupang 85119
Phone : (0380) 831004
Facs. : (0380) 833741
Email : kc.kupang@btn.co.id

**Bangkalan Branch Office
(Branch Office III)**

Jl. Teuku Umar No. 16, Kel. Kemayoran,
Kec. Bangkalan 69116
Phone : (031) 3098929, 3098831,
3098930
Facs. : (031) 3098834
Email : kc.bangkalan@btn.co.id

**Kediri Branch Office
(Branch Office III)**

Jl. Diponegoro No. 22 - 24 Kediri 64121
Phone : (0354) 691260 - 62
Facs. : (0354) 691265
Email : kc.kediri@btn.co.id

Denpasar Branch Office (Branch Office I)

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

**Madiun Branch Office
(Branch Office III)**

Jl. Dr. Sutomo No. 38 Madiun 63116
Phone : (0351) 451460, 459034,
459034, 457927, 459500
Facs. : (0351) 463510
Email : kc.madiun@btn.co.id

**Gresik Branch Office
(Branch Office III)**

Komp. Pertokoan Multi Sarana Plaza
Blok C 01 No. 1
Jl. Gubernur Suryo, Gresik 61118
Phone : (031) 3973455
Facs. : (031) 3973456
Email : kc.gresik@btn.co.id

**Malang Branch Office
(Branch Office I)**

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

**Bukit Darmo Surabaya Branch Office
(Branch Office III)**

Jl. Mayjend HR Muhammad Kav. 399,
kel. Putat Gede, Kec. Sukomanunggal
Phone : (031) 7323344, 7322146,
7322147
Facs. : (031) 7232899
Email: kc.surabayabukitdarmo@btn.co.id

**Kudus Branch Office
(Branch Office III)**

Jl. Ahmad Yani No : 45 Kel. Panjunan,
Kec. Kota, Kab. Kudus
Jawa Tengah 59312
Phone : (0291) 438732
Facs. : (0291) 4250112
Email: kc.kudus@btn.co.id

**Mojokerto Branch Office
(Branch Office III)**

Jl. Majapahit No. 130 - 134 Blok1-2,
Mojokerto 61323
Phone : (0321) 323850, 323853
Facs. : (0321) 323853

Tegal Branch Office (Branch Office III)

Jl. Gajah Mada No. 33 - Tegal
Phone : (0283) 343050, 343835,
323038
Facs. : (0283) 357439
Email : kc.tegal@btn.co.id

Magelang Branch Office

(Branch Office III)
Jl. Tentara Pelajar No. 40, Magelang
Phone : (0293) 3215983
Facs. : (0293) 3215463
Email : kc.magelang@btn.co.id

**Bayuwangi Branch Office
(Branch Office III)**

Jl. Brawijaya No. B-1 dan B-2,
Kel. Sobo, Kec. Banyuwangi,
Kab. Banyuwangi
Phone : (0333) 414490 dan 415690
Facs. : (0333) 415676
Email: kc.banyuwangi@btn.co.id

Conventional Branch Offices Region IV**Medan Branch Office
(Branch Office I)**

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

**Padang Branch Office
(Branch Office II)**

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

**Tanjung Pinang Branch Office
(Branch Office III)**

Jl. D.I. Panjaitan Km. 9 Komplek Plaza
Bintan Center Blok Bunga No. 9 - 12
Tanjung Pinang
Phone : (0771) 7447101 , 7447088
Facs. : (0771) 7447082
Email : kc.tanjungpinang@btn.co.id

Jambi Branch Office (Branch Office II)

Jl. H. M. Yusuf Singadikane No. 146 Jambi
Phone : (0741) 61793, 61792
Facs. : (0741) 62665
Email : kc.jambi@btn.co.id

**Pematang Siantar Branch Office
(Branch Office III)**

Jl. Sutomo No. 5 G-H, Kel. Proklamasi,
Kec. Pematang Siantar Barat -
Pematang Siantar
Phone : (0622) 28887
Facs. : (0622)24020
Email : kc.pematangsiantar@btn.co.id

**Pangkal Pinang Branch Office
(Branch Office III)**

Jl. Perniagaan, Mall Bangka Trade
Center B11 - B14 - Pangkal Pinang
Phone : (0717) 423748
Facs. : (0717) 488706
Email: kc.pangkalpinang@btn.co.id

**Palembang Branch Office
(Branch Office I)**

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

**Bandar Lampung Branch Office
(Branch Office III)**

Jl. Wolter Monginsidi No. 80-88
Bandar Lampung 35215
Phone : (0721) 489253 - 55, 484778,
483256
Facs. : (0721) 489252
Email : kc.bandarlampung@btn.co.id

**Banda Aceh Branch Office
(Branch Office III)**

Jl. Sri Ratu Afiatuddin No. 19 - 23 ,
Gampong Peunayong, Banda Aceh
Phone : (0651) 35756, 35757
Facs. : (0651) 35758
Email : kc.bandaaceh@btn.co.id

**Batam Branch Office
(Branch Office I)**

Jl. Engku Putri No.1, Kel. Belian,
Nongsa Batam Center
Phone : (0778) 470630, 470625-28
Facs. : (0778) 457262, 453923
Email : kc.batam@btn.co.id

**Bengkulu Branch Office
(Branch Office III)**

Jl. Soeprapo No. 7 - 8,
Bengkulu 38223
Phone : (0736) 20875
Facs. : (0736) 20874
Email : kc.bengkulu@btn.co.id

**Pekanbaru Branch Office
(Branch Office I)**

Jl. Jend. Sudirman No. 393
Pekanbaru 28116
Phone : (0761) 40494, 40185 - 88
Facs. : (0761) 32271, 44776
Email : kc.pekanbaru@btn.co.id

Conventional Branch Offices Region V

Panakukang Branch Office (Branch Office III)

Jl. Hertasning Blok I No. 2
Makassar 90222
Phone: (0411) 868831, 868833
Facs. : (0411) 868833
Email : kc.panakukang@btn.co.id

Gorontalo Branch Office (Branch Office III)

Jl. Prof. HB. Yasin No. 55, Kel Limba U2,
Kota Selatan - Gorontalo
Phone: (0435) 830490, 829481
Facs. : (0435) 826707, 823943
Email : kc.gorontalo@btn.co.id

Ternate Branch Office (Branch Office III)

JL. Pahlawan Revolusi (Samping Kantor
Pos Ternate) Kel. Gamalama, Ternate
Tengah – Maluku Utara
Phone: (0921) - 3111330
Facs. : (0921) - 3126968
Email : kc.ternate@btn.co.id

Balikpapan Branch Office (Branch Office III)

Jl. Jend. Sudirman No. 141
Balikpapan
Phone: (0542) 420333
Facs. : (0542) 420896
Email : kc.balikpapan@btn.co.id

Makassar Branch Office (Main Branch Office)

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

Banjarmasin Branch Office (Branch Office I)

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

Samarinda Branch Office (Branch Office II)

Jl. RE. Martadinata No. 01
Samarinda 75127
Phone: (0541) 736930, 731695,
731510
Facs. : (0541) 737698
Email : kc.samarinda@btn.co.id

Pontianak Branch Office (Branch Office II)

Jl. Imam Bonjol No. 29
Pontianak 78122
Phone: (0561) 740163
Facs. : (0561) 740168
Email : kc.pontianak@btn.co.id

Banjarbaru Branch Office (Branch Office III)

Jl. Ahmad Yani Km 33 RT 01 RW 01,
Loktabak Utara, Banjarbaru,
Kalimantan Selatan 71114
Phone: (0511) 774116, 774171
Facs. : (0511) 774116
Email : kc.banjarbaru@btn.co.id

Manado Branch Office (Branch Office III)

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

Jayapura Branch Office (Branch Office III)

Jl. Koti No. 22 Jayapura 99111
Phone: (0967) 537970-71
Facs. : (0967) 533373
Email : kc.jayapura@btn.co.id

Kendari Branch Office (Branch Office III)

Jl. A. Yani , Komplek A. Yani Square
Blok. A6-7 Kendari 93117
Phone: (0401) 322101
Facs. : (0401) 322502
Email : kc.kendari@btn.co.id

Ambon Branch Office (Branch Office III)

Jl. Diponegoro No. 75B Ambon
Phone: (0911) 355882, 354471,
348552, 355882
Facs. : (0911) 348559
Email : kc.ambon@btn.co.id

Palu Branch Office (Branch Office III)

Jl. Jend. Sudirman No. 2, Palu 94111
Phone: (0451) 424555, 428555, (0451)
425993
Email : kc.palu@btn.co.id

Palangkaraya Branch Office (Branch Office III)

Jl. Diponegoro No. 23
Palangkaraya 73111
Phone: (0536) 3223407, 3222698,
3224136
Facs. : (0536) 3221020
Email : kc.palangkaraya@btn.co.id

Sharia Branch Office

Harmoni Jakarta Sharia Branch Office

Kec. Gambir - Jakarta Pusat 10130
Phone: (021) 3860617, 3860620,
3864265
Facs. : (021) 3447271, (021) 3857706
Email : kcs.jakartaharmoni@btn.co.id

Bandung Sharia Branch Office

Jl. Diponegoro No. 8, Bandung
Kel. Citarum, Kec. Bandung Wetan -
Bandung 40115
Phone: (022) 4265472 , 4265473 ,
4265474
Facs. : (022) 4265385
Email : kcs.bandung@btn.co.id

Tangerang Sharia Branch Office

Jl. Serpong Raya, Ruko Villa
Melati Mas Blok. SR-1 No. 23-24
Serpong - Tangerang 15320
Phone : (021) 5370773
Facs. : (021) 5370744
Email : kcs.tangerang@btn.co.id

Semarang Sharia Branch Office

Jl. Achmad Yani No. 181 Kel. Wonodri, Kec. Semarang Selatan, Kota Semarang
Phone : (024) 8449918, 8449919
Facs. : (024) 8410825
Email : kcs.semarang@btn.co.id

Malang Sharia Branch Office

Jl. Jaksa Agung Suprapto No. 87, Kel. Rampal Celaket, Kec. Klojen, Kota Malang 65112
Phone : (0341) 3012469
Facs. : (0341) 579777
Email : kcs.malang@btn.co.id

Surabaya Sharia Branch Office

Jl. Diponegoro No. 29 Surabaya 60271
Phone : (031) 5666363, 5610518
Facs. : (031) 5610519
Email : kcs.surabaya@btn.co.id

Yogyakarta Sharia Branch Office

Jl. Faridan M Noto No. 10, Kota Baru, Gondokusuman Yogyakarta 55224
Phone : (0274) 551055, 512467
Facs. : (0274) 551056
Email : kcs.yogyakarta@btn.co.id

Solo Sharia Branch Office

Jl. Brigen Slamet Riyadi No. 332 Solo 57141
Phone : (0271) 712127, 7008978, 7008947
Facs. : (0271) 717276
Email : kcs.solo@btn.co.id

Batam Sharia Branch Office

Jl. Sriwijaya Komp. Regency Park Lot 29 Pelita - Batam 29432
Phone : (0778) 421921, 437880
Facs. : (0778) 422126
Email : kcs.batam@btn.co.id

Medan Sharia Branch Office

Jl. Ir. H. Juanda No. 48 Medan
Phone : (061) 4144554
Facs. : (061) 4144546
Email : kcs.medan@btn.co.id

Bogor Sharia Branch Office

Jl. Jendral Sudirman No. 01, Kec. Bogor Tengah, Bogor 16121
Phone : (0251) 8327171, 8327575
Facs. : (0251) 8324567
Email : kcs.bogor@btn.co.id

Bekasi Sharia Branch Office

Jl. Jend. Ahmad Yani Blok A.IV No.5-6 dan Blok B No. 1 Kel. Kayuringin Jaya Kec. Bekasi Selatan, Kota Bekasi
Phone : (021) 8893333
Facs. : (021) 88956655
Email : kcs.bekasi@btn.co.id

Pekanbaru Sharia Branch Office

Jl Tuanku Tambusi Blok A No. 10 - 11, Labuh Baru Timur Pekanbaru 28291
Phone : (0761) 7891314
Facs. : (0761) 7891313
Email : kcs.pekanbaru@btn.co.id

Makassar Sharia Branch Office

Jl. Slamet Riyadi No. 7 A Kel. Bulogading, Kec. Ujung pandang 90111
Phone : (0411) 3613399, 3613499
Facs. : (0411) 320785
Email : kcs.makassar@btn.co.id

Banjarmasin Sharia Branch Office

Jl. Jend. A. Yani Km. 5 Komplek Kencana No. 1 Banjarmasin 70249
Phone: (0511) 3250530, 3250540, 3250560
Facs. : (0511) 3260900
Email : kcs.banjarmasin@btn.co.id

Cirebon Sharia Branch Office

Jl. Dr. Cipto Mangunkusumo No. 91 Cirebon
Phone : (0231) 235485 - 86 - 88
Facs. : (0231) 205790
Email : kcs.cirebon@btn.co.id

Palembang Sharia Branch Office

Jl. Veteran No. 325 - 329, Palembang 30114
Phone : (0711) 355417, 355963
Facs. : (0711) 313366
Email : kcs.palembang@btn.co.id

Balikpapan Sharia Branch Office

Jl. Jenderal Sudirman No. 565 - 566, Balikpapan 76114
Phone : (0542) 742260, 742258
Facs. : (0542) 742229

Cilegon Sharia Branch Office

Jl. Jend Ahmad Yani No. 175, Cipete, Kel. Sumur Pecung, Kec. Serang, Kota Serang - Banten
Phone : (0254)378264,378265
Facs. : (0254) 378272
Email : kcs.cilegon@btn.co.id

Pasar Minggu Jakarta

Sharia Branch Office
Jl. Ruko Grand Palace Blok G & H, Jl. Raya Ps. Minggu Km 16 Pancoran - Jakarta Selatan
Phone : (021) 799 3662,799 3015
Facs. : (021) 799 3174
Email : kcs.pasarminggu@btn.co.id

Tegal Sharia Branch Office

Jl. Gajah Mada No. 107 , Kel. Pekauman, Kec. Tegal Barat Kota Tegal - Jawa Tengah 52113
Telp : 0283 - 342923 ,342933
Facs. : 0283 – 342913
Email : kcs.tegal@btn.co.id

Tasikmalaya Sharia Branch Office

Jl. Yudanegara No. 10 Kel. Yudanegara Kec. Cihideung - Kota Tasikmalaya 46112
Phone: 0265 - 310612, 7296566, 7296567, 7296568
Facs. : 0265 – 310613
Email : kcs.tasikmalaya@btn.co.id

Banda Aceh Sharia Branch Office

Jl. Teuku Umar No. 430-432, Kel. Lamteumen Timur Kec. Jaya Baru Banda Aceh 23236
Telp : 0651 - 40330
Facs : 0651 – 40331
Email : kcs.bandaaceh@btn.co.id

Mataram Sharia Branch Office

Jl. Pejanggik No. 18-19 Kel. Cakranegara Kab. Mataram
Telp : 0370 - 7503646
Facs : 0651 – 40331
Email : kcs.mataram@btn.co.id

> Capital Market Supporting Institutions

Institution Type	Name and Address of the Institution	Service provided	Fee	Tenure Period
Public Accountant				
Purwantono, Sungkoro & Surja (Anggota 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 Facs. : 62-21 5289 4100	Financial Report Audit Services, PKBL (Partnership and Community Development Program) Audit	Rp2.290 million	Desember 31, 2017
Rating Agency				
PT Pemeringkat Efek Indonesia (Pefindo)	Setiabudi Atrium Suite 809 - 810 Jl. HR Rasuna Said Kav. 62, Jakarta 12920 Indonesia Tel : 62-21 5795 7755 Facs. : 62-21 5795 7750	Rating services on Asset- Backed Securities in the form of Securitization Transactions for IX BTN Housing Loan in 2016 (EBA-SP SMF-BTN 02)	Rp165 million	2016
PT Fitch Ratings Indonesia	Prudential Tower, 20th Fl Jl. Jenderal Sudirman Kav. 79, Jakarta 12910 Indonesia Tel : 62-21 5795 7755 Facs. : 62-21 5795 7750	Company Rating Services and/or Bank BTN Bonds II Phase II	Rp110 million	March 2016 – August 2021
Bureau of Securities Administration				
PT Datindo Entrycom	Puri Datindo – Wisma Sudirman Jl. Jenderal Sudirman Kav. 34 – 35, Jakarta 10220 Indonesia Tel : 62-21 570 9009 Facs. : 62-21 570 9026	Secondary Market Shares Administrative Services of PT Bank Tabungan Negara (Persero) Tbk	Rp141 million	2017

> Company's Website

Under the enactment of Financial Services Authority Regulation No. 8/POJK.04/2015 on the issuance of public company website, the Company has a website, namely <http://www.btn.co.id> and is updated periodically. The Company's website contains information such as:

1. Products & Services
 - > Savings (Deposits, Savings, Demand Deposits)
 - > Loan (Consumer Loan, Commercial Loan)
 - > Services
 - > BTN Priority
2. Sharia Business Unit
3. BTN Promo (Online BTN Debit , Savings)
4. Investor Relations, which covers:
 - > Analyst Coverage
 - > Dividend, 2009 – 2016.

- > BTN Housing Index, 2015 – 2016
- > Bonds Information, 2015 – 2016
- > Press Conference related to the Company Quarterly Performance, 2013 – 2016
- > Governance Policy, which covers:
 - a. Amendment to the Articles of Association
 - b. Articles of Association
 - c. Board Manual
 - d. Code Of Conduct
 - e. Audit Committee Charter
 - f. Revised Audit Committee Charter
 - g. Risk Monitoring Committee
 - h. Remuneration and Nomination Committee
- > Annual Report, 2002 - 2017
- > Financial Report (Monthly and Quarterly), 2002 - 2017
- > Leverage Ratio Report, 2015 - 2017

- › Liquidity Coverage Ratio Report, 2015 - 2017
- › Analyst Meeting Presentation, 2009 - 2017
- › Shareholding composition, 2015 - 2017
- › Indonesia Macro Economy Development
- › Specific Shareholders
- › Public Offering Prospectus
- › General Meeting of Shareholders covers: Prospektus Penawaran Umum
 - a. GMS Announcements
 - b. GMS Summoning
 - c. GMS Code of Conduct
 - d. GMS Resolutions
 - e. Efforts performed to invite the Shareholders
- › Whistle Blowing System (WBS)
- › Guidance for Investor Relations Policy
- 5. CSR (Corporate Social Responsibility) PKBL (Partnership and Community Development Program) Report
- 6. E-Channel (ATM, BTN Non-cash ATM & CDM, Laku Pandai, BTN Cash Management System, Electronic Data Capture, Internet Banking, BTN Mobile Banking, SMS Banking, BTN Virtual Account and Digital Solution)
- 7. BTN Info
 - › Information (BTN News, Exchange Rate, ATM Location, Office Network, Career)
 - › Links
 - › Procurement of Goods and Services
 - › Prime Lending 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 the Company Profile;

- b. Information on ongoing programs/activities;
- c. Information on agenda related to the Company task implementation;
- d. Information on potential opening for the Company 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 obtain Public Information;
- h. Information on the rights and procedures to file an objection;
- i. Information on complaints on abuse of authority or by Management and Employees of the Company;
- j. Information on announcement of procurement of goods and services;
- k. Information on material facts
- l. PT Bank Tabungan Negara (Persero) Tbk Public Information Service
- m. The Company Activities 2017
- › 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 on Public Information Service Report
 - g. The Company Articles of Association
 - h. External Auditor Evaluation Result
 - i. Information on Public Information Regulation
 - j. Information on Company Regulations

Management Discussion and Analysis

Achieving maximum operational performance through integrated marketing of all Bank's products. Effective and innovative marketing strategy reinforces the Company's best position in the face of fierce competition.

04

Bank @ BTN



04 Management Discussion and Analysis

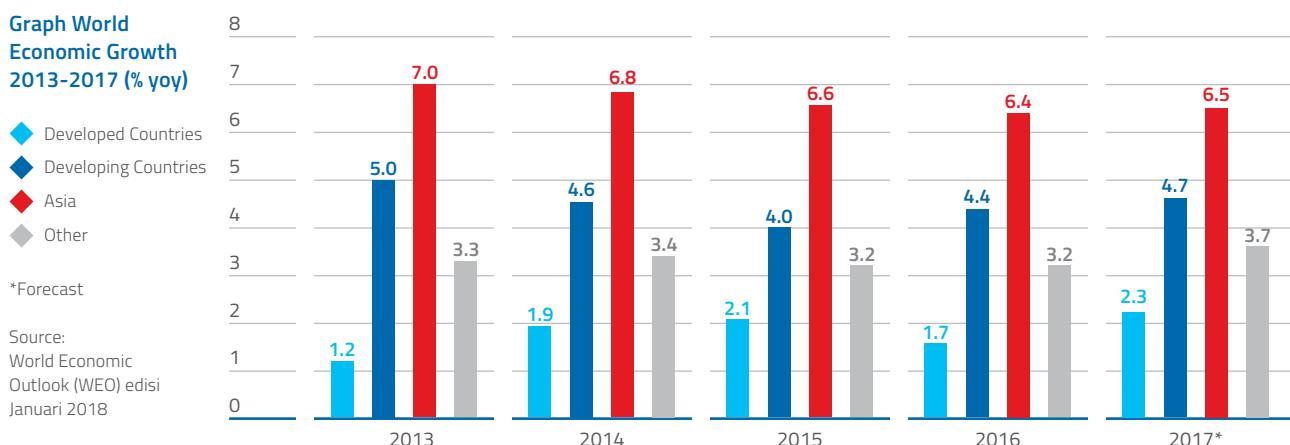
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> Industry Analysis

The growth of global economy and Indonesia economy in line with the national inflation movement and stable rupiah exchange rate have a positive impact on the development of the banking industry. This condition supports the Company in implementing business development strategy to improve operational and financial performance.

The World Economy

In 2017, the global economy is expected to grow 3.7% stronger than the previous year by 3.2%. The growth is supported by the economy of developed and developing countries more evenly, especially the United States, the European Union, and China.



The United States economy has been growing due to the increasing investment and stable consumption. In addition, the unemployment rate lowers but the wages did not increase significantly. This phenomenon led to a lower inflation from the target, triggering the Fed's interest rate to increase three times over the course of 2017. In Europe, the economy is also expected to grow. Consumption and exports contribute to Europe's economic growth. The recovery of world trade and the weakening of the euro currency in the first semester of 2017 support their export performance. In line with Europe, China economy is expected to grow strongly supported by consumption and exports. The consumption improvement is influenced by the decrease in unemployment, increased retail

sales, and domestic loan growth. The increasing demand for exports to the United States, Europe, and ASEAN lead to significant improvement in the export performance. The Government of China also conducts economy rebalancing in the effort to cope with the slowing performance of the public investment. Such economic developments drive the world trade volume and global commodity prices to grow higher than the previous year. However, a number of risks to the global economy will emerge, such as the normalization of monetary policy of central banks of developed countries, rising protectionism (mainly by the US), and geopolitical factors on the Korean peninsula and the Middle East to beware.

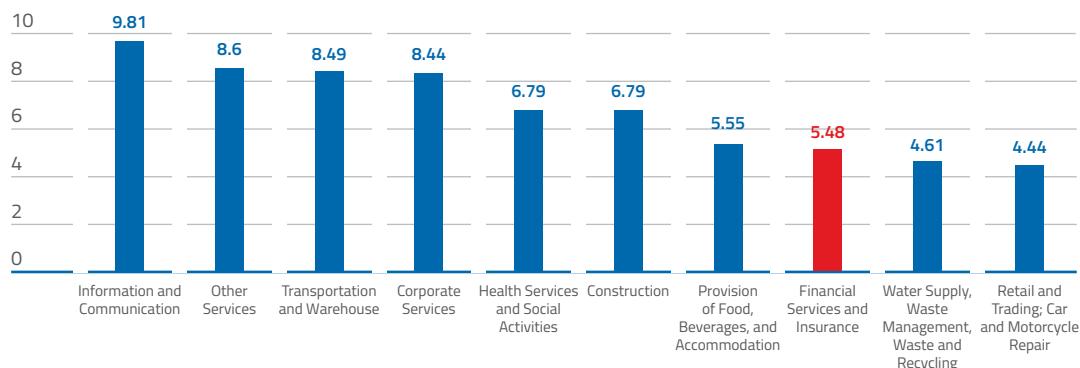
Indonesian Economy

Indonesian economy grew by 5.07% in 2017, compared to the previous year. This is mainly driven by Investment and Exports, in line with government infrastructure projects and improving global commodity prices. All business sectors contributed to the growth, including the financial services and

insurance sector, which grew by 5.48% year on year (YoY). The development in the financial and insurance services sectors is influenced by high capital and adequate liquidity to anticipate risks and support business expansion to continue presenting stable conditions.

Graph GDP Growth Based on Business Field (% yoy)

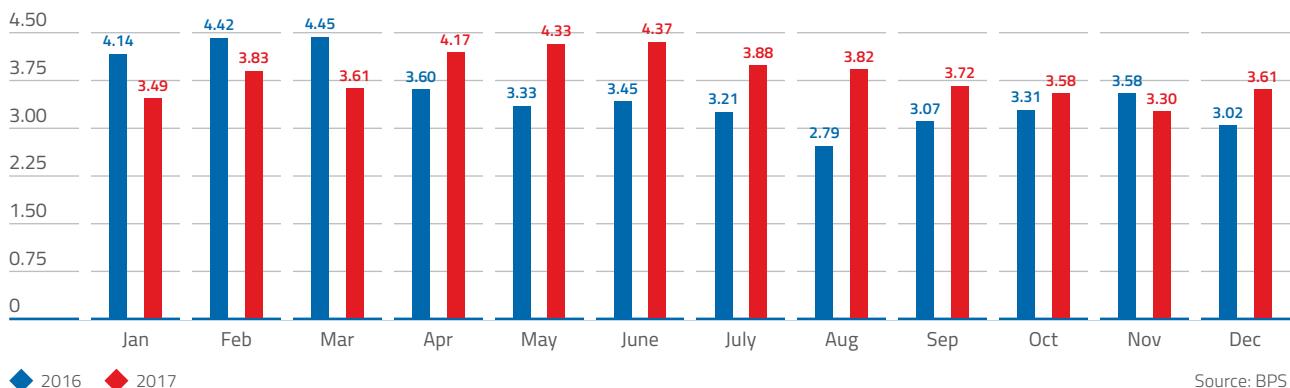
Source:
Statistics Indonesia



In December 2017, the inflation rate was 3.61% (YoY) or remained within the inflation target range of 4.1%. Since 2015, this inflation target range is maintained by low volatile food inflation, adequate supply support, Government food price stabilization policies, and low global food prices. The inflation

is still within the target range even though the administered prices inflation increased in the early semester of 2017 related to the energy subsidy reform by the Government. The following graph is the comparison of inflation in the last two years.

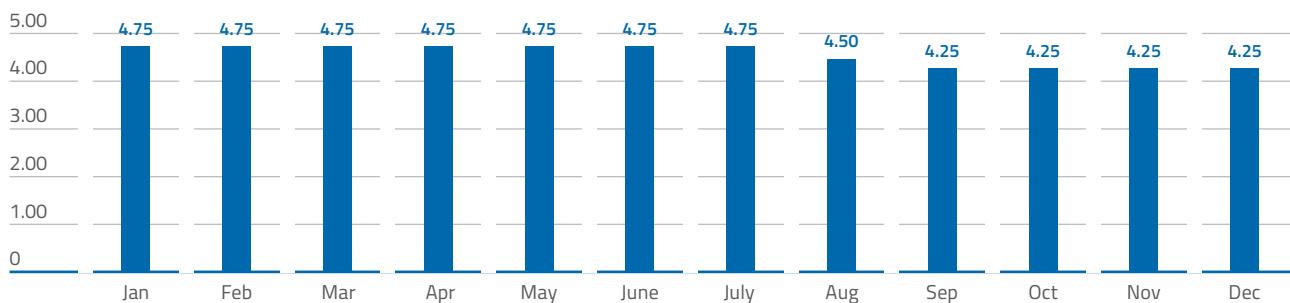
Graph Inflation Rate Comparison 2016-2017 (% yoy)



Source: BPS

Since August 19, 2016, Bank Indonesia uses BI 7-Day Reverse Repo Rate (BI 7-day RR Rate) as the interest rate benchmark to replace BI Rate. This is an effort to maintain macroeconomic stability by maintaining the momentum of economic domestic growth in the midst of weakening global economic growth. In early 2017 to July 2017, Bank Indonesia decided to maintain

the BI 7-day RR Rate fixed at 4.75%. However, as an effort to support economic recovery, Bank Indonesia lowered the BI 7-day RR Rate to 4.50% in August and then lowered it again to 4.25% in September through the end of the year. This decline is expected to strengthen the banking intermediation, thus strengthening macroeconomic and financial system stability.

Graph BI 7-Day Reverse Repo Rate 2017 (%)

Source: Bank Indonesia

The Rupiah exchange rate was stable until September 2017, but it weakened in October. This is influenced by external factors, such as the United States' trade policy under the new government, China economic rebalancing, and uncertainty in the geopolitical issues, especially between the United States and North Korea. The weakening rupiah is in accordance with the

weakening of almost the entire world's currencies against USD, as the normalization of monetary policy of the central banks of developed countries, increased expectations of interest rate hikes, and tax reform plans in the United States. Furthermore, the Rupiah strengthened in line with maintained macroeconomic stability and the prospect of a stable economy.

Graph Rupiah Exchange Rate against USD in 2017**Banking Industry**

The banking industry condition continues to improve, as reflected in the increase in the number of assets, third-party funds, and loans disbursed compared to the previous year. In

addition, the level of bank profitability is quite solid, along with the increased efficiency supported by adequate capital. The following is the performance indicators of commercial banks in the last five years.

Performance Indicators of Commercial Banks 2013-2017

Source: Indonesia Banking Statistics, November 2017

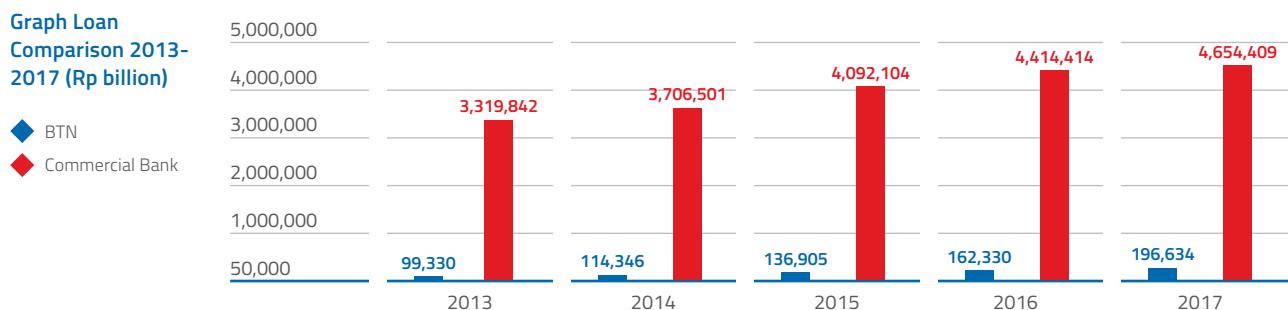
Description	2013	2014	2015	2016	2017*
Assets (Rp billion)	4,954,467	5,615,150	6,132,583	6,729,799	7,222,351
Third Party Fund (Rp billion)	3,663,968	4,114,420	4,413,056	4,836,758	5,199,486
Loan (Rp billion)	3,319,842	3,706,501	4,092,104	4,413,414	4,645,409
Capital Adequacy Ratio (CAR) (%)	18.13	19.57	21.39	22.93	23.37
Net Interest Margin (NIM) (%)	4.89	4.23	5.39	5.63	5.31
Return on Assets (ROA) (%)	3.08	2.85	2.32	2.23	2.48
Operating Expenses to Operating Revenues (BOPO) (%)	74.08	76.29	81.49	82.22	78.37
Loan Deposit Ratio (LDR) (%)	89.70	89.42	92.11	90.70	88.97
Non-Performing Loan (%)	1.77	2.16	2.49	3.16	2.18

As of November 2017, the Banking Assets grew 7.32% over the previous year. The increase is mainly influenced by the growth of Third-Party Funds (DPK), which increased as an impact of the Amnesty Tax program. The source of Bank funds is dominated by the third-party funds, which reached 87.25%. In November 2017, DPK increased by 7.50% compared to 2016. The DPK increase is driven by the growth of demand deposits, savings, and time deposits by 48.58%, 14.12%, and 27.42%, respectively. The funds are allocated for lending, placements with other banks, placements with Bank Indonesia, securities, investments, allowance for impairment losses (CKPN) of financial assets, spot notes and derivatives, and other claims. The largest allocation of funds is for the disbursement of loan to third parties and other banks. Loans disbursed to third parties amounted to Rp4,645,409 billion, an increase of 6.13% compared to 2016, which was Rp4,377,195 billion. Loan disbursed to other banks amounted to Rp40,330 billion, an increase of 11.35% compared to 2016 Rp36,220 billion. Loans to third parties that are disbursed as working capital loan amounted to Rp2,138,876 billion, an increase of 4.38% compared to Rp2,049,098 billion in 2016. Investment loan amounted to Rp1,158,751 billion, increased by 2.96% compared to 2016, i.e. Rp1,125,467 billion. Consumption amounted to Rp1,307,452 billion, increased by 8.72% compared to 2016, i.e. Rp1,202,630 billion.

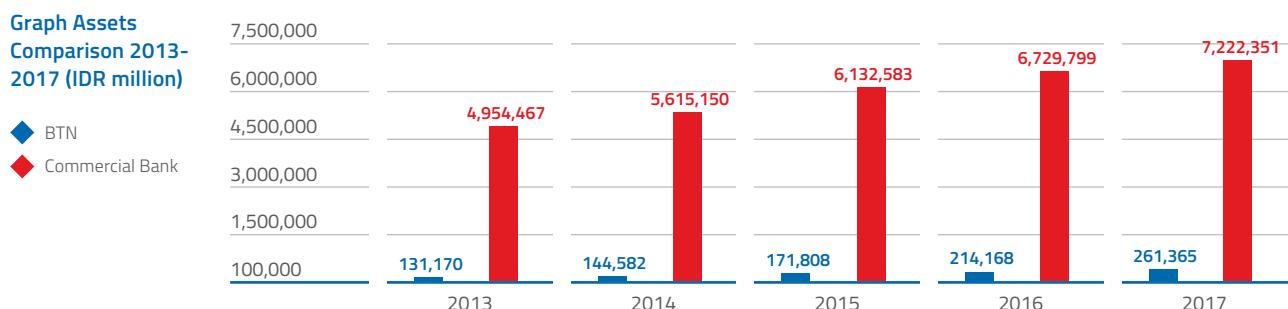
Commercial banks' capital per November 2017 grew 9.93% compared to 2016. The composition is 92.81% of core capital and 7.19% supplementary capital. Capital growth was higher than that of RWA that grew by 7.88%, so the CAR was 23.37%. Adequate capital encourages the ability of commercial banks to generate profits. The bank's profitability as reflected in the ratio of ROA and NIM has increased, in line with profit before tax and interest income, which increased by 22.10% and 3.14%, respectively.

The Company's Position in the Banking Industry

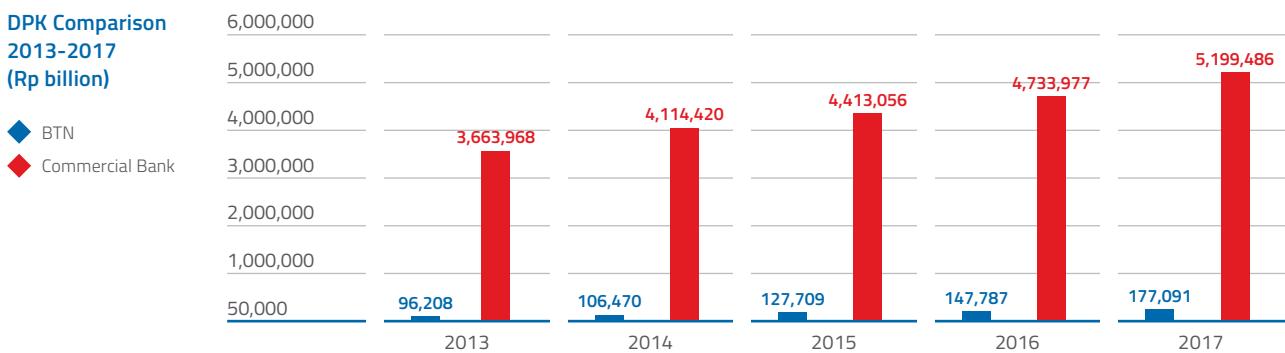
The growth support of the banking industry has a positive impact on the Company's efforts to continuously improve its role. The effort is realized through the implementation of business development strategy so that the Company succeeded in achieving operational and financial performance targets. In 2017, the Company has disbursed loan amounting to Rp196,634 billion or 4.23% of total commercial bank loans. In order to support the One Million Houses Program, the Company disbursed loans for 667,312 houses. The realization consists of disbursement of the subsidized loan for 481,329 housing units of Rp34,162 billion, and non-subsidized loans for 185,983 housing units of Rp37,376 billion. The increased in loan disbursement encourages the Company to improves the loan quality. This commitment is reflected in the Company's NPL Net, which decreased to 1.66%.



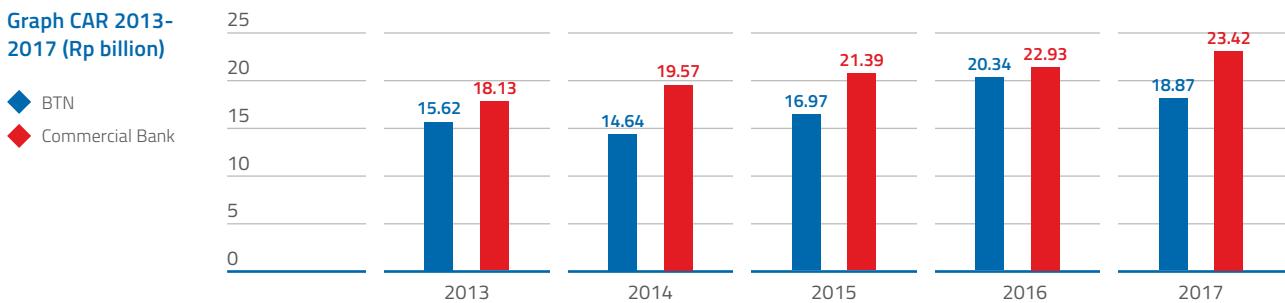
Loans and financing that increased the Company's assets to Rp261,365 billion or 3.62% of the total assets of commercial banks.



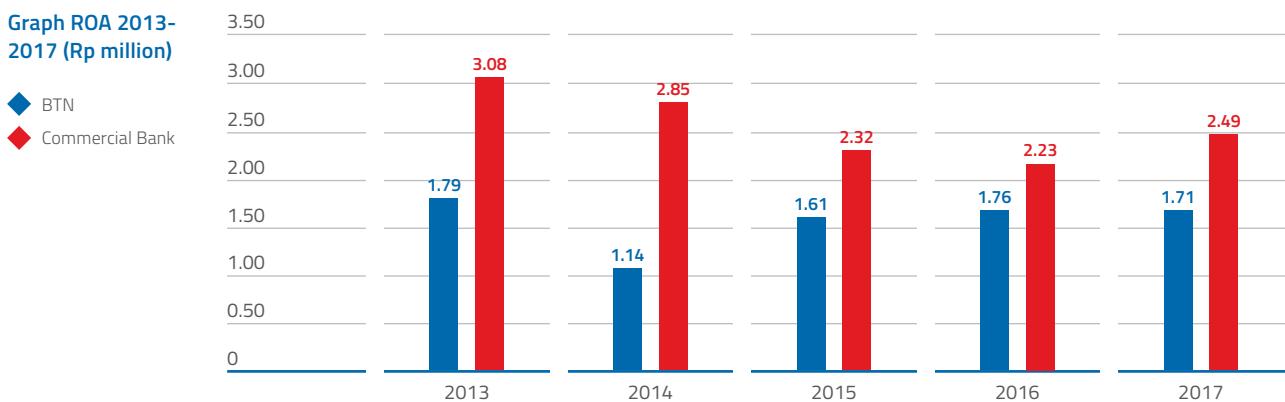
One of the Company's sources of funding is DPK. The Company always executes its marketing strategy as an effort to increase the number of DPK. In 2017, the Company's DPK is recorded at Rp177,091 billion or 3.41% of total deposits of commercial banks.



The Company's financial ratio also shows a positive performance. Adequate capital is reflected in CAR that continues to grow along with the lending activities.



ROA is an indicator of profitability, and it continues to grow. This condition is supported by the Company's increased profit growth.



The performance improvement prompted the Company to conduct continuous improvements in order to always face the challenges of business dynamics of the banking industry in the future.

> Business Prospect

Economical Prospect

Based on the IMF projection in the World Economic Outlook January 2018, the global economic growth in 2018 is expected to reach 3.9% increase compared to the year 2017, i.e. 3.7%. The global economic recovery will boost the world trade volume and global commodity prices, that will encourage the economy improvement of developing countries, contributing to the improvement of the global economy. Meanwhile, developed countries' economic growth is expected to be stable. The US economy will increase limitedly. On the other side, the economy of the European Region will slow down due to employment and productivity problems. Japan's economy will face aging population problems.

The global economy is expected to improve in 2018. The improvement is expected to boost investment and export performance. Thus, Indonesian economy is predicted to grow by 5.3%. Household consumption and Government's consumption increase are contributing to the national economic growth. Gross Domestic Fixed Capital Formation (PMTB) is predicted to grow high, in line with infrastructure development and improved investment climate as an effort to encourage non-government direct investment. However, the national economy improvement will face various external risks, among others, derived from the normalization of monetary policy of developed countries central banks, rising protectionism (mainly by the US), and geopolitical factors on the Korean peninsula and the Middle East.

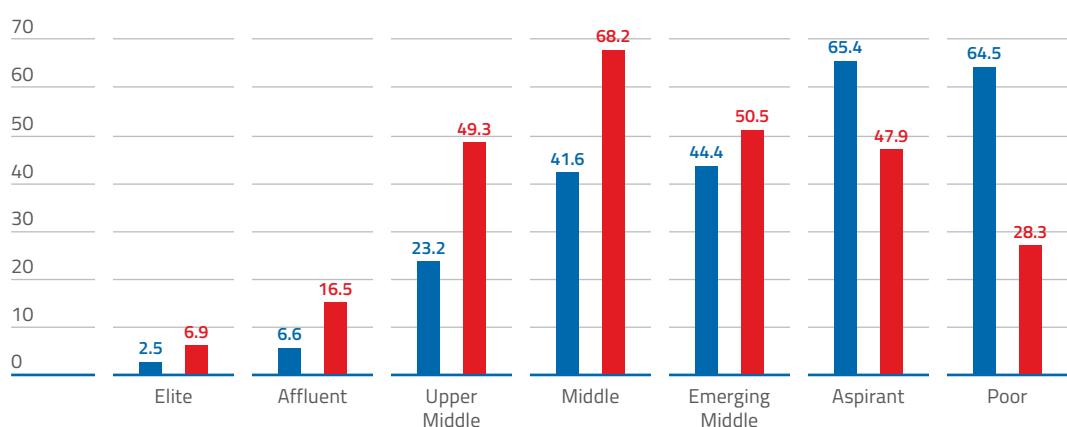
The structure of the national economy is also supported by key sectors, which include the Processing Industry; Agriculture, Forestry, and Fisheries; Large and Retail Trade; Construction, Information and Communication, Financial Services and Insurances sectors. Several service sectors are expected to grow higher above the national average, in accordance with an increasingly conducive investment climate. For example, the Financial Services and Insurance sector is expected to grow by 9.4%, driven by increased activity in financial markets and the penetration of inclusive financial services, through expansion of technological innovation. (Source: NK RAPBN 2018)

Business Prospects for Housing Sector and One Million Houses Program Development

Indonesia's macroeconomic conditions in 2018, is estimated to be better than the previous year. This will have a positive impact on the banking industry to grow more rapidly. As one of the business sectors in the financial services and insurance sector, the banking industry continues to contribute to increasing economic growth through equal distribution of income and community welfare, by providing loan disbursement in the housing sector. Indonesia's housing sector has a prospect to grow faster. This is expected due to the number of middle-class population that is predicted to grow significantly from 74 million in 2012 to 141 million by 2020. Projection of middle-class population growth in Indonesia is shown in the following graph.

Graph of Indonesian Population Growth Projection 2012 and 2020

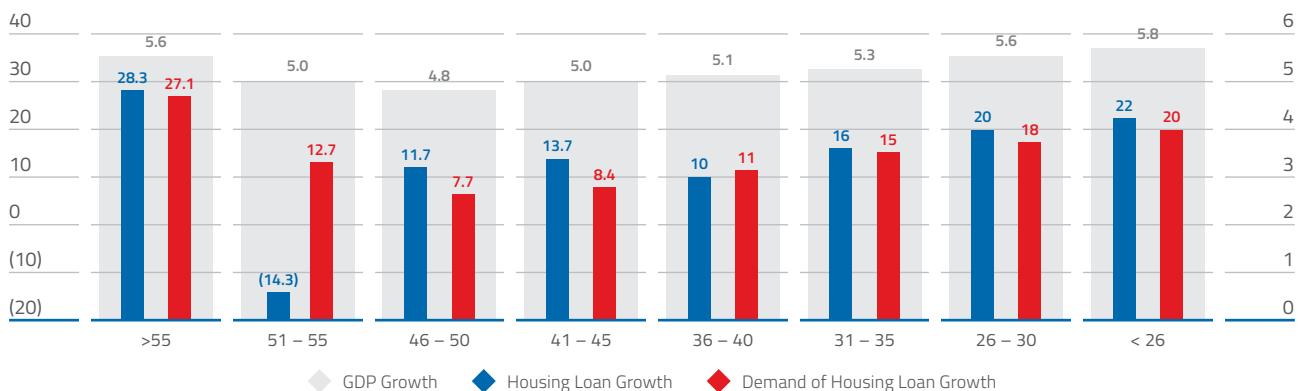
◆ 2012
◆ 2020



Most of the houses are purchased by Housing Loan (KPR) financing scheme. Despite the slowdown in 2017, the housing sector has started to strengthen continuously. Since the issuance of the Loan to Value (LTV) in 2013 and 2016,

housing loan demand continues to grow. The housing sector growth is in line with the GDP movement, as illustrated in the following graph.

Graph GDP and Housing Sector Growth

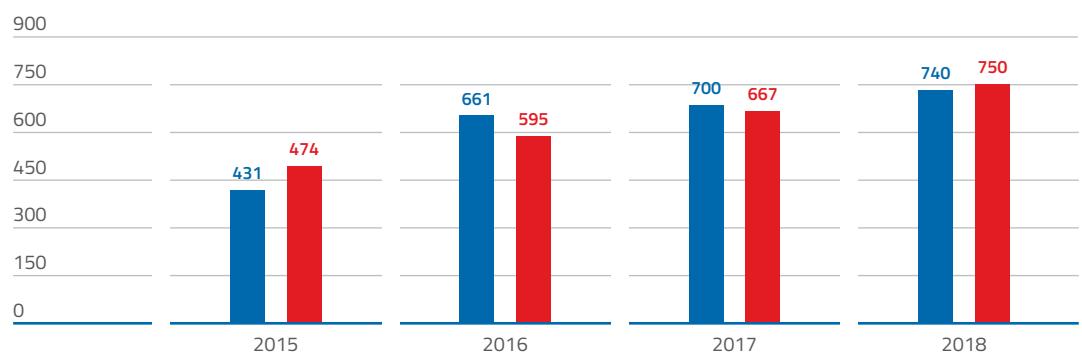


The housing sector growth is also affected by the One Million Houses Program. Bank BTN plays a strategic role in supporting program realization, in particular from the banking aspect of housing financing for the people. Under the National Medium-Term Development Plan (RJPMN) 2015 - 2019, the One Million

Houses Program realization by 2019 is targeted at more than 3 million units. The Company's commitment to supporting this program is realized by participating in disbursing housing loans for 1.53 million houses since the program was launched by the Government.

Graph Realization and Target of One Million Houses Program (Thousand Unit)

◆ Government Target
◆ BTN



> Business Development Strategies

The Company performs the ongoing business transformation phase in order to face the challenges and opportunities in the banking industry. The business development strategy is implemented, in line with the transformation in order to improve the Company's competitive advantage.

The dynamics of global and national economic growth affecting the development of the banking industry continue to create opportunities and challenges for the Company. As a bank that strives to be the leading in housing finance, the Company has set up a 2016-2020 transformation roadmap, which is derived

into a strategic initiative every year as published in the Bank Business Plan 2018-2020. The Company is currently in phase II transformation, which is the digital banking period, described as follows.

Initiative of Transformation on the Digital Banking Phase



Each year, the transformation initiatives are implemented by the Company through strategies to strengthen business and organizational capabilities, particularly in the field of human resources and infrastructure. The business is strengthened by focusing on two main segments, i.e. commercial banking and consumer banking, and supporting the SOE synergy program. Organizational capability in the human resources is improved by the internalization of high-performance work culture and improving risk culture on all bank's business operations. The infrastructure field is strategically strengthened to support business sustainability.

The Company sets the foundation for work in 2018 and the next three years by considering SWOT analysis and national economic development. The Company's Board of Directors sets the direction of the General Policy of the Board of Directors (KUD), i.e. "Building growth momentum based on stronger business, human capital competence development, and reliable business infrastructure". Furthermore, the Company prepares a corporate-level Grand Strategy to support the direction of the KUD and achieve key strategies.

Grand Strategy



Sustainable Growth

Strengthening the mortgage business positioning and construction value chain

Strengthening the funding structure and CASA Ratio

Improving non-interest income

Enhancing effectiveness of collection and asset recovery

Capital Support

Improving Employees' Quality and Productivity

Strengthening the risk management and integrated GRC

Improving IT capability to support the digital banking and digitalization process

Corporate Level Grand strategy consists of four pillars of business to achieve the Company's long-term vision, i.e. to be the leading bank in the housing financing, equipped with four enabler pillars as supporters. These pillars are described as follow:

1. Strengthening the mortgage business position and construction value chain

Loan sector strengthening is focused on strengthening the bank's core business in housing and the expansion of the construction value chain to support the increase in the supply of housing. The direction of bank policy in loan is:

- › Strengthening loan positioning on the mass segment (subsidized and mass non-subsidized)
- › Increasing the financing of aspiring affluent (emerging affluent and affluent) segments;
- › Establishing cooperation with SOEs and their subsidiaries that engage in non-residential construction;
- › Expanding the market share for Micro Loan, Commercial, and Corporate segments to support the houses supply;
- › Conducting asset securitization as an alternative strategy in expanding housing loan financing.

2. Strengthening the funding structure and CASA Ratio

Funding strengthening is aimed to improve low cost and sustainable funding with CASA-based funding. In addition, the funding sector strengthening is also conducted through commercial financing and long-term and cheap wholesale funds. The direction of bank policy in funding is:

- › Optimizing the share of wallets of captive customers by increasing the mass customer average balance;
- › Improving CASA-based consumer financing through the acquisition of aspiring affluent customers and improving account utilization as a customer's transaction base;
- › Expanding cooperation in funding institutions based on construction value chain;
- › Improving Business to Business (B2B) cooperation (together with loan unit) to corporate customers and SOEs for up-selling;
- › Improving cheap cost wholesale funding.

3. Improving non-interest income sources

The Company sees that the non-interest income sources have the potential to be improved. In addition, the non-interest income is a new engine growth for the Company with a focus on developing digital banking services. The bank policy to realize that is:

- › Increasing non-interest income based on administration and service fees
- › Expanding corporate banking and treasury activities by developing targeted transactions of commercial and institutional customers;
- › Conducting cross-selling in order to improve the Supply Chain Financing (SCF) transaction to the anchor party of the corporate loan & SOEs to gain supplier, distributor, or agent;
- › Optimizing passive income through massive off-balance sheet asset sales;

4. Improving effectiveness of collection and asset recovery

The Company's commitment to enhancing quality asset growth is achieved by maintaining the consistency of collection and asset recovery effectiveness. These efforts are formulated in line with the bank policy's direction:

- › Strengthening the collectibility burden effectively;
- › Improving the loan collectibility posture refinement;
- › Increasing collection and loan settlement.

5. Capital Support

In order to support the growth rate of loan growth, capital strengthening initiatives have become one of the key objectives in the draft growth strategy in the next three years. The capital initiative is focused on maintaining the capital adequacy ratio in accordance with regulatory requirements with the following strategies:

- › Increasing profitability;
- › Issuing commercial subdebt/convertible debt;
- › Conducting a rights issue with the approval of the shareholders.

6. Improving Employees' Quality and Productivity

The Company innovates the human resources development to create sustainable value for shareholders. This innovation is expected to provide distinctive competence, especially in the housing field to all Bitniz personnel. The policy direction in the human resources development in the next three years are as follows:

- › Establishing top talent and succession management through career management and job facility evaluation and formulating strategic manpower planning with pareto allocation strategy;
- › Internalization of employer value proposition through the directed recruitment to attract top talent;
- › Strengthening the performance-based management by performance management system strengthening and designing attractive compensation mechanisms for all business segments;
- › Strengthening high-performance culture with collaborative cultural internalization, focusing on external insights for digital transformation, enhancing the capabilities of Human Capital units to carry out the execution of a top-of-the-line strategic workforce empowerment initiative.

7. Strengthening the Risk Management and Integration of GRC (Governance, Risk, and Compliance)

Integrated GRC is implemented through continuous improvement of business processes and enhancement of organizational capabilities that promote GCG principles, and integrated and comprehensive risk management. The strategic initiative to achieve that is:

- › Reengineering the process of loan granting, collection, remedial, and other main processes;
- › Implementing the integrated GRC by monitoring the Key Performance Indicator (KPI), Key Risk Indicator (KRI), and Key Compliance Indicator (KCI).

8. Information Technology (IT) Infrastructure Strengthening

The focus of IT infrastructure strengthening is the digital banking-based development to improve process effectiveness and efficiency. The initiatives implemented that refer to RSTIK 2017, among others:

- › Strengthening of BTN Property Portal
- › Establishing a Customer Relationship Management (CRM) to gain the 360-degree customer view, profiling, and improving customer services capability;
- › Strengthening the role of BTN Property Portal; Develop internet banking & mobile banking applications through platform upgrades and integration between systems such as iColl, iCash, and property portals.
- › Developing management tools for marketing and sales activity by creating digital marketing & sales tools;
- › Comprehensively refining the wealth management system;
- › Improving the operational supporting tools to add risk prevention capacities;
- › Maximizing risk profiling of the task forces;
- › Integrating Loan Origination System and adding iCremo to monitor loan disbursement;
- › Reengineering the financing business process to lead to centralization model or back office digitalization system to automate process and connect to various database;
- › Establishing process system of planning and evaluation of corporate performance to increase Corporate Planning effectiveness and efficiency.

> Marketing Aspect

Marketing Strategy

The dynamic business environment encourages the Company to prepare various strategies to improve competitiveness. One strategy that is constantly perfected is the marketing strategy. The Company develops a marketing strategy based on the Bank's Business Plan, taking into consideration the condition of digital developments and the needs of its customers towards increasingly complex banking products, thereby affecting the high competition in the banking industry. In order to face these challenges, the Company is strengthening its business with a focus on consumer banking and commercial banking segments, both in loan and funding products. The Company has applied various marketing strategies for financing, and products, as well as sharia business unit products, as described as follow.

Funding Products

Throughout 2017, the Company executes the marketing strategy of funding products to increase low cost and sustainable funding. These strategies include:

1. Closing the Gap on the Products and Savings Features

This strategy is conducted through product development and business process improvement. In 2017, the Company innovates by launching the new BTN ready! Savings. This product is launched to fulfill customers' financial planning needs. Product development is carried out on Foreign Currency Deposit for SGD and EUR currency. In addition, the Company also develops new products, i.e. Foreign Currency Savings. The active development of new product features and new products is a manifestation of the Company's commitment to provide a variety of financial products that are expected to increase customer satisfaction and attract new customers. Meanwhile, the Company strives to maintain the loyalty of existing customers by improving business processes and reviewing policies that are owned to support optimal operational activities.

2. Product Sales Organization Improvement

One of the direct factors in the Company's profits is the number of product sales. The Company's commitment to continue strengthening its business is demonstrated by improving the product sales organization. The Company conducts coaching and refreshment to Branch Offices and Regional Offices regularly. Coaching and refreshment activities are conducted through funding people conferences, calls to Branch Offices and Regional Offices on constraints and issues, video calls on product

and program refreshment and constraints and potential, and direct visits to Branch Offices and Regional Offices. In 2017 the funding people conference was held three times, i.e. POA Conference "Transform the stare in you" in April 2017, Kick Off Consumer Funding "A Team You Can Trust" in May 2017, and Conference of the Conventional and Shariah Funding People in May 2017. Direct visits to branch offices and regional offices for funding people reinforcement, products, and programs refreshment, and coordination meetings of regional offices. The Company also strives to meet the needs of funding people in branch offices to improve performance.

3. Strengthening Market Segmentation According to Product Segmentation

The increasingly varied banking products provide an opportunity for selective customers to encourage banks to innovate both in product features and benefits in order for the customer to obtain what the programs have to offer. The Company has various excellent programs for each product. Some of the Company's leading savings programs in 2017:

› **BTN Batara Savings**

The Company organized five programs for this product, i.e.

- a. Lottery Program (Period: September 2016 – September 2017), the program aims for active clients who conduct e-channel transactions and maintain an average monthly balance.
- b. Super Untung Program is intended for customers who place fund within a certain period.
- c. Super Untung Jaman Now Program as a continuation of the Super Untung Program elevates the millennial theme as an appeal with prizes of iPhone X, Apple iWatch, and Drone.
- d. SurePrize Top Up Tabungan Program is an incentive for new or existing customers who make top-ups on BTN Batara Savings.
- e. SurePrize Super Untung Program is an incentive for new or existing customers who do top up on Super Untung program in a certain time period.

› **eBataraPos Savings**

The Company's organized three programs to improve the performance of this product. Those Programs are Wuooow Banjir Hadiah Lagi Program, which is aimed at existing active customers who conduct echannel transactions and maintain an average monthly balance.

Xtra Bonus Program is intended for existing customers who place fund within a certain period. Sembako Pesta Program is aimed at Western Union remittance recipients and new customers who are placing funds within a specified period of time.

› Prima Savings

The Company organizes a direct reward program for customers who place funds within a specified period of time. Implementation of the program is expected to attract customers to increase the balance savings.

4. Improved Communication of Product Above The Line (ATL) and Below The Line (BTL)

Communication plays an important role in the process of product marketing because, with the opening of information access, customers and prospective customers can easily make choices according to their needs. In 2017, the Company actively communicated its products through ATL and BTL media. The ATL media used are electronic media such as Indosiar, SCTV, O-Channel, and U See TV; print media such as Sindo, Mark Plus, Local Print Media, Women Obsession, and Infobank; social media such as Instagram, Facebook, and Twitter BTN Batara, Liputan 6.com, Kapanlagi.com, kompas.com, and Endorse/buzzer; as well as Billboard and DOOH. The BTL is conducted by organizing or participating in several events including the Indonesian Property Expo and Serba Untung Activation.

Loan Products

As a financing institution that plays a strategic role in the one million houses program, the Company implements several marketing strategies in order to become a market maker in the housing sector. The marketing strategies adopted by the Company throughout 2017 include:

1. Housing Exhibition

The Company conducts activities aimed at, among others, assisting the achievement of consumer loan targets; brand awareness, maintaining and enhancing the Company's corporate image as the leading and most experienced Bank in the housing finance field; maintaining and expanding cooperation with residential developer associations and exhibition developers. Throughout 2017, the Company conducted three type of exhibition, i.e.:

› National Housing Exhibition

The Company participated in Indonesian Property Expo I on February 11-19, 2017. The Company successfully obtained IDE Prospect of Subsidized Housing Loan of Rp526 billion through the participation in this exhibition. The success continued at the next Indonesian Property Expo on August 11-20, 2017. The Company obtained IDE Prospect of Subsidized Housing Loan of Rp930 billion.

› Regional Housing Exhibition

The Company's Branch Office also executes property exhibition equally through cooperation with the developer associations (REI-APERSI) and developer partners. This activity is expected to support the performance of each branch.

› Mini Expo

This activity is carried out with an open booth at the institution during the socialization and provides access to information on the Branch Office or at the center of the crowd.

2. Business Gathering

Throughout 2017, the Company conducts regular gathering, such as developer gathering, marketing gatherings, morning coffee, and business gatherings with several agencies including Government institutions, Indonesian Army and Polices Agencies, BPJS Employment, and all Branch Offices. This activity acts as a forum for socializing the Company's product and program policies related to housing business. The potential of cooperation and home builders can be explored through this activity and the results are used as a basis for planning sales and marketing strategies. This activity also functions to establish a good relationship with developer partners, marketing developers, and agencies' treasurer, as well as to improve services and business processes in the Branch Offices.

3. Awareness dan Loyalty Program

The program's objectives are to enhance cooperation and support for activities related to housing business (DPP & DPD REI, DPP & DPD APERSI, other Developer Associations, Insurance, Housing Institutions, government agencies); enhance the Company's brand awareness through the award received; improve Housing Loan brand awareness and Company's image through the implementation of activities attended by President Joko Widodo. Throughout 2017, the Company conducted three activities, i.e.:

› Sponsorship

The Company provides sponsorships to enhance cooperative partnership, such as housing associations/ housing institutions, thus strengthening BTN Housing Loan brand awareness, as a bank that focuses on the housing sector for the housing and community stakeholders.

› Inauguration of Housing and Review of Mass

Agreement in Subsidized Housing by President RI On May 4, 2017, the Company held inauguration of the Low-Income Community (MBR) Housing at Villa Kencana Cikarang. The Company also conducts mass ceremony review at Pesona Bukit Batuah Balikpapan housing on July 13, 2017, and in Griya Setia Bangsa Pekanbaru housing on July 23, 2017. This activity is a

form of the Company's contribution in supporting the distribution of community welfare through the one million houses program.

› **BTN Golden Property Award**

On September 11, 2017, the Company organized the BTN Golden Property Award as a form of appreciation to business players in the property sector and to boost optimism of the national property industry. The event is the result of Company's cooperation with Indonesia Property Watch. In this event, the national property figure and the best housing project for 2016 were awarded, among others, PT Budi Langgeng Persada, which was awarded as Best of The Best Housing Loan Subsidy Developer.

4. Innovating products and services

The Company strives to innovate service quality to the customers. The innovations conducted in 2017 are:

› **Launching of BTN Micro Housing Loan**

On February 24, 2017, the Company launched Micro Housing Loan at Wisma Perdamaian, Semarang. This activity was carried out with a series of activities of APMISO Noodle and Bakso Festival, Serbu BTN, signing of MOU between the Company and APMISO (Asosiasi Pedagang Mie dan Bakso) and Diponegoro University, and ceremonial delivery of SP3K (Surat Pernyataan Persetujuan Pemberian Kredit) to the noodle and meatballs traders.

› **Cooperation of BTN Housing Loan Support for Gojek Partners**

The Company conducts marketing activities under the theme "Gojek Serbu BTN" consisting of a series of socialization activities to Gojek Partners who meet the qualifications and pass the verification, then the open booth of Housing Loan service by involving the subsidized housing developer. Gojek Partners who meet the requirements are subject to daily deductions as a condition for the adequacy of the housing Advance, Participants of Gojek Serbu BTN Phase I in November-December are 351 people in the Jabodetabek area.

› **B2B2C Development**

The Company takes an approach/socialization on the cooperation of the houses fulfillment focused on the institutions/agencies/Local Government/Ministries with the target of MOU/PKS related to the acceleration of the housing needs fulfillment.

› **Document Imaging (Data Capture)**

The Company improved its document handling process with Document Imaging. It aims to improve efficiency,

speed up the search process, and reduce costs associated with paper document handling.

› **Checking Subsidy**

One of the new features in iloan is Checking Subsidy, which serves to anticipate the submission of double subsidized Housing Loan. This menu is accessible on the Duplicate Review menu, located on the facility's submenu. This module works by searching data on the core system by looking for matches by name and date of birth or ID card and Tax ID.

› **ABCG (Academic, Business, Community, Government) Scheme**

Collaboration in supporting community-based housing development in Kendal, where the main housing providers are based on community development (community), and government program support, i.e. Housing Stimulants (Government), Company's support in the form of Subsidized Housing Loan (Business), and assisted by empowerment of residential community groups (Academic).

Sharia Products

The Company's Sharia Business Unit (UUS) strives to improve the product and services performance by implementing marketing strategy to support the Bank's core business. Some strategies conducted, are:

1. Improving low-cost fund and expanding emerging affluent segment by:

› **Developing Product/Business**

a. Establishing special organization structure for Haji and Umrah for optimization of Haji and Umrah products and services.

b. Establishing the sales and Marketing Funding organizational structure to optimize the management of target funding and funding people on Sharia Branch Offices, and the management of funding potential and policies at the Center.

› **Optimizing Promotions**

a. Launching of the Additional Rewards program that is equivalent to the Deposit Ratio

b. Direct Rewards Program of Batara iB Savings, BTN Prima iB Savings, BTN Haji & Umrah iB Savings, BTN Qurban iB Savings, BTN ib Gold Savings

c. Bundling Program with Multi-Service Financing/ Multi Benefits

d. Reward Program for Wakaf Infak Sadaqoh (Wakaf) facility

› **Optimizing Sales and Channel Sales Program**

a. Implementing Sharia Laku Pandai to expand the community access

- b. Cooperation with PT Pos Indonesia to provide Opening of Hajj and Umroh Savings service at KKLK Pos and SISKOHAT Online at KKLK POS
 - c. Incorporating target funding of sharia products within KPI of Sharia Service Office
 - d. Cooperation bundling program with schools/Institutions/agencies that have an MoU with the Company
2. Increase non-interest operating income through the following efforts:
- › Strengthening communications with Stakeholders including the Company's advisory team, fostering communication with the Government (Ministry of Public Works and Housing, Ministry of Finance, BLU, Bapertarum, etc.)
 - › Optimizing Sales and Promotion Program by participating in Exhibition and organizing a Gathering Event with developers and associates.
3. Increasing the amount of commercial financing through:
- › Providing non-residential commercial financing to prime

customers with Mapping and offering to prime customers who have cooperated and have good performance.

- › Holding Developer Gathering, cooperating with developer and SOEs as an effort to strengthen sales program.
- › Providing financing within the residential value chain network by offering to the derivative industry of housing.

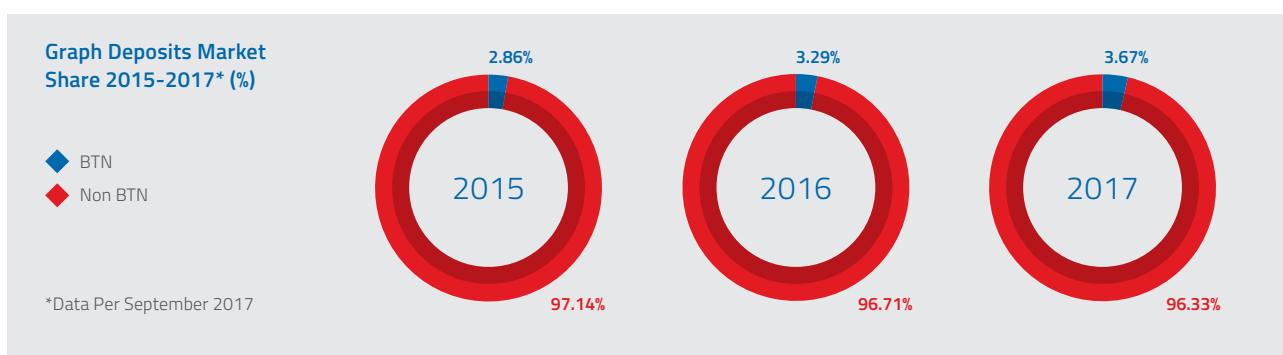
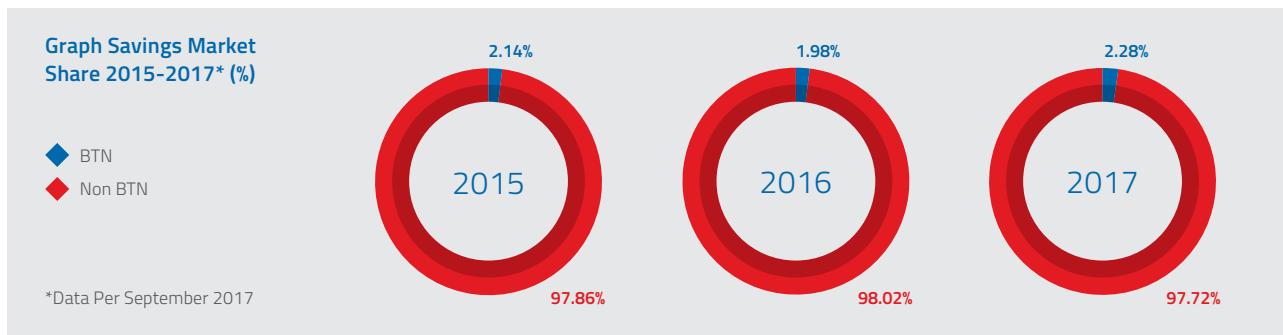
4. Expanding institutional funding cooperation through:

- › Developing Housing Loan-based cooperation with SOEs, Industry, and Big Private Companies.
- › Supply Chain Management implementation.
- › Opening outlets and allocation of adequate ATM in the agency environment so that sales programs and sales channels optimal.

Market Share

The Company implements a marketing strategy that is expected to support the growth performance of each product and the expansion of market share. The following described the Company's market share in national banking industry for every product.

Funding Products

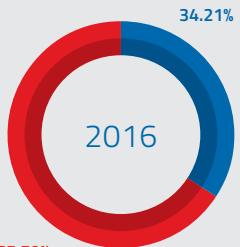
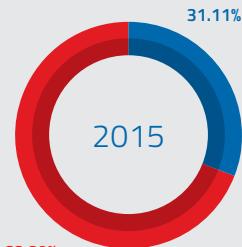


Loan Products

**Graph Housing/Apartment
Loan Market Share
2015-2017* (%)**

- ◆ BTN
- ◆ Non BTN

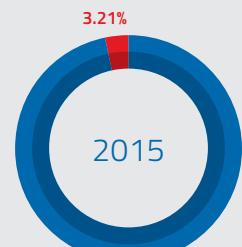
*Data Per September 2017



**Graph Subsidized Housing
Loan Market Share
2015-2017* (%)**

- ◆ BTN
- ◆ Non BTN

*Data Per September 2017

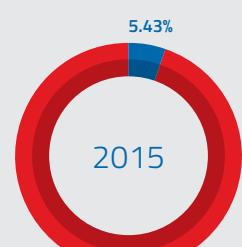


Sharia Products

**Graph Akad Murabahah
BTN Sharia Funding
Market Share
2015-2017* (%)**

- ◆ BTN
- ◆ Non BTN

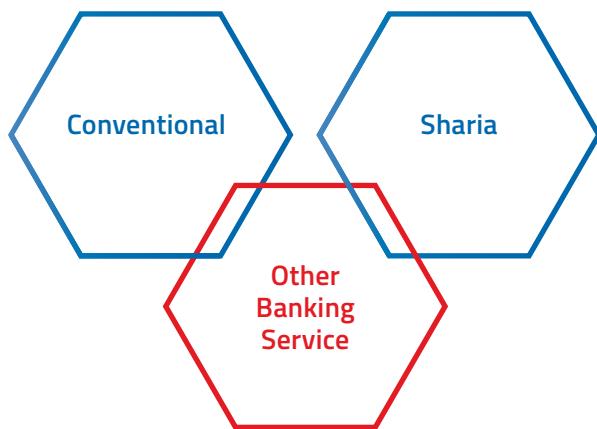
*Data Per September 2017



> Operational Analysis

Operational Performance by Segments

Up to 2017, the Company has operational activities that cover two main business segments, i.e. conventional and sharia. In addition, the Company also provides other banking services as the supporting business. A brief overview of the Company's operating segments is as follows.



Conventional

The Company provides consumer and commercial savings and loan products in the conventional segment. The performance of conventional segment is as follows.

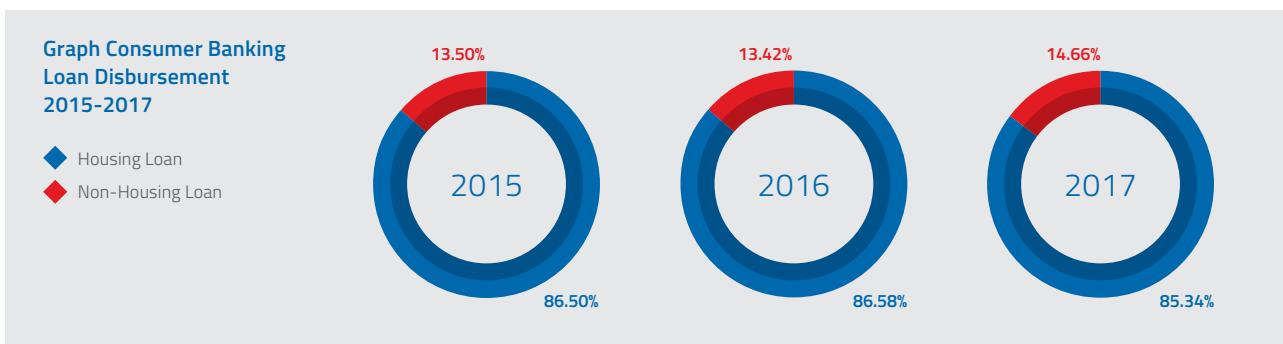
01 Consumer Banking

Consumer Loan Products

The Company's Loan Products consists of Housing Loan (KPR) and Non-Housing Loan. The Housing Loan is classified as Subsidized Housing Loan, Non-Subsidized Housing Loan, and Other Housing Loan. Every personal loan product is in the Rupiah currency. Throughout 2017, the Company successfully disbursed consumer loan amounted to Rp44,187,131 million, an increase by 26.96% compared to 2016, which was Rp34,804,253 million. The increase is mainly caused by the disbursement of subsidized Housing Loan that increased by 31.36% from the previous year.

Table Consumer Banking Loan Disbursement 2015-2017 (IDR million)

Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Housing Loan	26,295,864	30,133,461	25,14	37,708,048
Subsidized Housing Loan	11,718,433	15,609,653	31,36	20,504,547
Non-Subsidized Housing Loan	12,194,611	12,724,741	20,95	15,390,702
Other Housing-Related Loan	2,382,820	1,799,067	0,76	1,812,799
Non-Housing Loan	4,103,511	4,670,792	38,73	6,479,683
Total	30,399,375	34,804,253	26,96	44,187,731



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Consumer Banking

Subsidized Housing Loan

The Company was appointed to give the Subsidized Housing Loan service, in line with the Ministry of Finance Letter No. B-49/MK/IV/I/1974 dated January 29, 1974. The first realization of Housing Loan is on December 10, 1976. Subsidized Housing Loan disbursement is conducted through partnership with Government, i.e. Ministry of Public Works and Public Housing. Since 1976 until today, the scheme of Subsidized Housing Loan disbursement changes, but the Company is consistent with disbursing Subsidized Housing Loan.

The provisions on the Subsidized Housing Loan is stipulated in the Minister of Public Works and Housings Regulation (Permen PUPR) No. 21/PRT/M/2016 dated June 14, 2016, on Facilitation and/or Assistance for Low-Income Communities to Acquire Houses, and Permen PUPR No. 26/PRT/M/2016 dated July 14, 2016, on the Amendment to the Minister of Public Works and Housing Regulation No. 21/PRT/M/2016 on Facilitation and/or Assistance for Low-Income Communities to Acquire Houses.

Subsidized Housing Loan is a mortgage/financing of home ownership with assistance and/or facility to obtain housing from the Government, in the form of low-cost long-term funds and subsidy for the acquisition of houses. The Loan is issued by the Implementing Bank both conventionally and in sharia principles.

Low-Income Communities (MBR) who are first-time home buyers who meet certain requirements may obtain Subsidized Housing Loan at low and fixed interest rates during the term of the Housing Loan. Based on the Government subsidy program, the subsidized housing loan is for customers who do not have a home with a maximum income of Rp4 million per month to purchase a landed house, and a maximum income of Rp7 million per month to purchase a flat. House prices are bound to certain price limits. The Customer must have ID Card and Tax Identification Number when requesting loan.

In 2016, the Company disbursed subsidized housing loan using the Housing Financing Liquidity Facility (FLPP) scheme and Interest Margin Subsidy (SSB). Under an agreement with the government, the Company distributes Housing Loan with the SSB scheme in 2017, while the FLPP budget is allocated to other banks. The 2017 SSB budget is sufficient to disburse Subsidized Housing Loan in accordance with the Company's target of approximately 180 thousand houses.

The provisions of SSB Tapak and SSB Susun Housing Loan are as follows:

1. The housing loan value is at most the selling price of a landed or flat house, with difference on the down payment;
2. The highest annual rate of Housing Loan per year is the BI rate or other equivalent reference recognized by the Government plus 5% (five percent) as set forth in the Joint Operations agreement between the Implementing Bank and the Officer of Treasury Task Force;
3. In the event that the housing loan interest rate as referred to in point (2) is higher than the non-subsidized housing loan interest rate applicable to the Implementing Bank, the SSB

01

Consumer Banking

- Tapak and SSB Susun Housing Loan interest rate uses the outstanding non-subsidized Housing Loan interest rate applicable to the Implementing Bank;
4. The housing loan interest is paid by the debtor at 5% (five percent) annually, including the life insurance premium, fire insurance, and loan insurance;
 5. The interest rate as referred to in point (4) is fixed during the term of loan (fixed-rate mortgage) by the method of annuity or effective interest rate in accordance with the applicable provisions of the Implementing Bank;
 6. The term of Housing Loan is agreed upon by the Implementing Bank and the target group of SSB Tapak and Susun Housing Loan, which is adjusted to the ability to pay the installment by the target group of SSB Tapak and SSB Susun Housing Loan or at the maximum 20 (twenty) years; and
 7. The subsidized housing loan interest paid by the Government to the Implementing Bank is the highest difference in housing loan interest rate as referred to in point (2) with the mortgage rate paid by the debtor as referred to in point (4).

In 2017, the Company has disbursed Subsidized Housing Loan at Rp20,504,547 million or 173,763 house units, an increase of 31.36% compared to 2016, which was Rp15,609,652 million. The increase is mainly caused by the KPR SSA/SSB Tapak which increased by 176.70% from the previous year.

Table Subsidized Housing Loan Disbursement 2015-2017 (IDR million)

Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
KPR BTN Sejahtera Tapak	10,800,393	8,189,550	-	-
KPR BTN Sejahtera Susun	877	6,536	-	-
KPR BTN Sejahtera Susun Indent	-	-	-	-
KPR SSA/SSB Tapak	917,163	7,408,861	176,70	20,500,609
KPR SSA/SSB Susun	-	4,705	(17,90)	3,863
KPR BTN Mikro	-	-	100	75
Total	11,718,433	15,609,652	31,36	20,504,547

Non-Subsidized Housing Loan

The Company provides a range of non-subsidized Housing Loan services targeted towards upper-middle income customers with floating interest rates. The maximum period is 25 years for non-subsidized Housing Loan and 15 years for Apartment Loan (KPA) and Shop Office Loan. The minimum deposit requirement is 15% or in accordance with Bank Indonesia regulation concerning Loan to Value Ratio.

In 2017, the Company has disbursed Non-Subsidized Housing Loan amounted to Rp15,390,702 million, an increase of 20.95% compared to 2016, which was Rp12,724,741 million. The increase is mainly caused by the KPR BTN Platinum, which increased by 18.24% from the previous year.

Table Non-Subsidized Housing Loan Disbursement 2015-2017 (IDR million)

Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
KPR BTN Platinum	11.722.117	12.283.700	18,24	14.524.342
KPA BTN	257.769	304.134	125,31	685.237
Kredit Ruko BTN	214.725	136.907	32,30	181.123
Total	12.194.611	12.724.741	20,95	15.390.702

01

Consumer Banking

Table Disbursement of Other Housing-Related Loan 2015-2017 (Rp million)

Other Housing-Related Loan

In order to increase business growth, the Company also offers other types of housing loans and other consumer loans, which can be used in accordance with consumer needs. In 2017, the Company has disbursed Other Housing-Related Loan amounted to Rp1,812,799 million, an increase of 0.76% compared to 2016, which was Rp1,799,067 million. The increase is mainly caused by the increase in Kredit Agunan Rumah, which increased by 0.37% from the previous year.

Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Kredit Agunan Rumah	2,244,276	1,766,754	0.37	1,773,333
Kredit Bangun Rumah	64,061	28,973	13.96	33,018
PUM-KB BPJS Ketenagakerjaan	62,837	-	-	-
PRR-KB BPJS Ketenagakerjaan	1,503	-	-	5,398
TBUM Bapertarum	10,103	3,320	(68.37)	1,050
TBM Bapertarum	40	20	-	-
Total	2,382,820	1,799,067	0.76	1,812,799

Non-Housing Consumer Loan

The Company provides other consumer loans, excluding housing loans used for various customers' needs.

In 2017, the Company has disbursed Non-Housing Consumer Loan amounted to Rp6,479,683 million, an increase of 38.73% compared to 2016, which was Rp4,670,792 million. The increase was mainly caused by the Kredit Swadana BTN which increased by 78.82% from the previous year.

Table: Disbursement of Non-Housing Consumer Loan 2015-2017 (Rp million)

Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Kring BTN	628,205	621,456	29.39	804,100
Kring BTN Pensiunan	38,561	37,877	22.87	46,540
Kredit Swadana BTN	3,046,969	2,717,776	78.82	4,859,950
Kredit Pegawai	389,776	1,293,683	(40.55)	769,093
Total	4,103,511	4,670,792	38.73	6,479,683

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, low-cost fund source, 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 2017 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 2015-2017

No	Type of Saving	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Savings	6,118,475	29,402,734	6,748,167	32,776,835	7,470,025	38,217,936
2	Deposito	60,955	9,215,702	67,010	11,612,374	70,911	14,525,301
	Total	6,179,430	38,618,436	6,815,177	44,389,209	7,540,936	52,743.237

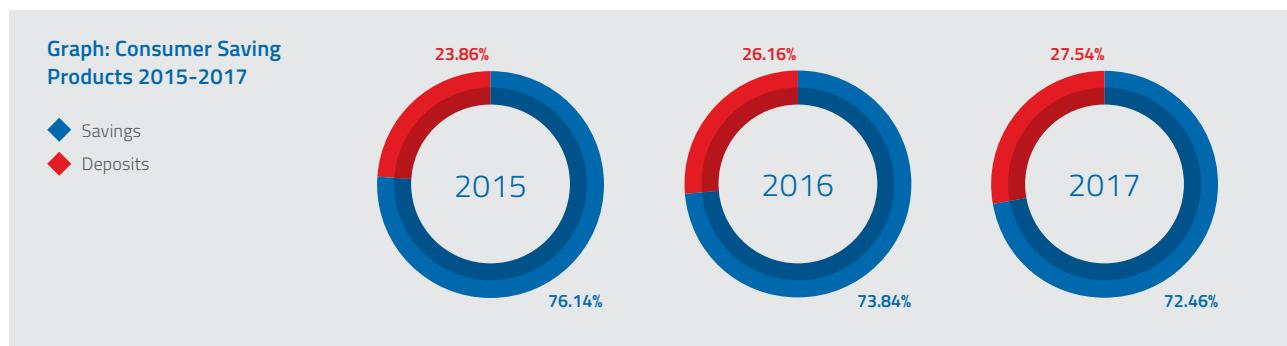


Table Consumer Savings 2015-2017 (Rp million)

Consumer Savings

In 2017, the Company has accumulated Consumer Savings amounted to Rp38,217,936 million, an increase of 16.60% compared to 2016, which was Rp32,776,835 million. The increase was mainly caused by the increase in Tabungan Batara, which increased by 25.33% from the previous year. The Company innovates the consumer savings products by launching three new products, i.e. Tabungan Batara Tax Amnesty, Tabungan BTN Batara RDN, and Tabungan BTN Siap!.

No	Type of Saving	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Tabungan Batara	1,802,251	10,125,935	1,900,917	12,067,548	2,042,236	15,124,799
2	Tabungan BTN Pensiunan	7,094	60,019	8,643	73,084	9,446	82,679
3	Tabungan Batara Pendidik	19,336	54,224	33,203	72,733	29,606	84,518
4	Tabungan Batara Prima	43,398	14,989,280	41,225	15,898,413	38,540	17,666,053
5	Tabungan Batara Tax Amnesty	-	-	-	-	34	1,369
6	Tabungan BTN Batara RDN	-	-	-	-	1,957	1,068
7	Tabungan Lainnya	3,100,448	1,776,516	3,786,815	2,051,828	4,310,330	2,326,796
	Tabungan BTN Junior	992,490	635,615	1,033,623	691,882	1,070,772	769,632
	Tabungan BTN Juara	850,794	485,786	986,294	533,834	1,084,567	591,116
	TabunganKu	234,690	449,485	291,601	585,061	629,410	720,546
	Tabungan BTN Simpel	19,371	1,647	457,880	46,704	494,424	59,343
	Tabungan Cermat	939,755	55,415	951,592	35,198	951,872	28,366
	Tabungan BTN Perumahan	4,716	36,397	4,329	46,313	4,244	43,942
	Tabungan BTN Haji Reguler	58,179	109,805	61,084	110,615	65,312	109,629
	Tabungan BTN Haji Plus	453	2,366	412	2,221	392	2,158
	Tabungan BTN Siap !	-	-	-	-	9,337	2,064
8	Tabungan Pos	1,145,948	2,396,760	977,364	2,613,229	1,037,876	2,930,654
	Tabungan Tabanas Batara	167,338	87,728	77,207	66,673	38,154	50,458
	Tabungan eBatara Pos	978,610	2,309,032	900,157	2,546,556	999,722	2,880,196
	Total	6,118,475	29,402,734	6,748,167	32,776,835	7,470,025	38,217,936

**Table Time Deposits
2015-2017**

No	Type of Deposit	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	1 months	36,094	5,784,519	39,654	6,803,407	42,806	7,687,249
2	2 months	52	100,496	806	74,579	1,058	83,266
3	3 months	15,261	2,452,874	18,993	4,050,550	20,427	5,124,295
4	6 months	6,417	459,640	4,879	378,137	4,376	1,329,091
5	12 months	2,694	191,898	2,352	192,696	2,019	229,422
6	24 months	335	16,553	281	11,907	215	9,697
7	On Call Deposit	102	209,722	45	101,098	20	62,281
	Total	60,955	9,215,702	67,010	11,612,374	70,911	14,525,301

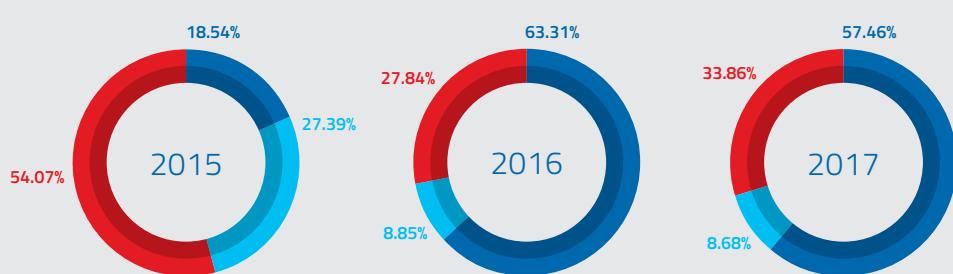
02 Commercial Banking

Table: Commercial Loan Disbursement 2015-2017 (Rp million)

Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Construction Loan	12,031,753	11,725,134	14.18	13,387,700
MSME Loan	1,524,466	1,639,585	23.30	2,021,553
Corporate Loan	3,009,086	5,156,324	52.99	7,888,824
Total	16,565,305	18,521,043	25.79	23,298,077

Graph: Commercial Loan Disbursement 2015-2017 (Rp million)

- ◆ Construction Loan
- ◆ MSME Loan
- ◆ Corporate Loan



02

Commercial Banking

Construction Loan

The Company provides construction loans to housing developers for working capital purposes that can be used to finance the construction of houses and apartments. For this type of loan, the Company provides maximum loan up to 80% of the construction cost or construction with floating interest rate. In making the decision to finance construction loan, the Company calculates the maturity period based on the estimated construction period and the revenue expected to be generated upon completion of the project. Construction loans are secured by collateral in the form of land and buildings that will be built on land.

Commercial banking customers who have obtained BTN Construction Loan may also obtain Land Ownership Loan, whereby the Company provides loan for the purpose of acquiring land to be used for constructing subsidized houses and apartments, in amounts up to 50% of the cost and value of the land, up to maximum of Rp5 billion. These loans typically have a maturity of up to three years and are secured by collateral in the form of acquired land and buildings financed. This loan generally is subject to floating interest rate which is higher than Non-Subsidized Housing Loan.

Construction Loan has a strategic role in supporting the One Million Houses Program because the loan distribution shall create the houses supply. In 2017, the Company has disbursed Construction Loan amounted to Rp13,387,700 million, an increase of 14.18% compared to 2016, which was Rp11,725,134 million. The increase is influenced by 7,762 house unit construction, which increased by 6.20% from the previous year.

MSME Loan

In 2017, the Company has disbursed MSME Loan amounted to Rp2,021,553 million, an increase of 23.30% compared to 2016, which was Rp1,639,585 million. The increase is mainly caused by the KUMK Loan which increased by 51.02% from the previous year.

Table MSME Loan Disbursement 2015-2017 (Rp million)

Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Loan for the Poor (KUR)	2,042	-	100	9,775
Micro and Small Enterprises Loan (KUMK)	695,642	1,013,545	51.02	1,530,665
KMK	377,944	359,145	(3.43)	346,813
MSME Investment Loan	60,266	44,982	(70.31)	13,354
MSME Contractor KMK	238,606	127,776	(42.97)	72,869
Linkage Program	149,966	94,137	(48.93)	48,076
Total	1,524,466	1,639,585	23.30	2,021,553

Corporate Loan

In 2017, the Company has disbursed Corporate Loan amounted to Rp7,884,824 million, an increase of 52.99% compared to 2016, which was Rp5,156,324 million. The increase is mainly caused by the KMK Loan which increased by 151.83% from the previous year.

Table Corporation Loan Disbursement 2015-2017 (IDR million)

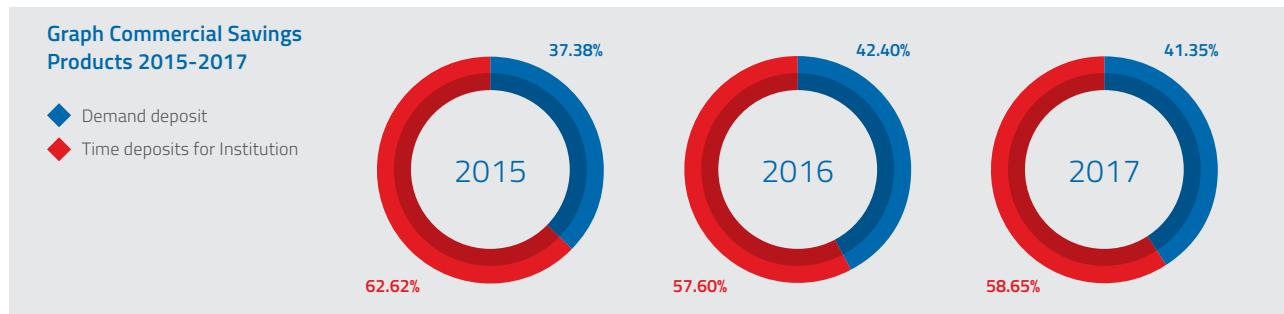
Loan Type	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
KMK	1,051,595	1,612,221	151.83	4,060,031
Investment Loan	917,529	1,504,565	25.43	1,887,183
KMK Contractor	1,039,962	2,039,538	(4.80)	1,941,610
Total	3,009,086	5,156,324	52.99	7,888,824

Table Commercial Saving Products 2015-2017**Commercial Saving Products**

In addition to loan disbursement, the Company provides products and funding services for commercial banking segment. There are commercial funding products in the Company, i.e. current account and time deposit for institutions. The performance of commercial banking savings products is as follow.

No	Type of Saving	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Demand Deposit	49,775	29,152,160	39,726	42,643,680	42,526	50,019,826
2	Time Deposit for Institutions	6,914	48,833,538	6,851	57,924,579	6,938	70,956,631
	Total	56,689	77,985,698	46,577	100,568,259	49,464	120,976,457

Throughout 2017, the Company successfully accumulated commercial savings amounted to Rp120,976,457 million, an increase of 20.29% compared to 2016 which was Rp100,568,259 million. The increase is due to the total funding increase of the Demand Deposit product or the Time Deposit for Institutions. The largest increase is collected from the Government institutions, Rp8,072,974 million or 38.10%, followed by SOEs/Regional Owned Enterprises increase of Rp6,830,799 million or 32.24%, and private institutions of Rp4,479,709 million or 21.14%. The Local government, others, and Educations institution increased by 7.36%.

**Table Commercial Demand Deposit 2015-2017****Commercial Demand Deposit**

In 2017, the Company has accumulated Commercial Demand Deposit amounted to Rp50,019,826 million, an increase of 17.30% compared to 2016, which was Rp42,643,680 million. The increase is mainly due to non-FLPP Demand Deposit, which increased by Rp8,207,777 million or 37.68%, especially from government institutions with an increase of Rp5,412,250 million or 73.37%.

No	Jenis Giro	2015		2016		2017	
		Rekening (unit)	Jumlah (Rp juta)	Rekening (unit)	Jumlah (Rp juta)	Rekening (unit)	Jumlah (Rp juta)
1	Non FLPP Demand Deposit	49,768	11,251,613	39,720	21,785,323	42,520	29,993,100
2	FLPP Demand Deposit	7	17,900,547	6	20,858,357	6	20,026,726
	Total	49,775	29,152,160	39,726	42,643,680	42,526	50,019,826

Table Time Deposits for Institutions 2015-2017

No	Type of Deposit	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Time Deposit for Institutions	6,820	46,753,461	6,772	55,981,037	6,815	67,726,064
2	On Call Institutional Deposit	94	2,080,077	79	1,943,542	123	3,230,567
	Total	6,914	48,833,538	6,851	57,924,579	6,938	70,956,631

03

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.

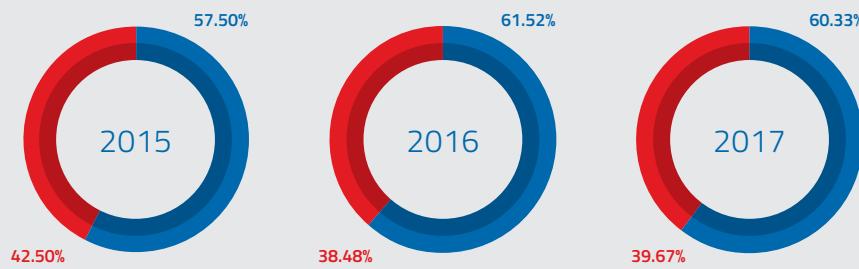
Financing realization based on consumer and commercial segments in 2017 reached Rp7,489,093 million, increased by 25.64% from 2016. The realization of financing is dominated by 60.33% in consumer segment, and the rest 39.67% in commercial segment.

Table Sharia Financing 2015-2017 (Rp million)

Type of Financing	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Consumer Financing	2,461,823	3,666,853	23.22	4,518,292
Commercial Financing	1,819,699	2,293,888	29.51	2,970,801
Total	4,281,522	5,960,741	25.64	7,489,093

Graph: Sharia Financing 2015-2017 (Rp million)

- ◆ Consumer Financing
- ◆ Commercial Financing



Consumer Financing

Throughout 2017, the Sharia Business Unit successfully disbursed consumer financing amounted to Rp2,545,113 million, an increase of 30.59% from the 2016 realization, which was Rp3,666,853 million. This is mainly due to the Company's decision to channel Subsidized Housing Loan only with SSB scheme so that the Sejahtera Tapak iB Housing Loan decreased.

**Table Realization of Consumer Financing 2015-2017
(Rp million)**

Type of Financing	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
KPR Sejahtera Tapak iB	1.052.340	1.719.354	(43.03)	979.559
KPR Sejahtera Susun iB	-	-	100	13.718
KPR SSM Tapak iB	-	223.543	782.68	1.973.177
KPR SSM Susun iB	-	943	2.872.21	28.035
KPR Platinum iB	1.026.178	1.196.310	(15.96)	1.005.354
KPR Indent iB	183.041	394.257	3.24	407.016
Pembiayaan Bangun Rumah iB	32.695	24.209	(47.81)	12.635
Pembiayaan PUMP Jamsostek iB	2.835	-	-	-
Pembiayaan Kendaraan Bermotor iB	3.480	4.109	(58.36)	1.711
Pembiayaan Gadai iB	2.552	2.112	45.97	3.082
Pembiayaan Multijasa iB	12.149	18.832	(42.77)	10.777
Pembiayaan Multimanfaat iB	98.301	83.184	0.05	83.227
Pembiayaan Talangan Haji iB	48.252	-	-	-
Total	2.461.822	3.666.853	23.22	4.518.292

Commercial Financing

Sharia Business Unit's product for commercial financing in 2017 amounted to Rp2,970,801 million, an increase of 29.51% compared to 2016, which was Rp2,293,888 million. The increase was mainly caused by the financing of Construction Financing BTN iB, which increased by 29.95% from the previous year.

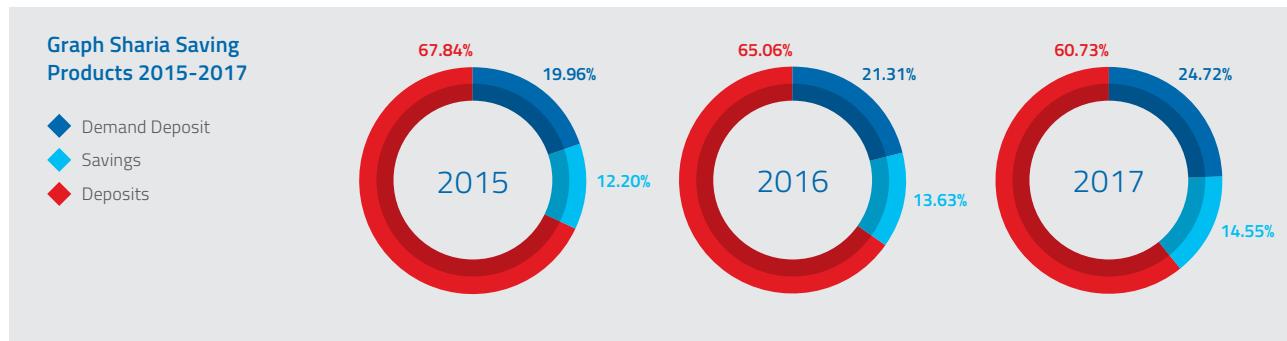
**Table Outflow of Commercial Financing 2015-2017
(Rp million)**

Type of Financing	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
BTN iB Construction Financing	1,187,089	1,826,164	29.95	2,373,037
Pembiayaan SYUKUR BTN iB	-	108	(100)	-
Pembiayaan Modal Kerja BTN iB	430.422	299.665	31.63	394.452
Pembiayaan Investasi BTN iB	202.188	167.951	21.05	203.312
Total	1.819.699	2.293.888	29.51	2.970.801

Table Sharia Saving Products 2015-2017**Sharia Savings Products**

Saving products from Sharia Business Unit consist of Demand Deposit, Savings, and Time Deposit. In 2017, the number of Sharia Business Unit product is Rp18,754,100 million, an increase of 24.78% compared to 2016. The increase is mainly due to an increase in deposits amounting to Rp1,611,651 or 16.48%. The performance details of Sharia Business Unit Saving Products is as follows.

No	Type of Saving	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Demand Deposit	5,295	2,216,283	6,587	3,202,375	7,743	4,635,304
2	Savings	347,568	1,354,947	443,539	2,049,373	526,806	2,728,643
3	Deposits	5,471	7,533,306	5,678	9,778,501	5,696	11,390,152
	Total	358,334	11,104,536	455,804	15,030,249	540,245	18,754,099

**Table Sharia Demand Deposit 2015-2017****Sharia Demand Deposit**

Sharia Demand Deposit consists of Giro BTN iB and Giro BTN Prima iB. In 2017, the sharia demand deposit amounted to Rp4,635,304 million, an increase of 44.75% compared to 2016. The increase is mainly caused by BTN Prima iB Demand Deposit, which increased by Rp945,962 million, or 100.63% from the previous year.

No	Type of Demand Deposit	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Giro BTN iB	4,019	1,729,780	5,102	2,262,359	6,170	2,749,326
2	Giro BTN Prima iB	1,276	486,503	1,485	940,016	1,573	1,885,978
	Total	5,295	2,216,283	6,587	3,202,375	7,743	4,635,304

**Table Sharia Savings
2015-2017****Sharia Savings**

The Company's Sharia Business Unit Savings Products experience an increase in 2017, both from the number of accounts, and the fund collected. The number of accounts increased by 18,77% and the fund increased by 33,15%. The increase is mainly influenced by Tabungan BTN Prima iB, which increased by Rp628,721 or 45.26% increase from the previous year.

No	Type of Demand Deposit	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Tabungan BTN Batara iB	217,345	465,681	269,265	563,695	320,874	617,345
2	Tabungan BTN Prima iB	91,751	796,534	100,413	1,389,225	110,493	2,017,945
3	Tabungan BTN Haji iB	28,540	88,573	29,719	91,009	32,158	86,040
4	TabunganKu iB	8,042	3,128	8,254	3,430	9,249	3,323
5	Tabungan BTN Qurban iB	1,890	1,031	2,406	1,347	3,176	1,754
6	Tabungan Simpel BTN iB			33,482	666	50,561	1,733
7	Tabungan Emas BTN iB					295	503
Total		347,568	1,354,947	443,539	2,049,373	526,806	2,728,643

**Table Sharia Deposits
2015-2017****Sharia Deposits**

The Company's Sharia Business Unit Deposits Products experience an increase in 2017, both from the number of accounts, and the fund collected. The number of accounts increased by 0,3% and the fund increased by 16,48%. The increase is mainly influenced by BTN iB Deposits, which increased by Rp1,550,404 or 16.72% increase from the previous year.

No	Type of Demand Deposit	2015		2016		2017	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1	Deposito BTN iB (Perorangan)	4,346	507,775	4,501	484,751	4,557	499,900
2	Deposito BTN iB (Lembaga)	1,119	7,019,926	1,169	9,272,550	1,130	10,822,954
3	Deposito On Call iB	6	5,605	8	21,200	9	67,298
Total		5,471	7,533,306	5,678	9,778,501	5,696	11,390,152

04

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.

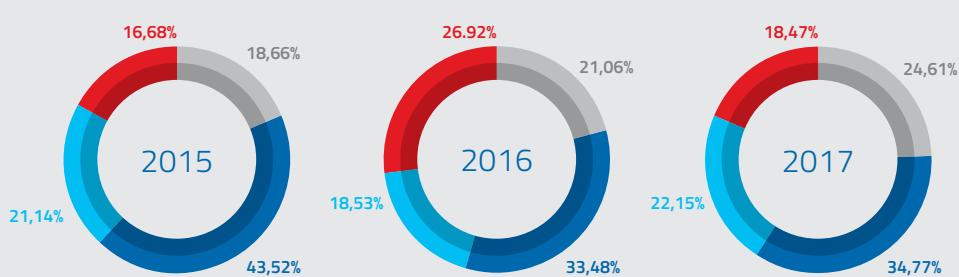
Through 2017, the fee-based income accumulated by the Company amounted to Rp1,630,415 million, an increase of 25.93% compared to 2016. The increase was mainly caused by administration income, which increased by Rp133,565 million or 30.82% from the previous year.

Table Fee Based Income 2015-2017 (Rp million)

Type of Income	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Trading Income	170,363	272,689	47.12	401,169
Administration Income	397,422	433,407	30.82	566,972
Demand Deposit Fees	13,784	13,149	2.14	13,430
Saving Fees	310,385	305,296	9.66	334,782
Deposit Administration Fees	15,967	23,709	95.79	46,419
Loan Administration Fees	57,286	91,254	88.86	172,342
Income from Services	193,076	239,992	50.46	361,085
Payment Point	5,251	7,598	140.09	18,242
Card & E-Banking	61,942	73,436	9.29	80,255
Servicing Fee of Asset Securities	20,002	17,602	150.70	44,128
Transfer	4,297	2,462	58.17	3,894
Guarantee Bank	31,328	35,503	22.34	43,436
Safe Deposit Box	4,617	4,713	13.28	5,338
Bancassurance Fees	10,352	29,827	74.95	52,128
Administrative Sharia Financing	50,272	62,880	49.10	93,758
Banking Services Fees	5,014	5,972	232.44	19,854
Other Income	363,328	348,561	(13.59)	301,189
Collateral Values (LPA, taxation)	6,577	12,293	89.85	23,339
Fines	94,546	105,650	(8.62)	96,548
Book Deletion	210,995	178,427	(22.11)	138,972
Others	51,210	52,191	(18.89)	42,330
Total	1,124,189	1,294,649	25.93	1,630,415

Graph Fee Based Income 2015-2017 (Rp million)

- ◆ Trading Income
- ◆ Administration Income
- ◆ Income from Services
- ◆ Other Income



Customer Card

In 2017, number of cardholder of Consumer Cards increased by 22.62%, from 4,674,641 card units in 2016 to 5,732,131 card units. This increase is influenced by the Company's strategy in the promotion of electronic banking transactions in order to increase the number of cardholders.

Table Consumer Cardholder 2015-2017

Type of Income	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Debit Card	3.769.503	4.652.914	22,72	5.710.058
Credit Card	20.974	21.727	1,59	22.073
Total	3.790.477	4.674.641	22,62	5.732.131

Wealth Management

The Company has four wealth management products, i.e. DPK, securities, mutual funds, and bancassurance. In 2017, the Wealth Management customers amounted to 37,034 customers, an increase of 1.60% compared to 2016. The increase is mainly due to the optimization of sales through cross-selling of nonbanking products, the addition of non-banking more varied products, the addition of priority personnel, the addition of priority outlets, and the addition of facilities and benefits for priority customers.

Table Wealth Management Customers 2015-2017

Type of Products	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
DPK	14,471	15,564	36.04	21,174
Bonds	4,144	2,812	(34.35)	1,846
ORI	2,717	915	(11.58)	809
SUKUK	1,427	1,476	(29.74)	1,037
SBR	-	421	(100)	-
Mutual Funds	1,091	1,046	49.62	1,565
Bancassurance	11,803	17,028	(26.89)	12,449
Total	31,509	36,450	1.60	37,034

In line with the increase in the Wealth Management customer, Asset Under Management in 2017 reached Rp27,822,696 million or an increase of 17.43%, which was only Rp23,693,287 million at the end of 2016. Details on Asset under Management is shown in tables as follows.

Table Asset under Management 2015-2017 (Rp million)

Type of Products	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
DPK	16.738.040	20.111.093	19,11	23.955.064
Securities	1.824.885	1.714.560	(57,20)	733.900
ORI	1.295.215	579.575	(38,92)	354.030
SUKUK	529.670	1.024.985	(62,94)	379.870
SBR	-	110.000	(100)	-

04

Banking Services

Type of Products	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Mutual Funds	362,381	531,417	(32.71)	357,603
Bancassurance	62,573	1,336,218	107.76	2,776,128
Total	18,987,879	23,693,287	17.43	27,822,696

Electronic Channel

Throughout 2017, the transactions through e-channel products amounted to 115,666,659 or an increase of 23.47% compared to 2016 which was 93,683,253 transactions. This increase is mainly due to the development of digital features/products and various promotional programs to attract customers to increase electronic banking transactions.

Table E-Channel Transactions 2015-2017

Type of Products	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
ATM & KiosK	41,111,139	72,191,957	18.67	85,673,578
CDM	124,613	143,073	5.26	150,602
Internet Banking	251,757	799,542	111.71	1,692,723
Cash Management	798,154	763,641	31.83	1,006,733
SMS Banking	4,942,511	3,957,008	9.75	4,342,884
Mobile Banking	7,413,767	15,828,032	44.05	22,800,139
Total	54,641,941	93,683,253	23.47	115,666,659

05

Income per Segment

The Company has accumulated Income for the Year 2017 amounted to Rp3,027,466 million, an increase of 15.60% compared to 2016, which was Rp2,618,905 million. The increase is due to the profitability of conventional segments and sharia segment, which increased by 13.55% and 27.76%, respectively. The detail of Income for the Year of the Company per segment in the last two years is as follows.

Table Income for the Year per Segment 2017 (IDR million)

No	Description	Conventional	Sharia	Elimination	Total
1	Segment Income	18,446,733	824,849	-	19,271,582
2	Segment Expenses	(9,918,890)	(11,752)	-	(9,930,642)
3	Segment Income - Net	8,527,843	813,097	-	9,340,940
4	Other Operating Income	1,538,350	67,581	-	1,605,931
5	Provision for impairment losses on financial assets and non-financial assets	(855,103)	(29,298)	-	(884,401)
6	Other Operating Expenses	(5,842,016)	(328,551)	-	(6,170,567)
7	Income from Operations	3,369,074	522,829	-	3,891,903
8	Non-operating Income - Net	10,290	(40,638)	-	(30,348)
9	Tax Expenses	(834,089)	-	-	(834,089)
10	Income for the Year	2,545,275	482,191	-	3,027,466

Table Income for the Year per Segment 2016 (IDR million)

No	Description	Conventional	Sharia	Elimination	Total
1	Segment Income	16,501,472	637,347	-	17,138,819
2	Segment Expenses	(8,961,627)	(13,647)	-	(8,975,274)
3	Segment Income - Net	7,539,845	623,700	-	8,163,545
4	Other Operating Income	1,241,506	41,316	-	1,282,822
5	Provision for impairment losses on financial assets and non-financial assets	(598,296)	(109,235)	-	(707,531)
6	Other Operating Expenses	(5,132,653)	(253,951)	-	(5,386,604)
7	Income from Operations	3,050,402	265,656	-	3,352,232
8	Non-operating Income - Net	(97,741)	75,593	-	(22,148)
9	Tax Expenses	(711,179)	-	-	(711,179)
10	Income for the Year	2,241,482	377,423	-	2,618,905

> Financial Analysis

In 2017, the Company is able to record good financial performance. The Company recorded Comprehensive Income of the Year for Rp3,056,679 million. In addition, the Company successfully recorded strong financial position with Total Assets of Rp261,365,267 million, Total Loan and Financing of Rp198,990,581 million, Total of Third-Party Fund of Rp192,473,793, and Total Equity of Rp21,663,434 million.

01 Financial Position Statement

The Total Assets increased by

22.04%

to
Rp261,365,267 million

Assets

In the midst of the limited growth of growing domestic in 2017 and the increasingly tight competition in the national banking, the Company is able to increase its assets well above the average growth of the banking industry. The Company's assets have grown by more than 18% over the last 5 (five) years, which proved the growth potential that remains high in the future as it focuses on housing finance.

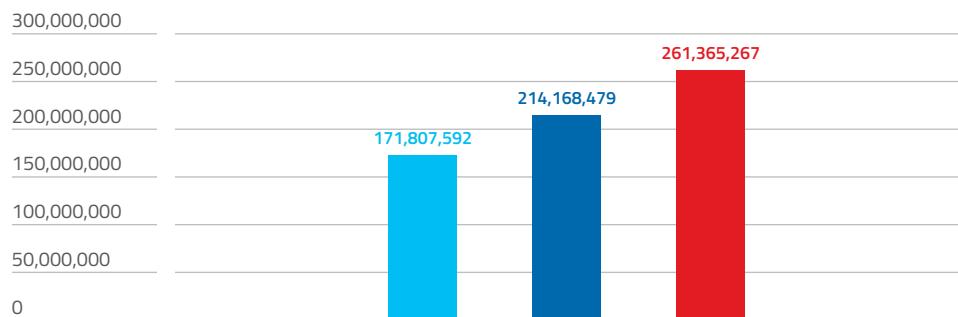
The Company's total assets increased by 22.04% to Rp261,365,267 million, compared to 2016, which was Rp214,168,479 million. The increase was mainly due to the increase in Loans and Sharia Financing/Receivables by 21.13% in 2017 to Rp196.63 trillion, compared to 2016 of Rp162.33 trillion.

Table: Assets 2015-2017 (IDR million)

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Cash	1,181,219	1,006,682	2.07	1,027,554
Current Accounts with Bank Indonesia	10,986,351	10,697,378	17.36	12,554,585
Current accounts with other Banks	201,361	321,306	73.14	556,301
Placements with Bank Indonesia and Other Banks	7,839,477	17,581,350	40.48	24,697,503
Securities	1,807,561	4,171,700	84.72	7,706,031
Government Bonds	8,230,908	9,243,639	(11.46)	8,183,973
Loans granted and sharia financing/receivables	136,905,226	162,330,347	21.13	196,634,594
Acceptance Receivables	-	-	-	8,081
Fixed Assets	1,553,401	4,659,379	3.82	4,837,319
Interest Receivable	1,548,489	1,864,829	23.14	2,296,440
Deferred Tax Assets	-	102,791	69.82	174,555
Other Assets	1,553,599	2,189,078	22.81	2,688,331
Total Assets	171,807,592	214,168,479	22.04	261,365,267

**Graph: Assets 2015-2017
(IDR million)**

- ◆ 2015
- ◆ 2016
- ◆ 2017



01

Financial Position Statement

Cash

The Company's Total Cash increased by 2.07% to Rp1,027,554 million compared to 2016, which was Rp1,006,682 million. Cash Balance of 2016 and 2017 includes cash balance on Automated Teller Machines, which amounts to Rp192,754 million and Rp187,839 million, respectively. The decreased cash is a part of the Company's overall liquidity management.

Current Accounts with Bank Indonesia

The Company's current account with Bank Indonesia increased by 17.36% to Rp12,554,585 million, compared to 2016, which was Rp10,697,378 million. The increase is influenced by the Company's policy in managing current account balance at Bank Indonesia to support payment traffic and liquidity management. The increase of current Accounts with Bank Indonesia balance is influenced by the growth of deposits from customer in the amount of 20.45% in 2017.

Current accounts with other Banks

The Company's current account with other Banks increased by 73.14% to Rp556,301 million, compared to 2016, which was Rp321,306 million. The increase is influenced by the Company's policy in managing liquidity.

Placements with Bank Indonesia and Other Banks

The Company's total Placements with Bank Indonesia and Other Banks increased by 40.48% to Rp24,697,503 million compared to 2016, which was Rp17,581,350 million. The increase is influenced by the increase in Term Deposit in order to optimize liquidity management and placement in favorable instruments.

Securities

The Company's total Securities increased by 84.72% to Rp7,706,031 million compared to 2016, which was Rp4,171,700 million. The increase is influenced by the increase in trading portfolio by 785.61% in 2017 to Rp4,857,775 million, compared to 2016 which amounted to Rp548,521 million. This is the Company's goal to optimize revenue while maintaining liquid instruments.

**Table: Securities 2015-2017
(Rp million)**

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Fair value through profit or loss (trading)	0	548,521	786.61	4,857,775
Available-for-sale	1,461,052	3,339,443	(21.65)	2,616,393
Held-to-maturity	358,510	298,177	(17.24)	246,786
Total	1,819,562	4,186,141	84.44	7,720,954
Allowance For Impairment Losses	(12,001)	(14,441)	3.34	(14,923)
Total Securities	1,807,561	4,171,700	84.72	7,706,031

01

Financial Position Statement

Table: Government Bonds (Rp million)

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Fair value through profit or loss (trading)	19,267	1,130,579	(55.96)	497,939
Available-for-sale	5,111,280	5,076,450	(14.17)	4,357,109
Held-to-maturity	3,100,361	3,036,610	9.63	3,328,925
Total	8,230,908	9,243,639	(11.46)	8,183,973
Fixed Interest Rate	2,160,071	2,637,118	22.39	3,227,470
Zero Coupon	257,502	1,703,915	(100.00)	-
Variable Interest Rate	5,813,335	4,902,606	1.10	4,956,503
Total Government Bonds	8,230,908	9,243,639	(11.46)	8,183,973

Loans granted and sharia financing/receivables

Total loans granted and Sharia Financing/Receivables in the Company increased by 21.13% to Rp196,634,594 million compared to 2016, which was Rp162,330,347 million or in terms of gross, increased by 21.01% from Rp164,446,381 million in 2016 to Rp198,990,581 million in 2017. The increase was influenced by the increasing lending and sharia financing of the Company in the housing sector to support the One Million Houses program by the Indonesian government.

The Company maintains a loan portfolio and housing finance of over 90% of total loan and financing. Housing loans and financing, such as Subsidized Housing Loans and Construction Loans, are the main drivers of growth. Subsidized Housing Loan grew by 32.45%, in line with the still high demand for housing in the lower segment, while Construction Loan increased by 18.98%, in line with the Company's efforts to increase its home supply during 2017. Non-Housing Commercial Loans increased by 27.12% in 2017, and it remain focused on State-Owned Enterprises and its subsidiaries to finance projects that are still related to housing.

Table: Composition of Sharia Financing and Loans in 2015-2017 (Rp billion)

Due to this high growths, the Company is still the leader in the Housing Loan market in Indonesia, with 36.30% market share.

Description	2015		2016		Increase/ Decrease from 2016 to 2017 (%)		2017
	Rp billion	Market Share (%)	Rp billion	Market Share (%)	Rp billion	Market Share (%)	
Housing Loans	124,927	89.90	147,948	89.97	21.14	179,228	90.07
1. Subsidized Housing Loan	43,527	31.32	56,835	34.56	32.45	75,278	37.83
2. Non Subsidized Housing Loan	53,567	38.55	60,469	36.77	14.62	69,309	34.83
3. Other Housing Loans	8,934	6.43	8,723	5.30	(1.86)	8,561	4.30
4. Construction Loans	18,900	13.60	21,921	13.33	18.98	26,081	13.11

Description	2015		2016		Increase/ Decrease from 2016 to 2017 (%)	2017	
	Rp billion	Market Share (%)	Rp billion	Market Share (%)		Rp billion	Market Share (%)
Non Housing Loans	14,029	10.10	16,498	10.03	19.78	19,763	9.93
1. Consumer Loan	3,839	2.76	4,738	2.88	1.59	4,813	2.42
2. Commercial Loan	10,190	7.33	11,761	7.15	27.12	14,950	7.51
Total Loans	128,956	100.00	164,446	100.00	21.01	198,991	100.00

Although loan growth is well above industry growth during 2017, the Company is able to maintain the quality of its loans and financing. The Non-Performing Loans (NPL) improved from 2.84% in 2016 to 2.66% in 2017, as a result of the Company's efforts to improve the loan analysis process, tight monitoring of debtor's business and collaterals, and intensification of billing and sales processes, loan collateral, and financing problems.

Table: Loan and Financing per Collectibility in 2015-2017 (Rp billion)

Not only in the NPL level, the special mention loan also continue to show improvement. Special mention loan also decreased by 12.46% in 2015, to 10.22% in 2016, and 8.77% in 2017.

Description	2015		2016		2017	
	Rp billion	Market Share (%)	Rp billion	Market Share (%)	Rp billion	Market Share (%)
Non-Performing Loan (NPL)	134,203	96.58	159,770	97.16	193,703	97.34
1. Current	116,887	84.12	142,963	86.94	176,247	88.57
2. Special Mention	17,316	12.46	16,807	10.22	17,455	8.77
Non-Performing Loan (NPL)	4,753	3.42	4,676	2.84	5,288	2.66
1. Substandard	250	0.18	260	0.16	236	0.12
2. Doubtful	359	0.26	333	0.20	349	0.18
3. Loss	4,144	2.98	4,083	2.48	4,703	2.36
PL + NPL	138,956	100.00	164,446	100.00	198,991	100.00
NPL Gross		3.42%		2.84%		2.66%
NPL Netto		2.11%		1.85%		1.66%

The quality of each type by loan shows that NPL and Subsidized Housing Loan improved over the last 3 (three) years, to 1.16% in 2017. Non-residential Commercial Loans NPLs also gradually improved to 7.99%, as the Company step to intensify sales activities and auction of collateral for troubled loans.

Table: Composition of Sharia Loan and Financing in 2015-2017 (%)

No	Description	2015	2016	2017
1	Housing Loan	2.79	2.36	2.31
	1. Subsidized Housing Loan	2.48	1.52	1.16
	2. Non-Subsidized Housing Loan	2.57	2.65	3.00
	3. Other Housing-Related Loan	3.44	3.59	4.09
	4. Construction Loan	3.81	3.21	3.14

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Financial Position Statement

No	Description	2015	2016	2017
2	Non-Housing Loan	9.02	7.14	5.82
	1. Consumer Loan	2.17	1.35	1.34
	2. Commercial Loan	11.57	9.44	7.99
	Total Loans	3.42	2.84	2.66

Acceptance Receivables

Total Company's Acceptance Receivables in 2017 is Rp8,081 million and there is no balance in 2016. The emerging acceptance receivable is influenced by the Company's expansion in the financing business sector, which is still relevant to the Company's main business scope.

Fixed Assets

The Company's total assets increased by 3.82% to Rp4,837,319 million, compared to 2016, which was Rp4,659,379 million. The increase is influenced by the addition of office equipment in order to support the Company's operations.

Table: Fixed Assets 2015-2017 (Rp million)

Description	2015	2016	Increase/Decrease from 2016 to 2017 (%)	2017
Land	537,559	3,579,861	0.00	3,579,953
Building	1,051,747	1,174,514	15.34	1,354,709
Office Equipment and Vehicles	1,575,241	1,751,407	11.12	1,946,112
Total Cost Value	3,164,547	6,505,782	5.76	6,880,774
Construction in progress assets	72,740	51,550	16.70	60,159
Cost Value	3,237,287	6,557,332	5.85	6,940,933
Accumulated Depreciation				
Building	392,181	444,222	12.74	500,796
Office Equipment and Vehicles	1,291,705	1,453,731	10.26	1,602,818
Total Accumulated Depreciation	1,683,886	1,897,953	10.84	2,103,614
Net Book Value	1,553,401	4,659,379	3.82	4,837,319

Interest Receivable

The Company's Total Interest Receivable increased by 23.14% to Rp2,296,440 million compared to 2016 which was Rp1,864,829 million. The increase is influenced by the increase in interest from the loan portfolio and the quality of the asset quality.

Deferred Tax Assets

The Company's Total Deferred Tax Assets increased by 69.82% to Rp174,555 million compared to 2016 which was Rp102,791 million. The increase is mainly influenced by the calculation of fiscal correction from allowance for impairment losses on financial assets and non-financial assets, due to differences in calculations under the terms of financial accounting standards and taxation.

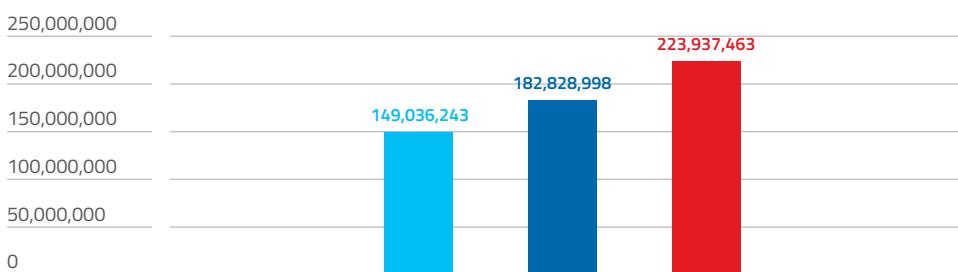


Table: Liabilities 2015-2017 (IDR million)

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Liabilities Due Immediately	1,960,789	2,081,886	35.16	2,813,874
Deposits from Customer	118,802,724	147,787,618	19.83	177,091,421
Deposits from Other Banks	1,715,902	3,643,889	38.96	5,063,433
Securities Sold Under Repurchase Agreements	2,135,091	1,385,000	-	1,385,000
Acceptance Payable	-	-	-	8,081
Securities Issued	12,492,202	14,919,910	37.27	20,480,459
Borrowings	7,726,728	4,999,616	59.83	7,991,053
Interest Payable	357,364	382,551	28.70	492,361
Employee Benefits and Other Liabilities	3,835,877	4,629,410	21.23	5,612,462
Subordinated loans	-	2,999,118	0.01	2,999,319
Deferred Tax Liabilities	9,566	-	-	-
Total Liabilities	149,036,243	182,828,998	22.48	223,937,463

Graph: Liabilities 2015-2017 (IDR million)

- ◆ 2015
- ◆ 2016
- ◆ 2017



Graph: Liabilities 2015-2017 (IDR million)

The Company's Total Liabilities Due Immediately increased by 35.16% to Rp2,813,874 million compared to 2017, which was Rp2,081,886 million. The increase is mainly influenced by the increase in Time Deposit Maturities and Liabilities to Third Parties amounting to Rp491,458 million and Rp258,771 million, respectively. The increase in liabilities to third parties is due to increased liabilities to payment point service providers due to increased transactions on the payment point.

Deposits from the Customer and Temporary Syirkah Funds

To support high loan growth, the Company must be able to raise funds from customers in large quantities. In 2017, the Company was able to increase its deposits from customer position

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Financial Position Statement

Table: Deposits from the Customer and Temporary Syirkah Funds

Description	2015	2016	Increase/Decrease from 2016 to 2017 (%)	2017
Demand Deposit	31,368,443	45,846,055	19.21	54,655,130
Savings	30,757,681	34,826,208	17.57	40,946,579
Time Deposit	65,582,546	79,315,454	22.14	96,872,084
Total Deposits from the Customer and Temporary Syirkah Funds	127,710,685	159,989,733	20.31	192,475,810
CASA Ratio	48.65%	50.42%	(1.50)	49.67%

Deposits from Customer

The Company's Total Deposits from Customer increased by 19.83% to Rp177,091,421 million compared to 2016, which was Rp147,787,618 million. The increase is influenced by the increase of deposits in term deposits of Rp15,944,979 million and Current Accounts of Rp7,376,146 million, as a result of the effectiveness of third party fundraising by the Company.

Table: Deposits from Customer (Rp million)

Description	2015	2016	Increase/Decrease from 2016 to 2017 (%)	2017
Demand Deposit	30,881,941	44,906,039	17.51	55,769,152
Savings	29,871,543	33,344,626	16.48	38,840,337
Time Deposit	58,049,240	69,536,953	22.93	85,481,932
Total Deposits from Customer	118,802,724	147,787,618	19.83	177,091,421

Syirkah Temporary Fund

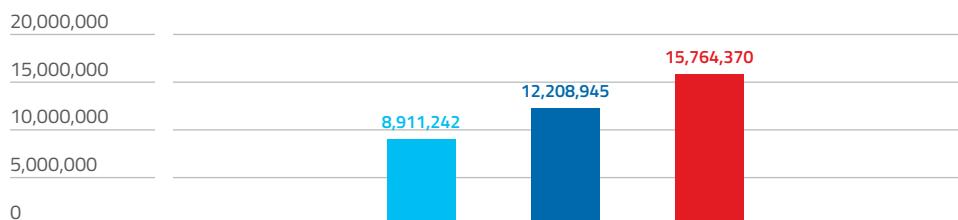
The Company's Syirkah Temporary Fund increased by 29.12% to Rp15,764,370 million compared to 2016 which was Rp12,208,945 million. The increase is influenced by the increase of Mudharabah Customer's Deposits and Current Account of Mudharabah Customers amounting to Rp1,348,651 million and Rp945,962 million, respectively, due to the increase in the effectiveness of the accumulation of funds by the Company.

Table: Syirkah Temporary Fund 2015-2017 (Rp million)

Description	2015	2016	Increase/Decrease from 2016 to 2017 (%)	2017
Deposits from Customer	8,905,946	12,200,099	26.08	15,382,372
Deposits from Other Banks	5,296	8,846	4,218.31	381,998
Total Syirkah Temporary Fund	8,911,242	12,208,945	29.12	15,764,370

Graph: Syirkah Temporary Fund 2015-2017 (Rp million)

◆ 2015
◆ 2016
◆ 2017



Deposits from Customer - Syirkah

The Company's Total Deposits from Customer - Syirkah increased by 26.08% to Rp15,382,372 million compared to 2016, which was Rp12,200,099 million. The increase is mainly influenced by the increase in Mudharabah Customer Deposits amounting to Rp1,611.651 million, as a result of the effectiveness of the Company's fundraising activities.

Table: Deposits from Customer - Syirkah (Rp million)

Description	2015	2016	Increase/Decrease from 2016 to 2017 (%)	2017
Current accounts Mudharabah	486,502	940,016	100.63	1,885,978
Saving deposits Mudharabah	886,138	1,481,582	42.16	2,106,242
Time deposits Mudharabah	7,533,306	9,778,501	16.48	11,390,152
Total Deposits from Customer - Syirkah	8,905,946	12,200,099	26.08	15,382,372

Deposits from Other Banks - Syirkah

The Company's Total Deposits from Other Banks - Syirkah increased by 4,218.31% to Rp381,998 million compared to 2016, which was Rp8,846 million. The increase is mainly influenced by the increase in Mudharabah Other Banks Deposits amounting to Rp371,712 million, as a result of the effectiveness of the Company's fundraising activities.

Acceptance Payable

The Company's Total Deposits from Other Banks increased by 38.96% to Rp5,063,433 million compared to 2016, which was Rp3,643,889 million. The increase is mainly influenced by the increase in Deposits from Other Banks in the form of time deposits amounting to Rp2,158,082 million, as a result of the Company's marketing activities.

Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements in 2016 and 2017 amounted to Rp1,385,000 million.

Acceptance Payable

Total Company's Acceptance Payable in 2017 is Rp8,081 million. There is no balance in 2016. The emerging of acceptance payable in 2017 is due to the Company's expansion in the new business sector to supplement its revenue.

Securities Issued

The Company's Total Securities Issued increased by 37.27% to Rp20,480,459 million compared to 2016 which was Rp14,919,910 million. The increase is mainly influenced by the issuance of the Continuous Bonds III Phase I 2017, at a nominal value of Rp5,000,000 million to support the Company's financing activities.

Borrowings

The Company's Total Borrowings decreased by 59.83% to Rp 7,991,053 million compared to 2016 which was Rp4,999,616 million. The increase is mainly influenced by the addition of the

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Financial Position Statement

Company's bilateral loan from PT Sarana Multigriya Finansial amounting to Rp2,599,766 million, which is utilized as a source of funding to support loan distribution.

Interest Payables

The Company's Total Interest Payables increased by 28.70% to Rp492,361 million compared to 2016 which was Rp382,551 million. The increase is mainly influenced by the increasing interest payables for Time Deposits and Securities Issued amounting to Rp93,019 million and Rp16,592, respectively, as a result of the increase in the balance of these financial liabilities.

Employee Benefits and Other Liabilities

The Company's Total Employee Benefits and Other Liabilities increased by 21.23% to Rp5,612,462 million compared to 2016, which was Rp4,629,410 million. The increase is mainly influenced by the increase in the Developer Guarantee Fund amounting to Rp771,413 million, in line with the increased lending to Housing Developers. The Company required developers to provide a guarantee fund for the settlement of Developer's liabilities to customers.

Subordinated loans

Total Company's Subordinated Loans increased by 0.01% to Rp2,999,319 million, compared to 2016 which was Rp2,999,118 million. In 2017, the Company does not use Subordinated Loan Instruments as an alternative source of financing in the context of overall debt management.

Equity

The Company's Total Equity increased by 13.24% to Rp21,663,434 million compared to 2016, which was Rp19,130,536 million. The increase is mainly influenced by the increase in retained earnings of the Company in 2017 amounting to Rp2,503,685 million, in line with the Company's success in earning a Comprehensive Income for the year.

The Total Equity increased by

13.24%

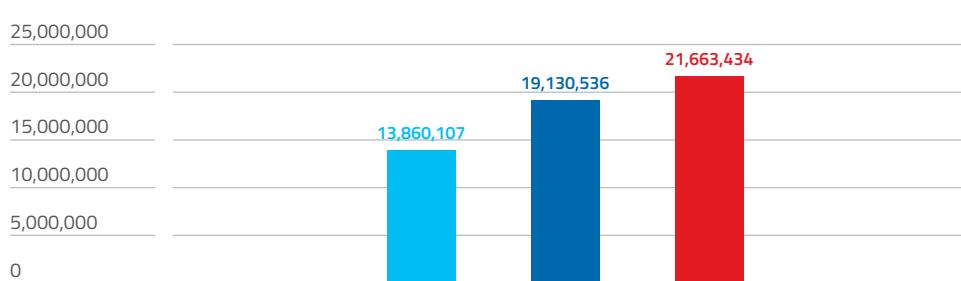
to
Rp21,663,434 million

Table: Equity 2015-2017 (IDR million)

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Capital Stock	5,291,173	5,295,000	-	5,295,000
Additional Paid-Up Capital	2,046,598	2,054,454	-	2,054,454
Stock Option	2.690	-	-	-
Net unrealized loss on available-for-sale securities and Government bonds, net of deferred tax	(133.690)	(115.567)	(81.19)	(21.742)
Remeasurement Losses on defined benefit plan - net of deferred tax	(106.144)	(78.546)	82.26	(143.158)
Earnings from Fixed Assets Revaluation	-	2,966,991	-	2,966,991
Retained Earnings	6,759,480	9,008,204	27.79	11,511,889
Total Equity	13,860,107	19,130,536	13.24	21,663,434

Graph: Equity 2015-2017 (IDR million)

- ◆ 2015
- ◆ 2016
- ◆ 2017



02

Statement of Profit or Loss and Other Comprehensive Income

Table: Statement of Profit/Loss in 2015-2017 (IDR million)

The Income from Operations increased by
16.10%
 to Rp3,891,903 million

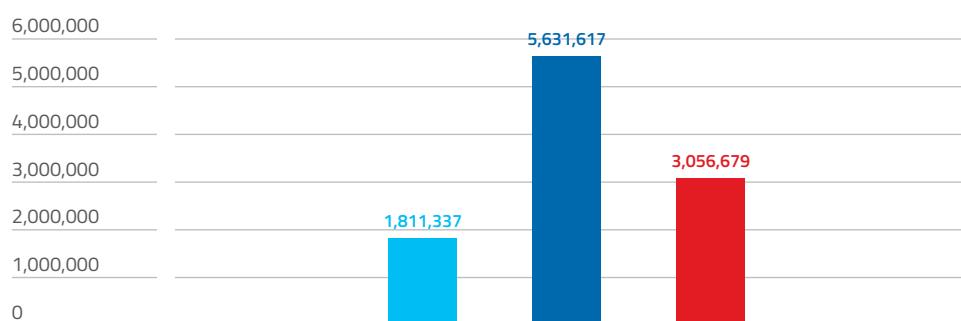
Income from Operations

The Company recorded a net income of Rp3,027,466 million in 2017 or increased by 15.60% from 2016, i.e. Rp2,618,905 million. This net income growth is driven by high loan and financing growth, loan quality improvement, and reduction of cost of funds. Fee-based income growth also encouraged the net income increase.

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Operational Income and Expense				
1. Interest Revenue and Net Split	14.966.209	17.138.819	12,44	19.271.582
2. Interest Expense and Bonus	(8.155.133)	(8.975.274)	10,64	(9.930.642)
Other Operating Income	1.106.526	1.282.822	25,19	1.605.931
Depreciation of Impairment on Financial and Non-Financial Assets	(901.008)	(707.531)	25,00	(884.401)
Reversed Estimated Allowance (Expense) on Impairment of Commitment and Contingencies	7.198	-	-	-
Other Operational Expenses	(4.490.187)	(5.386.604)	14,55	(6.170.567)
Income from Operations	2.533.605	3.352.232	16,10	3.891.903
Non-Operational Income - Net	8.281	(22.148)	37,02	(30.348)
Profit before Tax Expense	2.541.886	3.330.084	15,96	3.861.555
Tax Expenses	(690.979)	(711.179)	17,28	(834.089)
Income for the Year	1.850.907	2.618.905	15,60	3.027.466
Other Comprehensive Income:				
1. Accounts that shall not be reclassified to income statement	4.107	2.994.589	(102,16)	(64,612)
2. Accounts that shall not be reclassified to income statement	(43.677)	18.123	417,71	93.825
Total comprehensive income for the year - after tax	1.811.337	5.631.617	(45,72)	3.056.679
Earnings Per Share				
1. Basic (full amount)	175	247	15,79	286
2. Diluted (full amount)	175	247	15,79	286

Graph of Comprehensive Income for the Year 2015-2017 (Rp million)

- ◆ 2015
- ◆ 2016
- ◆ 2017



Interest Revenue and Net Split

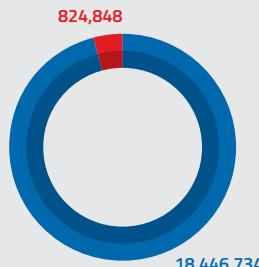
Interest income and profit sharing increased by 12.44% to Rp19,271,582 million compared to that in 2016 of Rp17,138,819 million. The increase is mainly caused by the increase in interest income from the granted Loans of 12.51%, from Rp15,458,359 million to Rp17,391,610 million in 2017 as an impact of the increase in the loans balance and the maintenance of asset portfolio quality.

Table of Interest Revenue and Net Split in 2015-2017 (Rp million)

Keterangan	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Interest	14,455,136	16,501,472	11.79	18,446,734
1. Loans granted	13,523,274	15,458,359	12.51	17,391,610
2. Current Accounts with Bank Indonesia	58,935	37,913	110.40	79,768
3. Current accounts with other Banks	3,496	1,548	19.64	1,852
4. Placements with Bank Indonesia and Other Banks	116,020	159,686	4.78	167,323
5. Government Bonds	488,650	557,935	(12.96)	485,628
6. Securities	264,761	286,031	12.07	320,553
Sharia Net Split	511,073	637,347	29.42	824,848
Interest Revenue and Net Split	14,966,209	17,138,819	12.44	19,271,582

Table: Composition of Interest Income and Profit Sharing in 2017 (Rp million)

- ◆ Interest
- ◆ Sharia Net Split



Interest Expense and Bonus

Interest expense and bonus increased by 10.64% to Rp9,930,642 million compared to that in 2016 of Rp8,975,274 million. The largest component of interest expense is the expenses from deposits from customers (Demand Deposits, Savings Deposits, and Time Deposits), which increased by 7.31%, from Rp6,634,569 million in 2016 to Rp7,119,638 million in 2017. The increase is lower than the 19.83% growth in deposits from customers, as the Company managed to lower the cost of funds. The increase is experienced by interest expenses of securities issued of Rp330,125 million, in line with the increase of the Company's securities balance.

Table of Interest Expense and Interest in 2015-2017 (Rp million)

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Interest	8,073,584	8,870,675	10.53	9,805,116
1. Deposits from Customer (Demand Deposits, Savings Deposits, and Time Deposits)	6,123,625	6,634,569	7.31	7,119,638
2. Securities Issued	1,056,483	1,189,959	27.74	1,520,084

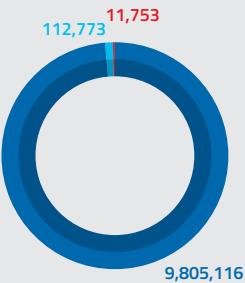
02

Statement of Profit or Loss and Other Comprehensive Income

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
3. Fund Borrowings	517,087	566,644	0.02	566,758
4. Subordinated loans	-	150,868	79.10	270,200
5. Deposits from Other Banks	154,607	181,797	29.96	236,255
6. Securities Sold Under Repurchase Agreements	221,782	146,838	(37.22)	92,181
Other Financing Expenses	70,383	90,952	25.09	113,773
Wadiyah Savings Bonus	11,166	13,647	13.88	11,753
Interest Expense and Bonus	8,155,133	8,975,274	10.64	9,930,642

Graph: Composition of Interest Expense and Bonus in 2017 (Rp million)

- ◆ Interest
- ◆ Other financing expenses
- ◆ Bonus Simpanan Wadiyah



Other Operating Income

Other operating income increased by 25.19% to Rp1,605,931 million, compared to that in 2016 of Rp1,282,822 million. The increase is mainly caused by the increase in administrative fees and fines on savings and loans of Rp159,120 million.

In the future, the Company will continue its efforts to increase other operating income or fee-based income, which is currently still a small contribution to total income. Some banking transactions that are expected to increase fee-based income are wealth management and bancassurance transactions, business card transactions, and increased banking transactions through digital and electronic platforms.

Table: Other Operating Income in 2015-2017 (Rp million)

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Administration fees and penalties on deposits and loans	533,688	591,244	26.91	750,364
Income from recovery of loans written-off	210,996	178,427	(21.68)	139,740
Gain on sale of securities - net	147,558	218,091	35.03	294,486
Gain on sale of government bonds - net	19,495	54,430	87.28	101,934
Unrealized gain on changes in fair value of securities - net	-	6,443	26.42	8,145
Unrealized gain on changes in fair value of government bonds - net	-	3,507	(100.00)	-

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Statement of Profit or Loss and Other Comprehensive Income

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Bank services	87,549	114,807	34.35	154,239
Collection services - payment points	5,252	7,599	140.08	18,244
Others	101,988	108,274	28.17	138,779
Other Operating Income	1,106,526	1,282,822	25.19	1,605,931

Other Operating Expenses

Other operating expenses increased by 14.55% to Rp6,170,567 million, compared to that in 2016 of Rp5,386,604 million. The increase is mainly due to an increase in general and administrative expenses, and salaries and employee benefits of Rp487,210 million and Rp432,776 million, respectively.

Table: Other Operating Expenses in 2015-2017 (Rp million)

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
General and Administrative	2,151,266	2,465,706	19.76	2,952,916
Salaries and Employee Benefits	1,929,346	2,121,653	20.40	2,554,429
Unrealized loss on changes in fair value of government bonds - net	193	-		1,801
Premium on government's guarantee program	229,549	285,344	21.52	346,755
Others	179,833	513,901	(38.77)	314,666
Other Operating Expenses	4,490,187	5,386,604	14.55	6,170,567

General and Administrative Expenses

General and administrative expenses increased to 19.76% from Rp2,465,706 million in 2016 to Rp2,952,916 million in 2017. The largest contributor to general and administrative expenses is repair and maintenance expense of Rp807,856 million, and promotional expense of Rp523,425 million in 2017, which increased by 11.65% and 30.38% respectively, compared to the previous year.

Salaries and Employee Benefits

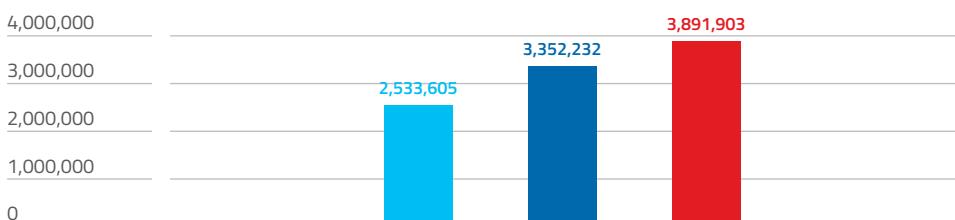
Salaries and employee benefits increased to 20.40% from Rp2,121,653 million in 2016 to Rp2,554,429 million in 2017. The increase is mainly due to the increase in the number of Company's employees of 1,001 employees by 2017, as well as the adjustment of salaries and employee benefits.

Income from Operations

Income from operations increased by 16.10% to Rp3,891,903 million, compared to that in 2016 of Rp3,352,232 million. The increase is mainly due to an increase in interest income, in line with the increase in earning assets and the maintained quality of the Company's earning assets.

Graphic: Operational Profit in 2015-2017 (Rp million)

- ◆ 2015
- ◆ 2016
- ◆ 2017



02

Statement of Profit or Loss and Other Comprehensive Income

Income Before Tax

Income before tax increased by 15.96% to Rp3,861,555 million compared to that in 2016 of Rp3,330,084 million.

Tax Expenses

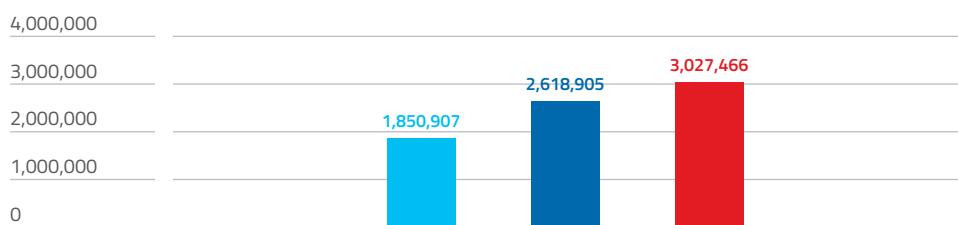
Tax expense increased by 17.28% to Rp834,089 million, compared to that in 2016 of Rp711,179 million. The increase is in line with the increase in Income Before Tax.

Income for the Year

Income for the year increased by 15.60% to Rp3,027,466 million, compared to that in 2016 of Rp2,618,905 million. The increase is in line with the increase in Interest Income and Other Operating Income, which is higher than the increase of Interest Expense and Other Operating Expenses.

Graphic: Income for the Year 2015-2017 (Rp million)

- ◆ 2015
- ◆ 2016
- ◆ 2017



Earnings Per Share

Earnings per share - basic and diluted in 2017 is Rp286, respectively. The amount increased by 15.79% compared to 2016, which was Rp247.

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Statement of Cash Flows

Table: Cash Flows 2015-2017 (Rp million)

Cash and Cash Equivalents
The increase is

Rp9,229,441 juta

making the total of
Rp38,837,639 million

Description	2015	2016	Increase/ Decrease from 2016 to 2017 (%)	2017
Net cash provided by (used in) Operational Activities	1,707,579	9,783,925	(96.72)	321,044
Net cash provided by (used in) Investment Activities	2,643,735	(1,974,142)	(142.18)	832,608
Net cash provided by Financing Activities	2,826,668	1,588,435	408.41	8,075,789
Net Increase (Decrease) in Cash and Cash Equivalents	7,177,982	9,398,218	(1.80)	9,229,441
Beginning Balance of Cash and Cash Equivalents	13,031,998	20,209,980	46.50	29,608,198
Ending Balance of Cash and Cash Equivalents	20,209,980	29,608,198	31.17	38,837,639

03

Statement of Cash Flows

Cash Flow from Operational Activities

Net cash provided by (used in) the Operational Activities increased 96.72% to Rp321,044 million compared to that in 2016 of Rp9,783,925 million. The decrease is mainly supported by an increase in cash outflows arising from the increase in operating assets in the form of Loans Provided and Financing/Sharia Receivables and Securities, at fair value, through profit and loss, amounting to Rp9,059,770 million and Rp3,759,031 million respectively. In addition, the Operations Cash Flow decrease is also supported by the decrease in cash inflows from the decrease in operating liabilities in the form of Current Accounts and Other Banks Savings, amounting to Rp6,115,373 million and Rp508,443 million, respectively.

Cash Flow from Investment Activities

The Net Cash Provided by Investing Activities is Rp832,608 million. The Net Cash used in Investing Activities in 2016 is Rp1,974,142. In 2017, Cash Inflow of such Investment Activity is derived primarily from decreases of available for sale securities, decrease of available-for-sale government bonds, amounting to Rp743,790 million and Rp719,340 million, respectively.

Cash Flow from Financing Activities

Net cash provided by (used in) the Financing Activities decreased 408.41% to Rp8,075,789 million compared to that in 2016 of Rp1,588,435 million. The increase is due to an increase in cash inflows from net proceeds of the loans received and receipts of securities amounting to Rp5,718,548 million and Rp2,180,426 million, respectively. This is in line with the Company's policy to raise funds from bilateral loans and capital markets in order to support the loan disbursement activities.

> Solvency and Collectability of Receivables



Loan to Deposit Ratio
of

103.13%

fits "liquid" criteria

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 loan commitment to the debtors. The company booked a total of Rp51,165,159 million of Current Assets in 2017, an increase of 28.87% compared to 2016. This figure represents 19.58% of Total Assets or 26.58% 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 Rupiah GWM for conventional and sharia business unit were respectively 7.02% and 5.00%. On the other hand, for the case of foreign currency, the Company maintained a conventional Foreign Currency GWM of 8.38% of total foreign currency third party funds based on the limit set.



Program Satu Juta Rumah
Source: Wawan Hadi Prabowo

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.

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 31 December 2017, 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 31 December 2017, the Company's LDR stood at 103.13% that fits "liquid" criteria.

4. Loan to Deposit Ratio (LDR)

LFR is a ratio of loan given to a third party in Rupiah and foreign currencies, excluding loan to other banks, to:

- › third-party funds, including demand deposits, savings, deposits in Rupiah and foreign currencies, excluding interbank funds; and
- › securities in Rupiah and foreign currencies that meet specific terms issued by the Banks..

Limit of LFR = 78-92%, with Minimum Capital Adequacy incentive at 14.

As of December 31, 2017, the Company's LFR is 106.99%, which reflects that the Bank has expanded the loan in 2017 by maintaining the capital adequacy of 18.87%.

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 to 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 2017, the Company has booked 15.99% CAR for core capital and 18.87% CAR for credit, operational and market risks.

In addition, the bonds issued by the Company has achieved idAA+ rate from the public company rating institution, PT Pemeringkat Efek Indonesia (Pefindo) or Indonesia's Rating Agency, with details as follows:

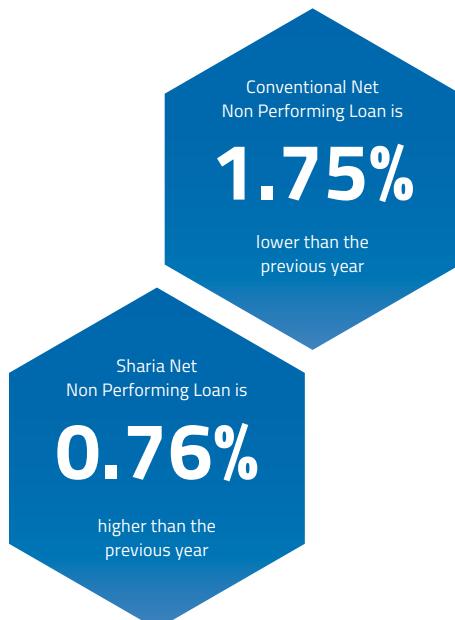
No	Bonds	2017 Rating	Rating Agency
1	Shelf Registration Bonds II Phase II	idAA+	Pemeringkat Efek Indonesia (Pefindo)
2	Shelf Registration Bonds II Phase I	idAA+	Pemeringkat Efek Indonesia (Pefindo)
3	Shelf Registration Bonds I Phase I	idAA+	Pemeringkat Efek Indonesia (Pefindo)
4	Shelf Registration Bonds I Phase I	idAA+	Pemeringkat Efek Indonesia (Pefindo)
5	Bank BTN Bonds XIV	idAA+	Pemeringkat Efek Indonesia (Pefindo)
6	Bank BTN Bonds XIV	idAA+	Pemeringkat Efek Indonesia (Pefindo)

On the corporate level, the Company has good credit rate from the rating agencies, as details on the table follow:

No	Rating Types	2017 Rating	Rating Agency
1	Company Rating	idAA+	Pemeringkat Efek Indonesia (Pefindo)
2	Long-Term National Rank	AA(idn)	Fitch Rating
3	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 loan quality.



In 2017, the Gross NPL for the Company's conventional banking was 2.83% and sharia banking was 0.95%. On the other hand, the Net NPL for conventional banking was 1.75%

and sharia banking was 0.76%. The decline in the NPL was a result of the facilitation and settlement of the Company's non-performing debtors throughout 2017.

Table: NPL 2015-2017 (%)

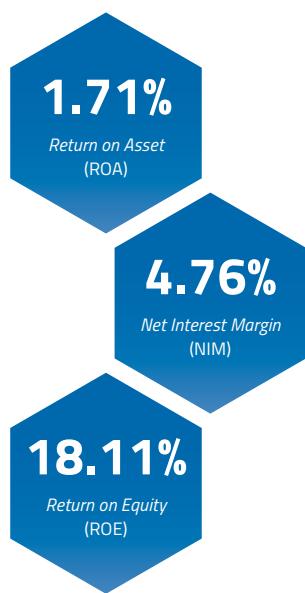
No	Description	2015	2016	2017
Conventional				
1	Collectability I (Rp million)	106,783,859	130,016,727	159,761,478
2	Collectability II (Rp million)	16,381,551	15,672,200	16,124,666
3	Collectability III (Rp million)	219,944	223,246	200,870
4	Collectability IV (Rp million)	338,138	317,326	328,709
5	Collectability V (Rp million)	4,008,666	3,992,461	4,587,060
6	Gross NPL (%)	3.58	3.02	2.83
7	Net NPL (%)	2.26	1.96	1.75
Sharia				
1	Collectability I (Rp million)	10,103,098	12,946,389	16,485,799
2	Collectability II (Rp million)	934,086	1,134,820	1,330,565
3	Collectability III (Rp million)	30,548	36,745	35,541
4	Collectability IV (Rp million)	20,402	15,560	19,821
5	Collectability V (Rp million)	135,512	90,907	116,072
6	Gross NPL (%)	1.66	1.01	0.95
7	Net NPL (%)	0.44	0.66	0.76

As an effort to minimize the amount of non-performing loans in 2017, the Company implemented a number of efforts including:

1. Exercising prudence in providing loan and financing new loan;
2. Facilitating and collecting debts from non-performing debtors, including restructuring debts of potential debtors;
3. Conducting 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 ratios. They are important indicators of the Company's performance.



Profitability Ratio

Profitability Ratio is calculated by some other 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.

In 2017, the Company's ROA decreased to 1.71% compared to 2016, which was 1.76%. The Company's ROE decreased to 18.11%, compared to 2016 which was 18.35%. The decrease was primarily due to the increased cost of loss reserves of the Company's value in order to improve the coverage ratio to strengthen the Bank's credit risk mitigation.

For the Company's NIM, it decreased to 4.76%, compared to 2016 which was 4.98%. The decline was mainly due to the declining benchmark interest rate throughout 2017.

Table: Profitability Ratio 2015-2017 (%)

Description	2015	2016	2017
ROA	1,61	1,76	1,71
ROE	16,84	18,35	18,11
NIM	4,87	4,98	4,76



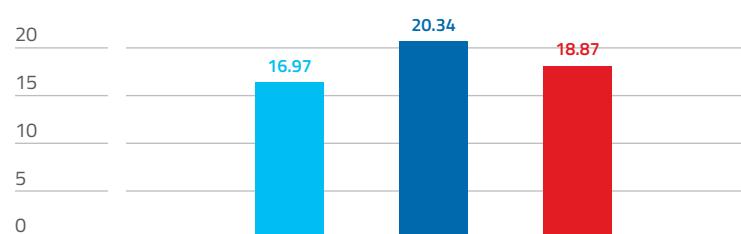
Solvability Ratio

The Company's solvability is measured by 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 9.18%.

In 2017, the Company's CAR decreased to 18.87% compared to 2016, which was 20.34%. The Company's adequacy ratio shows that the Company is able to cover the risks very well, as it is still above the minimum CAR value of 9.18%.

Graph: CAR 2015-2017 (%)

- ◆ 2017
- ◆ 2016
- ◆ 2015



Compliance Ratio

Compliance ratio is related to the compliance with rules and legislation from the regulator, i.e. Legal Lending Limit (BMPK), Minimum Statutory Reserve (GWM), and fulfillment of Net Open Position (NOP).

Table: Compliance Ratio 2015-2017 (%)

No	Description	2015	2016	2017
Legal Lending Limit (BMPK)				
1	BMPK Violation Percentage			
1.	Related Parties	0.00	0.00	0.00
2.	Non Related Parties	0.00	0.00	0.00
2	BMPK Exceedance Percentage			
1.	Related Parties	0.00	0.00	0.00
2.	Non Related Parties	0.00	0.00	0.00
Minimum Statutory Reserve (GWM)				
1	Primary Statutory Reserve (Rupiah)			
1.	Conventional	7.95	6.72	7.02
2.	Sharia	5.04	5.08	5.00
2	Statutory Reserve (Foreign Currency)	8.08	8.47	8.38
Overall Net Open Position (PDN)		1.74	0.29	1.29

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 2015-2017 (%)

No	Description	2015	2016	2017
1	Non-Performing Earning Assets and Non-Earning Assets to Total Earning Assets and Non-Earning Assets	2.91	2.42	2.28
2	Non-Performing Earning Assets to Total Earning Assets	3.20	2.64	2.48
3	Impairment of financial assets (CKPN) to Earning Assets	1.38	1.20	1.10
4	Operating Expenses to Operating Revenues (BOPO)	84.83	82.48	82.06
5	<i>Loan to Deposit Ratio (LDR)</i>	108.78	102.66	103.13
6	NPL Gross	3.42	2.84	2.66
7	NPL Net	2.11	1.85	1.66

> Capital Structure and Implementation of Risk Management

The Company's Capital Structure is based on an assessment of the required capital adequacy requirements combined with a review of the latest economic development. The 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 of 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, the 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 2017, the Company's core capital and supplementary capital amounted to Rp22,094,944 million, higher than the core capital and supplementary capital in 2016 amounting to Rp20,219,637 million.

Table: Capital Structure

(Rp million)

No	Capital Component	2017	2016
I	Core Capital (Tier 1)	16,443,159	18,726,949
1	Common Equity Tier - Cet 1	16,443,159	18,726,949
	1. Paid-up Capital (Net of Treasury Shares)	5,295,000	5,295,000
	2. Additional Capital Reserves	11,650,424	14,073,731
	> Agio / Disagio	2,054,454	2,054,454
	> Donation Capital	-	-
	> General Reserves	3,018,884	3,018,884

No	Capital Component	2017	2016
I	Core Capital (Tier 1)	16,443,159	18,726,949
	> Income/Loss of the Previous Years that can be Calculated	2,529,939	4,625,063
	> Loss of the Current Year that can be Calculated	2,618,905	3,027,466
	> Balance due to financial statements translation	-	-
	> Paid-Up Capital	-	-
	> Issued warrants	-	-
	> Stock option issued for stock-based competence program (50%)	-	-
	> Other comprehensive revenue	(115,567)	(21,742)
	> Fixed asset revaluation surplus balance	2,966,991	2,966,991
	> The difference between the PPA and less allowance for impairment losses on earning assets	1,407,356	1,581,575
	> PPA on non-earning assets that should be calculated	(15,826)	(15,810)
	> Negative balance of the total fair value adjustment of financial instruments in trading book	-	-
	3. Non-Controlling Interests than can be calculated	-	-
	4. Primary Capital Deduction Factor	(502,265)	(641,782)
	> Deferred Tax Calculation	(102,791)	(174,555)
	> <i>Goodwill</i>	-	-
	> Other Intangible Assets	-	-
	> Equity Investment calculated as deducting factors	-	-
	> Capital shortage in insurance subsidiary	-	-
	> Securitization Exposure	(399,474)	(467,227)
	> Other Core Capital Deducting Factors	-	-
	> Investment in AT1 Instruments and Tier 2 of other banks	-	-
2	Additional Tier - AT 1	-	-
	Instruments qualifying as AT1	-	-
	Agio / Disagio	-	-
	Deducting Factors: Investment in AT1 and Tier 2 instrument of Other Banks	-	-
II,	Supplementary Capital	3,367,995	3,776,478
1	Capital instruments in the form of shares or other eligible instruments	2,099,319	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)	1,268,676	1,077,360
4	Specific Reserve	-	-
5	Deducting Factors of Supplementary Capital	-	-
	<i>Sinking Fund</i>	-	-
	Investment on Tier 2 Instruments of other banks	-	-
	Total Capital	22,094,944	20,219,637

No	Capital Component	2017	2016
III Risk Weighted Assets (RWA)			
1	Credit Risk RWA	101,494,102	86,188,782
2	Market Risk RWA	664,340	343,820
3	Operational Risk RWA	14,933,824	12,899,251
	Total RWA	117,092,266	99,431,853
IV CAR			
1	CET 1 Ratio	15.99%	16.54%
2	Tier 1 Ratio	15.99%	16.54%
3	Tier 2 Ratio	2.88%	3.80%
	Total Ratio	18.87%	20.34%
V CAR based on Risk Profile			
		9.00%	9.18%

*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 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.

Risk Management General Implementation

1. The Board of Commissioners and the Board of Directors active supervision ensure 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 Directors has conducted supervision by:

- › Approving risk management policies, including the determined risk management strategies and framework.
- › Evaluating the Risk Management Policy and Strategies at least once a year or more frequently if there are changes in the factors significantly affecting the Bank's business activities.
- › Evaluating and deciding the Board of Directors' request in respect of transactions requiring the Board of Commissioners' approval.
- › Evaluating the accountability of the Board of Directors and periodically providing direction for the enhancement of risk management policy implementation.

4. The Board of Directors has conducted supervision by:

- › Formulating policies, strategies, and Risk Management framework in writing and comprehensively including the Risk limits as an overall and by Risk type.
- › Developing, establishing, and updating procedures as a tool to identify, measure, monitor, and control risks.
- › Preparing and establishing the mechanism of transaction approval including those that exceed limits and authority for each hierarchy.
- › 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.

- › Establishing organizational structure including clear authority and responsibility of every position level related to the implementation of Risk Management.
- › 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.
- › Ensuring that all material Risks with adverse effects have been followed-up and reported to the Board of Commissioners on a regular basis.
- › Ensuring the implementation of remedial measures for problems or irregularities in the Company's business activities discovered by the Internal Audit Division (IAD).
- › Developing risk awareness culture including anti-fraud culture at all levels of the organization.
- › Ensuring adequate financial support and infrastructure for managing and controlling risk.
- › 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 ensures 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 the internal limit, and results of stress testing and the consistent implementation of 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 loan 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 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 loan 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:
 - › Correspondence between the internal control system with the type and level of Risks inherent in the Bank's business activities;
 - › Establishment of authority and responsibility for monitoring the compliance with policies, procedures, and limits;
 - › Determination of reporting lines and a clear segregation of functions of the operating units with the unit performing control function;
 - › Organization chart that clearly illustrates the duties and responsibilities of each unit and individual;
 - › Accurate and timely financial and operational;
4. Adequate procedures to ensure the Bank's compliance with the legislation in force;
- › An effective, independent, and objective review of the Bank's policies, frameworks, and operating procedures;
- › Adequate testing and review of the management information system;
- › Complete and adequate documentation of the audit scope, operational procedures, audit findings, as well as the Bank management's response to the audit results;
- › 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:

Specific Risks



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 1, 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. Loan 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 loan approval process until the maturity of the loan.

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:

Table: Disclosure of Net Receivables by Region per December 31st 2016

(Rp million)

No	Portfolio Category	Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables to Government	37,657,046	-	-	-	37,657,046
2	Receivables to Public Sector Entities	94,634	-	-	-	94,634
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	2,057,921	7,499	852	539	2,066,811
5	Loans Secured by Residential Property	49,064,374	32,348,218	19,090,646	20,856,896	121,360,134
6	Loans Secured by Commercial Real Estate	11,000,150	5,042,495	2,256,226	2,542,140	20,841,011
7	Employee/Retired Loans	407,358	270,936	135,760	141,196	955,250
8	Receivables to Micro, Small Business and Retail Portfolio	2,566,048	1,765,332	675,611	1,197,645	6,204,636
9	Receivables to Corporations	11,045,483	2,761,702	616,468	1,020,578	15,444,231
10	Past Due Receivables	1,051,466	572,200	515,190	751,906	2,890,762
11	Other Assets	4,255,619	2,112,084	581,537	915,561	7,864,801
Total		119,200,099	44,880,466	23,872,290	27,426,461	215,379,316

Table: Disclosure of Net Receivables by Region per December 31st 2017

(Rp million)

No	Portfolio Category	Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables to Government	45,427,435	-	-	-	45,427,435
2	Receivables to Public Sector Entities	394,809	-	-	-	394,809
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	2,023,720	16,553	289	-	2,040,562
5	Loans Secured by Residential Property	60,682,877	38,956,028	23,696,509	24,169,762	147,505,176
6	Loans Secured by Commercial Real Estate	13,142,233	6,041,279	2,746,879	2,761,830	24,692,221
7	Employee/Retired Loans	523,014	374,502	191,777	199,701	1,288,994
8	Receivables to Micro, Small Business and Retail Portfolio	1,923,775	1,624,915	823,869	2,529,034	6,901,593
9	Receivables to Corporations	12,402,604	4,297,576	1,064,536	1,236,493	19,001,209
10	Past Due Receivables	966,583	711,365	533,996	888,346	3,100,290
11	Other Assets	4,836,185	2,182,664	572,505	968,405	8,559,759
Total		142,323,235	54,204,882	29,630,360	32,753,571	258,912,048

Table: Disclosure of Net Receivables by Contractual Maturity per December 31st 2016

(Rp million)

No	Portfolio Category	<1 Year	> 1 Year - 3 Years	> 3 Years - 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

Table: Disclosure of Net Receivables by Economic Sectors per December 31st 2016

No	Economic Sector	Receivables to Government	Receivables to Public Sector Entities	Receivables to Multilateral Development Banks and International Institutions	Receivables to Bank
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	<i>Real Estate, Rental and Business Services</i>	-	-	-	-
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	-	-	-	-

Table: Disclosure of Net Receivables by Contractual Maturity per December 31st 2017

(Rp million)

No	Portfolio Category	<1 Year	> 1 Year - 3 Years	> 3 Years - 5 Years	>5 Years	Non Contractual	Total
1	Receivables to Government	40,559,434	3,709,960	354,642	803,399	-	45,427,435
2	Receivables to Public Sector Entities	53,487	20,936	196,510	123,876	-	394,809
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	1,260,451	726,024	54,087	-	-	2,040,562
5	Loans Secured by Residential Property	307,535	2,450,109	5,443,674	139,303,858	-	147,505,176
6	Loans Secured by Commercial Real Estate	6,266,653	12,156,922	5,080,524	1,188,122	-	24,692,221
7	Employee/Retired Loans	2,484	33,912	63,379	1,189,219	-	1,288,994
8	Receivables to Micro, Small Business and Retail Portfolio	828,603	821,249	614,973	4,636,768	-	6,901,593
9	Receivables to Corporations	8,981,952	4,006,449	1,600,888	4,411,920	-	19,001,209
10	Past Due Receivables	770,237	217,994	295,793	1,816,266	-	3,100,290
11	Other Assets	-	-	-	-	8,559,759	8,559,759
Total		59,030,836	24,143,555	13,704,470	153,473,428	8,559,759	258,912,048

(Rp million)

Loans Secured by Residential Property	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	-

No	Economic Sector	Receivables to Government	Receivables to Public Sector Entities	Receivables to Multilateral Development Banks and International Institutions	Receivables to Bank
16	Individual Services for Households	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	-	-	-	-
20	Others	7,852,030	-	-	-
Total		37,657,046	94,634	-	2,066,811

Table: Disclosure of Net Receivables by Economic Sectors per December 31st 2017

No	Economic Sector	Receivables to Government	Receivables to Public Sector Entities	Receivables to Multilateral Development Banks and International Institutions	Receivables to Bank
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	5.009	-	-
5	Electricity, Gas and Water	-	221.888	-	-
6	Construction	-	71.489	-	2.685
7	Wholesale and Retail Trading	-	40.063	-	23
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	30.092	-	-
10	Financial Intermediary	37.914.975	26.268	-	2.037.854
11	<i>Real Estate, Rental and Business Services</i>	-	-	-	-
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	-	-	-	-
20	Others	7.512.460	-	-	-
Total		45.427.435	394.809	-	2.040.562

Loans Secured by Residential Property	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
-	-	-	1,161	-	-	-
-	-	-	-	-	-	-
-	-	-	28,884	167,749	140	-
121,360,134	-	955,250	5,212,417	1,758,725	1,950,198	-
-	-	-	8,566	-	-	7,864,801
121,360,134	20,841,011	955,250	6,204,636	15,444,231	2,890,762	7,864,801

(Rp million)

Loans Secured by Residential Property	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
-	-	-	5.728	15.622	17.004	-
-	-	-	-	-	-	-
-	-	-	8.017	142.679	16.274	-
21	-	-	20.460	96.182	24.196	-
-	-	-	13.357	117.304	433	-
-	21.927.092	-	425.558	8.901.650	503.935	-
-	6.423	-	181.647	1.372.949	124.472	-
-	-	-	13.477	612.892	104.440	-
-	-	-	14.250	170.318	5.835	-
-	-	-	39.823	1.526.841	11.521	-
-	2.758.706	-	17.739	1.982.439	11.670	-
-	-	-	-	5.012	-	-
-	-	-	14.436	207.998	12.145	-
-	-	-	24.518	419.289	12.674	-
-	-	-	119.213	589.114	34.443	-
-	-	-	959	8.313	-	-
-	-	-	-	-	-	-
-	-	-	23.900	121.213	532	-
147.505.155	-	1.288.994	5.974.100	2.711.394	2.220.716	-
-	-	-	4.411	-	-	8.559.759
147.505.176	24.692.221	1.288.994	6.901.593	19.001.209	3.100.290	8.559.759

Table: Disclosure of Receivables and Reserves by Region per December 31st 2016

(Rp million)

No	Description	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
1.	Non Past Due	39,554	23,426	9,845	118,772	191,597
2.	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

Table: Disclosure of Receivables and Reserves by Economic Sectors per December 31st 2016

(Rp million)

No	Economic Sector	Receivables	Impaired Receivables		Allowances for Impairment Losses		Written Off Receivables
			Non Past Due	Past Due	Individual	Collective	
1	Agriculture, Hunting and Forestry	84,211	-	26,794	18,160	10,426	23,890
2	Fishery	12,496	-	-	-	2,913	1,723
3	Mining and Quarrying	217,189	-	6,298	2,042	9,023	11,680
4	Manufacturing	235,700	-	23,800	16,052	15,421	31,318
5	Electricity, Gas and Water	71,039	-	-	-	20	139
6	Construction	24,326,680	69,917	134,300	133,946	587,506	169,897
7	Wholesale and Retail Trading	1,789,060	5,519	52,305	48,723	142,399	263,776
8	Hotel and Food & Beverage	987,674	72,040	81,682	78,331	6,230	3,373
9	Transportation, Warehousing and Communications	186,807	23,556	5,018	30,574	15,077	5,403
10	Financial Intermediary	33,588,488	-	1,480	1,480	23,868	6,674
11	Real Estate, Rental and Business Services	3,803,051	-	42,178	26,084	17,804	7,255
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-	-	-
13	Education Services	291,108	-	-	-	6,956	469
14	Human Health and Social Work Activities	646,737	20,565	4,589	23,178	14,034	1,266
15	Public, Socio-Culture, Entertainment and Other Personal Services	564,749	-	-	-	71,911	244
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	132,114
20	Others	10,351,569	-	-	-	-	-
Total		209,349,188	191,597	378,444	378,570	1,753,387	659,221

Table: Disclosure of Receivables and Reserves by Region per December 31st 2017

(Rp million)

No	Description	Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables	135,852,279	52,701,438	29,445,502	32,591,196	250,590,415
2	Impaired Receivables	349,353	161,466	23,198	124,942	658,959
	1. Non Past Due	165,001	74,590	6,912	17,843	264,346
	2. Past Due	184,352	86,876	16,286	107,099	394,613
3	Allowances for Impairment Losses - Individual	156,853	62,567	19,768	108,714	347,902
4	Allowances for Impairment Losses - Collective	768,772	377,837	319,105	559,260	2,024,974
5	Written Off Receivables	326,871	118,123	75,325	145,050	665,369

Table: Disclosure of Receivables and Reserves by Economic Sectors per December 31st 2017

(Rp million)

No	Economic Sector	Receivables	Impaired Receivables		Allowances for Impairment Losses		Written Off Receivables
			Non Past Due	Past Due	Individual	Collective	
1	Agriculture, Hunting and Forestry	74,774	9,377	26,794	26,111	10,631	9,307
2	Fishery	-	-	-	-	-	672
3	Mining and Quarrying	178,499	-	-	-	14,514	8,984
4	Manufacturing	170,983	-	23,800	15,903	13,962	19,774
5	Electricity, Gas and Water	353,380	-	-	-	485	255
6	Construction	29,352,289	175,041	151,407	153,167	637,619	254,388
7	Wholesale and Retail Trading	1,843,859	60,732	23,992	24,885	134,899	202,918
8	Hotel and Food & Beverage	839,785	-	126,443	68,719	40,951	9,731
9	Transportation, Warehousing and Communications	243,077	17,540	270	18,933	4,020	29,675
10	Financial Intermediary	41,577,436	-	1,695	1,695	37,084	10,470
11	Real Estate, Rental and Business Services	4,778,660	-	6,478	6,155	19,819	37,148
12	Public Administration, Defense and Compulsory Social Security	5,012	-	-	-	3	-
13	Education Services	239,100	-	-	-	4,943	375
14	Human Health and Social Work Activities	495,345	1,656	33,734	32,334	7,712	202
15	Public, Socio-Culture, Entertainment and Other Personal Services	751,077	-	-	-	36,866	583
16	Individual Services for Households	9,272	-	-	-	5	-
17	International Institution and Other Extra International Agencies	-	-	-	-	-	-
18	Undefined Activities	145,981	-	-	-	4,145	-
19	Non Business Field	160,736,422	-	-	-	1,057,316	80,887
20	Others	8,798,827	-	-	-	-	-
Total		250,593,778	264,346	394,613	347,902	2,024,974	665,369

Table: Disclosure of the Movement of Allowance for Impairment Losses (CKPN) per December 31st 2016

(Rp million)

No	Description	Individual CKPN	Collective CKPN
1	Starting Balance - Allowance for Impairment Losses	300,017	1,764,134
2	Additional (reversal) allowance for impairment losses during the year (Net)	203,928	523,099
1.	Additional allowance for impairment losses during the year	203,928	523,099
2.	Reversal allowance for impairment losses during the year	-	-
3	Allowance for impairment losses used for written off receivables during the year	(125,375)	(533,846)
4	Other additional (reversal) of allowance during the year	-	-
	Ending Balance of Allowance for Impairment Losses	378,570	1,753,387

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

No	Portfolio Category	Net Receivables per December 31st 2016						
		Rating Agency				Long-Term Rating		
	Standards and Poor's	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - BB-	B+ - B-	lower than B-
	Fitch Rating	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - BB-	B+ - B-	lower than B-
	Moody's	Aaa	Aa1 - Aa3	A1 - A3	Baa1 - Baa3	Ba1 - Ba3	B1 - B3	lower than B3
	PT Fitch Ratings Indonesia	AAA (IDN)	AA+ (idn) - AA- (idn)	A+(idn) - A-(idn)	BBB+(idn) - BBB-(idn)	BB+(idn) - BB-(idn)	B+(idn) - B-(idn)	lower than B-(idn)
	PT Pemeringkat Efek Indonesia	idAAA	idAA+ - idAA-	idA+ - idA-	idBBB+ - idBBB-	idBB+ - idBB-	idB+ - idB-	lower than idB-
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	-	-	-	-	-	-	-

Table: Disclosure of the Movement of Allowance for Impairment Losses (CKPN) per December 31st 2017

(Rp million)

No	Description	Individual CKPN	Collective CKPN
1	Starting Balance - Allowance for Impairment Losses	378,570	1,753,387
2	Additional (reversal) allowance for impairment losses during the year (Net)	174,127	732,161
1.	Additional allowance for impairment losses during the year	174,127	732,161
2.	Reversal allowance for impairment losses during the year	-	-
3	Allowance for impairment losses used for written off receivables during the year	(204,795)	(460,574)
4	Other additional (reversal) of allowance during the year	-	-
	Ending Balance of Allowance for Impairment Losses	347,902	2,024,974

(Rp million)

			Short-Term Rating	Unrated	Total
A-1	A-2	A-3	lower than A-3		
F1 - F1	F2	F3	lower than F3		
p-1	p-2	p-3	lower than P-3		
F1+(idn) - F1(idn)	F2(idn)	F3(idn)	lower than F3(idn)		
idA1	idA2	idA3 - id A4	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

No	Portfolio Category	Net Receivables per December 31st 2017						
		Rating Agency			Long-Term Rating			
	Standards and Poor's	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - BB-	B+ - B-	lower than B-
	Fitch Rating	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - BB-	B+ - B-	lower than B-
	Moody's	Aaa	Aa1 - Aa3	A1 - A3	Baa1 - Baa3	Ba1 - Ba3	B1 - B3	lower than B3
	PT Fitch Ratings Indonesia	AAA (IDN)	AA+ (idn) - AA- (idn)	A+(idn) - A-(idn)	BBB+(idn) - BBB-(idn)	BB+(idn) - BB-(idn)	B+(idn) - B-(idn)	lower than B-(idn)
	PT Pemeringkat Efek Indonesia	idAAA	idAA+ - idAA-	idA+ - idA-	idBBB+ - idBBB-	idBB+ - idBB-	idB+ - idB-	lower than idB-
1	Receivables to Government	-	-	-	40,383,100	-	-	-
2	Receivables to Public Sector Entities	278,428	-	5,005	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-	-
4	Receivables to Bank	1,791,159	-	28,227	-	-	-	-
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	-	-	-	-	-	-	-

Counterparty Credit Risk is categorized into two categories, namely:

1. Derivative Transactions

The Company did not have derivative transaction as of December 31, 2017, and 2016.

2. Repo Transactions

Descriptions of Repo Transactions are detailed in the table below:

Table: Repo Transactions per December 31st 2016

(Rp million)

No	Portfolio Category	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
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-
6	Receivables to Corporation	-	-	-	-
Total		1,532,768	1,385,000	147,768	73,884

			Short-Term Rating		Unrated	Total
A-1	A-2	A-3	lower than A-3			
F1 - F1	F2	F3	lower than F3			
p-1	p-2	p-3	lower than P-3			
F1+(idn) - F1(idn)	F2(idn)	F3(idn)	lower than F3(idn)			
idA1	idA2	idA3 - id A4	lower than idA4			
-	-	-	-	5,044,335		45,427,435
-	-	-	-	111,376		394,809
-	-	-	-	-		-
-	-	-	-	221,176		2,040,562
-	-	-	-	147,505,176		147,505,176
-	-	-	-	24,692,221		24,692,221
-	-	-	-	1,288,994		1,288,994
-	-	-	-	6,901,593		6,901,593
-	-	-	-	19,001,209		19,001,209
-	-	-	-	3,100,290		3,100,290
-	-	-	-	8,559,759		8,559,759

Table: Repo Transactions per December 31st 2017

(Rp million)

No	Portfolio Category	SB Repo Fair Value	Repo Liabilities	Net Receivables	RWA
1	Receivables to Government	1,532,720	1,400,539	2,933,259	1,466,630
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		1,532,720	1,400,539	2,933,259	1,466,630

3. Reverse Repo Transaction

The Company did not have Reverse Repo transaction as of December 31, 2017, and 2016.

The Company performs debtor pre-screening, requires debtors to meet the collateral requirements, analyzes and evaluates loan worthiness, and makes legally binding loan agreements in order to reduce credit risk exposure.

The Company has allocated loan exposure by geographic area/region in which they operate, and allocate loan 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 Weighting after Considering the Impact of Credit Risk Mitigation per December 31st 2016 (Rp million)

No	Portfolio Category	0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	RWA	Capital Expenses
A. Balance Sheet Exposures													
1	Receivables to Government	37,657,046	-	-	-	-	-	-	-	-	-	-	-
2	Receivables to Public Sector Entities	-	94,634	-	-	-	-	-	-	-	-	18,927	1,703
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables to Bank	-	1,884,053	-	-	-	34,990	-	-	-	-	394,306	35,488
5	Loans Secured by Residential Property	-	44,009,059	77,351,075	-	-	-	-	-	-	-	35,874,688	3,228,722
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	20,724,387	-	-	20,724,387	-	1,865,195
7	Employee/ Retired Loans	-	-	-	-	-	955,250	-	-	-	-	477,625	42,986
8	Receivables to Micro, Small Business and Retail Portfolio	212,330	185,395	-	-	-	-	5,795,119	-	-	-	4,383,419	394,508
9	Receivables to Corporation	1,432,170	9,209	-	-	-	-	11,256,465	-	-	-	11,258,307	1,013,248
10	Past Due Receivables	-	255,216	-	-	-	-	1,579,781	1,055,765	-	3,214,471	-	289,302
11	Other Assets	1,006,683	-	-	-	-	-	6,780,527	77,591	-	6,896,913	-	620,722
Total Exposures - Balance Sheet		40,308,229	46,437,566	77,351,075	-	-	990,240	5,795,119	40,341,160	1,133,356	-	83,243,043	7,491,874
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	-	-	-	-	-	-	-	-	-	-	-	-

Table: Net Receivables based on Risk Weighting after Considering the Impact of Credit Risk Mitigation per December 31st 2017 (Rp million)

No	Portfolio Category	0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	RWA	Capital Expenses
A. Balance Sheet Exposures													
1	Receivables to Government	45,295,254	-	-	-	-	-	-	-	-	-	-	-
2	Receivables to Public Sector Entities	-	278,427	-	-	-	116,382	-	-	-	-	113,876	10,454
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables to Bank	-	1,967,335	-	-	-	73,227	-	-	-	-	430,080	39,481
5	Loans Secured by Residential Property	-	63,786,597	83,718,579	-	-	-	-	-	-	-	42,058,822	3,861,000
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	24,631,423	-	-	-	24,631,423	2,261,165
7	Employee/ Retired Loans	-	-	-	-	-	1,288,994	-	-	-	-	644,497	59,165
8	Receivables to Micro, Small Business and Retail Portfolio	248,441	709,819	-	-	-	-	5,936,253	-	-	-	4,594,154	421,743
9	Receivables to Corporation	962,090	5,602	-	-	-	-	15,016,749	-	-	-	15,017,869	1,378,640
10	Past Due Receivables	-	349,443	-	-	-	-	1,693,306	1,057,541	-	-	3,349,506	307,485
11	Other Assets	1,027,556	-	-	-	-	-	7,454,613	77,590	-	-	7,570,998	695,018
Total Exposures - Balance Sheet		47,533,341	67,097,223	83,718,579	-	-	1,478,603	5,936,253	48,796,091	1,135,131	-	98,411,225	9,034,151
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	-	-	-	-	-	-	-	-	-	-	-	-

No	Portfolio Category	0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	RWA	Capital Expenses
B. Off-Balance Sheet Exposures													
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	116,624	-	-	116,624	10,496
7	Employee/Retired Loans	-	-	-	-	-	-	-	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-	11,792	-	-	-	8,844	796
9	Receivables to Corporation	-	-	-	-	-	-	-	2,746,387	-	-	2,746,387	247,175
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-	-
	Total TRA Exposure	-	-	-	-	-	-	11,792	2,863,011	-	-	2,871,855	258,467
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	-	-	-	-	73,884	6,650
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-	-	-	-	-	-	-
6	Receivables to Corporation	-	-	-	-	-	-	-	-	-	-	-	-
	Total Counterparty Credit Risk	-	-	-	-	-	147,768	-	-	-	-	73,884	6,650

Table: Net Receivables and Credit Risk Mitigation Techniques per December 31st 2016

(Rp million)

No	Portfolio Category	Net Receivables				Secured Portion		Unsecured Portion	
		Collateral	Guarantee	Loan Insurance	Others				
A. Balance Sheet Exposures									
1	Receivables to Government	37,657,046	-	-	-	-	-	37,657,046	
2	Receivables to Public Sector Entities	94,634	-	-	-	-	-	94,634	
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-	-	
4	Receivables to Bank	1,919,043	-	-	-	-	-	1,919,043	
5	Loans Secured by Residential Property	121,360,134	-	-	44,009,059	-	-	77,351,075	
6	Loans Secured by Commercial Real Estate	20,724,387	-	-	-	-	-	20,724,387	
7	Employee/Retired Loans	955,250	-	-	-	-	-	955,250	

No	Portfolio Category	0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	RWA	Capital Expenses
B. Off-Balance Sheet Exposures													
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	60,799	-	-	60,799	5,581
7	Employee/Retired Loans	-	-	-	-	-	-	-	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-	7,080	-	-	-	5,310	487
9	Receivables to Corporation	-	-	-	-	-	-	-	3,016,768	-	-	3,016,768	276,939
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total TRA Exposure		-	-	-	-	-	-	7,080	3,077,567	-	-	3,082,877	283,007
C. Exposures due to Counterparty Credit Risk													
1	Receivables to Government	132,181	-	-	-	-	-	-	-	-	-	-	-
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 Counterparty Credit Risk		132,181	-	-	-	-	-	-	-	-	-	-	-

Table: Net Receivables and Credit Risk Mitigation Techniques per December 31st 2016

(Rp million)

No	Portfolio Category	Net Receivables	Secured Portion				Unsecured Portion
			Collateral	Guarantee	Loan Insurance	Others	
A. Balance Sheet Exposures							
1	Receivables to Government	45,295,254	-	-	-	-	45,295,254
2	Receivables to Public Sector Entities	394,809	-	-	-	-	394,809
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-
4	Receivables to Bank	2,040,562	-	-	-	-	2,040,562
5	Loans Secured by Residential Property	147,505,176	-	-	63,786,598	-	83,718,578
6	Loans Secured by Commercial Real Estate	24,631,422	-	-	-	-	24,631,422
7	Employee/Retired Loans	1,288,994	-	-	-	-	1,288,994

No	Portfolio Category	Net Receivables	Secured Portion			Unsecured Portion
			Collateral	Guarantee	Loan Insurance	
A. Balance Sheet Exposures						
8	Receivables to Micro, Small Business and Retail Portfolio	6,192,844	212,330	-	185,395	- 5,795,119
9	Receivables to Corporation	12,697,844	1,432,170	-	9,209	- 11,256,465
10	Past Due Receivables	2,890,762	-	-	255,216	- 2,635,546
11	Other Assets	7,864,801	-	-	-	- 7,864,801
Total Eksposur Neraca		212,356,745	1,644,500	-	44,458,879	- 166,253,366
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	116,624	-	-	-	- 116,624
7	Employee/Retired Loans	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	11,792	-	-	-	- 11,792
9	Receivables to Corporation	2,746,387	-	-	-	- 2,746,387
10	Past Due Receivables	-	-	-	-	-
Total TRA Exposure		2,874,803	-	-	-	- 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	-	-	-	- 147,768
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-
6	Receivables to Corporation	-	-	-	-	-
Total Counterparty Credit Risk		147,768	-	-	-	- 147,768

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).

No	Portfolio Category	Net Receivables	Secured Portion			Unsecured Portion
			Collateral	Guarantee	Loan Insurance	
A. Balance Sheet Exposures						
8	Receivables to Micro, Small Business and Retail Portfolio	6,894,513	248,441	-	709,819	-
9	Receivables to Corporation	15,984,441	962,090	-	5,602	-
10	Past Due Receivables	3,100,290	-	-	349,443	-
11	Other Assets	8,559,759	-	-	-	-
Total Eksposur Neraca		255,695,220	1,210,531	-	64,851,462	-
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	60,799	-	-	-	60,799
7	Employee/Retired Loans	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	7,080	-	-	-	7,080
9	Receivables to Corporation	3,016,768	-	-	-	3,016,768
10	Past Due Receivables	-	-	-	-	-
Total TRA Exposure		3,084,647	-	-	-	3,084,647
C. Exposures due to Counterparty Credit Risk						
1	Receivables to Government	132,181	-	-	-	132,181
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 Counterparty Credit Risk		132,181	-	-	-	132,181

The Bank recognizes the securitization of housing loans (Asset-Based Securities) as the sale on the KPR receivable because the Bank has transferred the risks and benefit of the ownership to the counterparty. Therefore, the effective date of the Bank's securitization derecognizes the mortgage collective receivables including in the securitization.

The accounting policy for securitization transactions conducted by the Bank refers to the substance of the transactions undertaken. In the event the securitization undertaken by the Bank falls under the category of true sale, all the contractual rights to the cash flow from the asset are 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

No	Year of Securitization	Securities Series	Amount of Securitization	Senior Class	Junior Class	Rating - Senior Class	Rating Agency
1	2017	SP BTN 03	1,000,000	913,000	87,000	idAAA	PT Pemeringkat Efek Indonesia
2	2016	SP BTN 02	1,000,000	913,000	87,000	idAAA	PT Pemeringkat Efek Indonesia
3	2015	SP BTN 01	200,000	181,600	18,400	idAAA	PT Pemeringkat Efek Indonesia
4	2014	KIK DBTN 05	1,500,000	1,371,000	129,000	idAAA	PT Pemeringkat Efek Indonesia
5	2013	KIK DBTN 04	1,000,000	928,000	72,000	idAAA	PT Pemeringkat Efek Indonesia
6	2012	KIK DBTN 03	1,000,000	925,000	75,000	idAAA	PT Pemeringkat Efek Indonesia
7	2011	KIK DBTN 02	703,450	645,000	58,450	idAAA	PT Pemeringkat Efek Indonesia
8	2010	KIK DBTN 01	750,000	688,500	61,500	idAAA	PT Pemeringkat Efek Indonesia
9	2009	KIK DSMF II	391,305	360,000	31,305	idAAA	PT Pemeringkat Efek Indonesia
10	2009	KIK DSMF I	111,111	100,000	11.111	AAA	PT Moody's Indonesia

A description of the Securitization Transaction and Activities – the Company acts as the Originator is provided below:

Table: Securitization Transactions per December 31st 2016

(Rp million)

No	Securitization Exposure	Value of Securitized Assets	Impaired Value of Securitized Assets		Profit/Loss from Securitization	RWA	Asset Deduction
			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						
	1. First loss facility	-	-	-	-	-	-
	2. 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	-	-	-	-	-	-
	1. Senior tranche - Receivables secured by Residential Property	-	-	-	-	-	-
	2. Junior tranche - Receivables secured by Residential Property	-	-	-	-	-	399,474

Table: Securitization Transactions per December 31st 2017

(Rp million)

No	Securitization Exposure	Value of Securitized Assets			Profit/Loss from Securitization	RWA	Asset Deduction
			Past Due	Not Yet Due			
1	Bank acts as the Originator						
	Receivables secured by Residential Property	7,655,866	-	-	-	-	-
2	Bank acts as Supporting Credit Facility						
	1. First loss facility	-	-	-	-	-	-
	2. Second loss facility	-	-	-	-	-	-
3	Banks act as the Liquidity Facility Provider	-	-	-	-	-	-
4	Banks act as the Service Provider	7,655,866	-	-	-	-	-
5	Banks act as the Custodian Bank	-	-	-	-	-	-
6	Banks act as the Investor	-	-	-	-	-	-
	1. Senior tranche - Receivables secured by Residential Property	-	-	-	-	-	-
	2. Junior tranche - Receivables secured by Residential Property	-	-	-	-	-	467,227

Table – Summary of Securitization Activities – The Company acts as an Initiator

(Rp million)

No	Underlying Asset	December 31st 2017		December 31st 2016	
		Value of Securitized Assets	Sales Profit (Loss)	Value of Securitized Assets	Sales Profit (Loss)
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	7,655,866	-	6,655,866	-
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		7,655,866	-	6,655,866	-

A description of 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

(Rp million)

No	Kategori Portofolio	December 31st 2017			December 31st 2016		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	45,295,254	-	-	37,657,046	-	-
2	Receivables to Public Sector Entities	394,809	113,876	113,876	94,634	18,927	18,927
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-
4	Receivables to Bank	2,040,562	430,081	430,080	1,919,043	394,306	394,306
5	Loans Secured by Residential Property	147,505,176	51,626,812	42,058,822	121,360,134	42,476,047	35,874,688
6	Loans Secured by Commercial Real Estate	24,631,422	24,631,423	24,631,423	20,724,387	20,724,387	20,724,387
7	Employee/Retired Loans	1,288,994	644,497	644,497	955,250	477,625	477,625
8	Receivables to Micro, Small Business and Retail Portfolio	6,894,513	5,170,885	4,594,154	6,192,844	4,644,633	4,383,419
9	Receivables to Corporation	15,984,441	15,984,441	15,017,869	12,697,844	12,697,844	11,258,307
10	Receivables Past Due	3,100,290	3,630,372	3,349,506	2,890,762	3,428,490	3,214,471
11	Other Assets	8,559,759	7,570,998	7,570,998	7,864,801	6,896,913	6,896,913
Total		255,695,220	109,803,384	98,411,225	212,356,745	91,759,172	83,243,043

2. Off-Balance Sheet Asset Exposure

Table: Off-Balance Sheet Asset Exposure

(Rp million)

No	Portofolio Category	December 31st 2017			December 31st 2016		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
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	60,799	60,799	60,799	116,624	116,624	116,624
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	7,080	5,310	5,310	11,792	8,844	8,844

No	Portfolio Category	December 31st 2017			December 31st 2016		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
9	Receivables to Corporation	3,016,768	3,016,768	3,016,768	2,746,387	2,746,387	2,746,387
10	Receivables Past Due	-	-	-	-	-	-
	Total	3,084,647	3,082,876	3,082,877	2,874,803	2,871,855	2,871,855

3. Exposures Causing Counterparty Credit Risk

Tabel Eksposur yang Menimbulkan Risiko Kredit akibat Kegagalan Pihak Lawan (*Counterparty Credit Risk*)

(Rp million)

No	Portfolio Category	December 31st 2017			December 31st 2016		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	132,181	-	-	-	-	-
2	Receivables to Public Sector Entities	-	-	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institution	-	-	-	-	-	-
4	Receivables to Bank	-	-	-	147,768	73,884	73,884
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-
6	Receivables to Corporation	-	-	-	-	-	-
	Total	132,181	-	-	147,768	73,884	73,884

4. Exposures causing Credit Risk due to Settlement Risk

The Company has not been exposed to credit risk due to settlement risk as of 31 December 2017 and 2016.

Table: Exposures causing Credit Risk due to Settlement Risk

(Rp million)

No	Portfolio Category	December 31st 2017			December 31st 2016		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Delivery versus payment	-	-	-	-	-	-
	1. Capital Expenses 8% (5-15 hari)	-	-	-	-	-	-
	2. Capital Expenses 50% (16-30 hari)	-	-	-	-	-	-
	3. Capital Expenses 75% (31-45 hari)	-	-	-	-	-	-
	4. Capital Expenses 100% (lebih dari 45 hari)	-	-	-	-	-	-
2	Non-Delivery versus payment	-	-	-	-	-	-
	Total	-	-	-	-	-	-

5. Securitization Exposure

Table: Securitization Exposure

(Rp million)

No	Underlying Asset	December 31st 2017		December 31st 2016	
		Faktor Pengurang Modal	ATMR	Faktor Pengurang Modal	ATMR
1	Eligible Supporting Loan Facility	-	-	-	-
2	Ineligible Supporting Loan Facility	-	-	-	-
3	Eligible Supporting Liquidity Facility	-	-	-	-
4	Ineligible Supporting Liquidity Facility	-	-	-	-
5	Eligible Purchase of Assets Collateralized Securities	467,227	-	399,474	-
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		467,227	-	399,474	-

6. Total Credit Risk Measurement

Credit Risk Measurement Table

(Rp million)

No	Description	December 31st 2017		December 31st 2016	
		Capital Expenses	RWA	Capital Expenses	RWA
1	Total RWA for Credit Risk	101,494,102	-	86,188,782	-
2	Total Capital Deduction Factor	467,227	-	399,474	-

Market Risk

Market risk is the risk on statement of financial position and administrative accounts, due to changes in overall market conditions.

In measuring market risk, the Company 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.

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 OJK Circular Letter No. 38/SEOJK.03/2016 dated 8 September 2016 on the Guidelines for Using a Standardized Method for Calculating the Minimum Capital Adequacy Requirement for Commercial Banks by Considering Market Risks.

A description of the Market Risk using standard method is as follows:

Table: Market Risk using Standardized Method

(Rp million)

No	Risk Type	December 31st 2017		31 December 2016	
		Capital Expenses	RWA	Capital Expenses	RWA
1	Interest Rate Risk	32,618	407,726	6,372	79,654
	1. Specific Risk	-	-	-	-
	2. General Risk	32,618	407,726	6,372	79,654
2	Exchange Rate Risk	20,529	256,614	21,134	264,166

No	Risk Type	December 31st 2017		December 31st 2016	
		Capital Expenses	RWA	Capital Expenses	RWA
3	Equity Risk	-	-	-	-
4	Commodity Risk	-	-	-	-
5	Option Risk	-	-	-	-
Total		53,147	664,340	27,506	343,820

Table: Interest Rate Risk in Banking Book (IRRBB) Exposures

(%)

No	Description	December 31st 2017	December 31st 2016
1	NII Sensitivity, NII 12 12 Bulan (25bps)	0.65	0.62

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. 113/DPNP dated January 27, 2009 regarding the calculation of Risk Weighted Assets (RWA) for Operational Risk Calculated using Basic Indicator Approach (PID).

The Company measures Operational Risk using the Basic Indicator Approach in accordance with OJK Circular Letter No.24/SEOJK.03/2016 dated 14 July 2016 on the Calculation of Risk-Weighted Assets for Operational Risk by using the Basic Indicator Approach.

A description of the Operational Risk is provided below:

Table: Operational Risk

(Rp million)

No	Approach	December 31st 2017			December 31st 2016		
		Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA	Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA
1	Basic Indicator Approach	7,964,706	1,194,706	14,933,824	6,879,600	1,031,940	12,899,251

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:

1. inability to generate cash flows from productive assets as well as from the sale of assets, including liquid assets; and/or
2. inability to generate cash flows from funding, interbank transactions and fund borrowings.

A description of Maturity Profile in Rupiah and Foreign Currency is elaborated as follows:

Table: Rupiah Maturity Profile per December 31st 2016

(Rp million)

No	Accounts	Balance	Past Due						
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months		
I. Balance Sheet									
A Assets									
1.	Cash	998,981	998,981	-	-	-	-		
2.	Placements to Bank Indonesia	28,274,095	28,274,095	-	-	-	-		
3.	Interbank Placements	360,367	360,367	-	-	-	-		
4.	Securities	13,077,579	9,812,231	-	-	28,201	3,237,147		
5.	Loans granted	164,446,381	2,880,401	1,445,806	3,099,012	5,322,567	151,698,595		
6.	Other receivables	-	-	-	-	-	-		
7.	Others	6,684,120	-	-	-	-	6,684,120		
Total Assets		213,841,523	42,326,075	1,445,806	3,099,012	5,350,768	161,619,862		
B Liabilities									
1.	Third Party Funds	159,758,668	128,217,067	14,158,242	4,299,991	696,716	12,386,652		
2.	Liabilities to Bank Indonesia	-	-	-	-	-	-		
3.	Interbank Liabilities	5,637,230	3,599,117	-	985,329	1,052,784	-		
4.	Issues Securities	12,935,415	-	-	-	-	12,935,415		
5.	Loans Received	7,998,734	-	-	1,999,695	1,000,000	4,999,039		
6.	Other Liabilities	1,385,000	-	-	-	-	1,385,000		
7.	Others	7,084,268	-	-	-	-	7,084,268		
Total Liabilities		194,799,315	131,816,184	14,158,242	7,285,015	2,749,500	38,790,374		
Difference between Balance Sheet Assets and Liabilities		19,042,208	(89,490,109)	(12,712,436)	(4,186,003)	2,601,268	122,829,488		
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	122,829,488		
Cummulative Difference		4,047,345	(104,484,972)	(12,712,436)	(4,186,003)	2,601,268	122,829,488		

Table: Rupiah Maturity Profile per December 31st 2017

(Rp million)

No	Accounts	Balance	Past Due						
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months		
I. Balance Sheet									
A Assets									
1.	Cash	1,022,212	1,022,212	-	-	-	-		
2.	Placements to Bank Indonesia	37,200,523	37,200,523	-	-	-	-		
3.	Interbank Placements	865,498	865,498	-	-	-	-		
4.	Securities	14,619,701	11,399,094	559	35,594	870,195	2,314,259		
5.	Loans granted	198,990,581	4,099,939	1,523,607	3,815,228	5,710,801	183,841,006		
6.	Other receivables	8,351	8,351	-	-	-	-		
7.	Others	7,632,120	7,632,120	-	-	-	-		
Total Assets		260,338,986	62,227,737	1,524,166	3,850,822	6,580,996	186,155,265		
B Liabilities									
1.	Third Party Funds	192,583,585	154,058,217	20,110,272	3,118,493	14,315,661	980,942		
2.	Liabilities to Bank Indonesia	-	-	-	-	-	-		
3.	Interbank Liabilities	7,993,870	5,445,431	513,492	370,855	1,607,040	57,052		
4.	Issues Securities	17,932,020	-	-	899,157	-	17,032,863		
5.	Loans Received	10,990,372	-	1,299,911	3,998,083	1,693,127	3,999,251		
6.	Other Liabilities	1,393,081	5,277	863	1,941	450,000	935,000		
7.	Others	8,417,661	8,417,661	-	-	-	-		
Total Liabilities		239,310,589	167,926,586	21,924,538	8,388,529	18,065,828	23,005,108		
Difference between Balance Sheet Assets and Liabilities		21,028,397	(105,698,849)	(20,400,372)	(4,537,707)	(11,484,832)	163,150,157		
II. Off-Balance Sheet									
A Off-Balance Sheet Receivables									
1.	Commitment	-	-	-	-	-	-		
2.	Contingency	8,419,466	8,419,466	-	-	-	-		
Total Off-Balance Sheet Receivables		8,419,466	8,419,466	-	-	-	-		
B Off-Balance Sheet Liabilities									
1.	Commitment	18,753,171	18,753,171	-	-	-	-		
2.	Contingency	2,930,233	2,930,233	-	-	-	-		
Total Off-Balance Sheet Liabilities		21,683,404	21,683,404	-	-	-	-		
Difference between Off-Balance Sheet Assets and Liabilities		(13,263,938)	(13,263,938)	-	-	-	-		
Difference [(IA-IB)+(IIA-IIB)]		7,764,459	(118,962,787)	(20,400,372)	(4,537,707)	(11,484,832)	163,150,157		
Cummulative Difference		7,764,459	(118,962,787)	(20,400,372)	(4,537,707)	(11,484,832)	163,150,157		

Table: Foreign Currency Maturity Profile per December 31st 2016

(Rp million)

No	Accounts	Balance	Past Due				
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 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	-	-	55,837
5.	Loans granted	-	-	-	-	-	-
6.	Other receivables	-	-	-	-	-	-
7.	Others	-	-	-	-	-	-
Total Assets		326,956	257,517	13,602	-	-	55,837
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)	55,837
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	-	-	-	-
Difference [(IA-IB)+(IIA-IIB)]		269,225	212,456	1,047	-	(115)	55,837
Cummulative Difference		269,225	212,456	1,047	-	(115)	55,837

Table: Foreign Currency Maturity Profile per December 31st 2017

(Rp million)

No	Accounts	Balance	Past Due				
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months
I. Balance Sheet							
A	Assets						
1.	Cash	5,342	5,342	-	-	-	-
2.	Placements to Bank Indonesia	45,248	45,248	-	-	-	-
3.	Interbank Placements	351,604	351,604	-	-	-	-
4.	Securities	632,438	481,211	-	-	27,674	123,553
5.	Loans granted	-	-	-	-	-	-
6.	Other receivables	-	-	-	-	-	-
7.	Others	-	-	-	-	-	-
Total Assets		1,034,632	883,405	-	-	27,674	123,553
B	Liabilities						
1.	Third Party Funds	391,244	378,631	12,497	-	116	-
2.	Liabilities to Bank Indonesia	-	-	-	-	-	-
3.	Interbank Liabilities	-	-	-	-	-	-
4.	Issues Securities	-	-	-	-	-	-
5.	Loans Received	-	-	-	-	-	-
6.	Other Liabilities	-	-	-	-	-	-
7.	Others	-	-	-	-	-	-
Total Liabilities		391,244	378,631	12,497	-	116	-
Difference between Balance Sheet Assets and Liabilities		643,388	504,774	(12,497)	-	27,558	123,553
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	70,955	70,955	-	-	-	-
Total Off-Balance Sheet Liabilities		70,955	70,955	-	-	-	-
Difference between Off-Balance Sheet Assets and Liabilities		8,780	8,780	-	-	-	-
Difference [(IA-IB)+(IIA-IIB)]		652,168	513,554	(12,497)	-	27,558	123,553
Cummulative Difference		652,168	513,554	(12,497)	-	27,558	123,553

A description of the Liquidity Coverage Ratio (LCR) is elaborated as follows:

Tabel Liquidity Coverage Ratio (LCR)

Description	2017				2016			
	Quarter I	Quarter II	Quarter III	Quarter IV	Quarter I	Quarter II	Quarter III	Quarter IV
Bank (Individual)	156.20%	154.52%	150.79%	144.95%	66.40%	124.12%	169.11	162.25%

Legal Risk

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. 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.

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 Company'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.

Compliance Risk

Compliance risk is the risk arising from the Company'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.

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.

Reputational Risk

Reputational risk is identified on inherent risk factors associated to functional activities including disclosure requirements, customer complaints against the Company, employee attitude when providing services to customers and the Company's communication systems.

Reputation risk measurement is based on the results of assessment on the reputation risk factors. Company 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 (CCS) 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.

> Contribution to the State

The 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 amount of tax payment in 2017 is Rp2,467,501,260,763, while for in 2016, it amounted to Rp1,948,503,394,645. As a tax deductor/collector, the Company actively plays a role in deducting/collecting, depositing, and reporting taxes on every object.

Total of Tax Payment 2016-2017 (Rp)

No.	Tax	2016	2017
1	Corporate Income Tax	743,020,000,000	1,090,161,279,184
2	Individual Income Tax	199,643,150,360	243,703,714,860
3	VAT	7,931,211,906	16,125,182,882
4	PPnBM	-	-
5	L&B Tax	8,609,488,033	7,673,144,300
6	Other Taxes:		
1.	Income Tax Article 22	3,303,367,804	3,208,876,542
2.	Income Tax Article 23	44,063,089,281	28,693,971,546
3.	Income Tax Article 26	16,851,390,731	26,058,806,421
4.	Income Tax Article 4 paragraph 2	886,369,817,725	1,051,876,285,028
5.	Others	38,711,878,805	-
Total Tax Paid		1,948,503,394,645	2,467,501,260,763



Dividend Policy

Based on Law No. 40 of 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 2016

Dividend distribution for the fiscal year 2016 is conducted based on the Annual GMS resolution dated March 17, 2017, with the provision as follows:

1. The Company's Net Profit for the fiscal year 2016 amounted to Rp2.62 trillion,
2. Shareholders agreed to a dividend payment of 20% of the Company's net profit, i.e. Rp523.78 billion. The allocation for retained earnings is 80% of the net profit, i.e. Rp2.1 trillion, set forth as retained earnings. The cash dividend per share amounted to Rp49.46 per share, it will be distributed to the Company's shareholders with payout ratio amounted to 20%,
3. Dividend distribution for the fiscal year 2016 is paid on April 13, 2017, to the Shareholders whose names are registered in the Company's Shareholders' Register on March 30, 2017.

Dividend Distribution Fiscal Year 2015

Dividend distribution for the fiscal year 2015 is conducted based on the Annual GMS decision dated April 12, 2016, with the provision as follows:

1. The Company's Net Profit for the 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 Rp34.96 per share. It will be distributed to the Company's shareholders with payout ratio amounted to 20%,
3. Dividend distribution for the fiscal year 2015 was paid on May 12, 2016, to the Shareholders whose names are registered in the Company's Shareholders' Register dated April 22, 2016.

**Table: Dividend Distribution
Fiscal Year 2014-2016**

No.	Description	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
1	Net Profit (IDR billion)	1,116	1,851	2,619
2	Cash Dividend (IDR billion)	223	370	524
3	Dividend Per Share (Rp)	21.11	34.96	49.46
4	Dividend Pay Out Ratio (%)	20	20	20
5	Announcement Date	Thursday, March 26, 2015	Wednesday, April 13, 2016	Monday, March 20, 2017
6	Payment Date	24 April 2015	Thursday, May 12, 2016	Thursday, April 13, 2017

> Commitments for Capital Expenditure

Investment in the form of Capital Expenditure is an expenditure activity to purchase fixed Assets or to increase the value of expected fixed assets so it will be beneficial in the future.

Table: Commitments for Capital Expenditure

In 2017, the Company has committed to investing in capital expenditure with various parties, as described below:

No.	Binding Party	Objectives	Fund Source	Amount (Rp million)
1	Suppliers of building investment	Payment on building investment	Company's Internal	178,948
2	Suppliers of office machinery investment	Payment on office machinery investment	Company's Internal	35,899
3	Suppliers of office furniture investment	Payment on office furniture investment	Company's Internal	60,709
4	Supplier of home office furniture investment	Payment on home office furniture investment	Company's Internal	627
5	Suppliers of building investment about to finish	Payment on building investment about to finish	Company's Internal	53,982
Total				330.165

The risk protection measure in 2017 for the investment activities is by insurance protection.

> Capital Goods Investment

The total Acquisition of Fixed Assets in 2017 is
Rp268,345 million

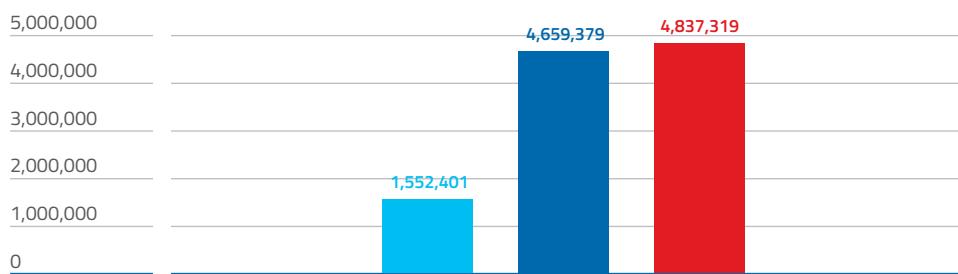
Acquisition of Fixed Assets

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 2017, the total additional investment in capital goods amounted to Rp269,345 million. Thus, the fixed assets amount to Rp4,837,319 million.

Table: Additional Investment in Capital Goods in the form of Fixed Assets Year 2015-2017 (Rp million)

Type of Fixed Assets	2015	2016	2017
Land	286	3,042,845	92
Building	60,698	125,856	182,289
Office Equipment and Vehicles	151,407	180,832	205,720
Construction in progress assets	54,797	88,464	15,464
Total Added Investment	267,188	3,437,997	403,565

Graph: Fixed Assets 2015-2017 (Rp million)



> Management and/or Employee Stock Ownership Program

Management Stock Option Program (MSOP) and/or Employee Stock Option Program (ESOP) are the granted of rights to purchase shares for program participants. The participants are able to purchase new shares to be issued from the Company's portfolio, as much as 4% of the issued and paid-up capital of the Company after the Initial Public Offering.

Management and Employee Stock Option Program (MESOP) is carried out by issuing purchase rights in the following 3 stages:

1. Phase I The number of issued option rights amounted to a maximum of 40% of the total shares in the MESOP program, and distributed to participants of the MESOP program in 2010.
2. Phase II The number of issued option rights amounted to a maximum of 30% of the total shares in the MESOP program, and distributed to participants of the MESOP program in 2011.

3. Phase III The number of issued option rights amounted to a maximum of 30% of the total shares in the MESOP program, and distributed to participants of the MESOP program in 2012..

Option Rights granted to MESOP program participants in each stage may be used to purchase shares in the MESOP program with option life for 5 years since the date of its issuance. Participants may exercise their right to purchase shares in the MESOP program during the period of implementation by paying the full price of the exercise, after passing the Vesting Period, i.e. 1 year since the date of issuance of Option Rights. In the Vesting Period, Participants may not exercise their Option Rights to buy the shares in MESOP program.

MESOP implementation in every phase is as follow:

Table: MESOP Program

No.	MESOP	Period of Validity	Year Ended of Option Rights	Option	Option Price (Rp/share)
1	MESOP 1	February 2011 - August 2014	2014	145,234,500	855.00
2	MESOP 2	February 2012 - August 2015	2015	108,925,500	1,297.44
3	MESOP 3	February 2013 - August 2016	2016	108,925,500	1,098.36
Total				363,085,500	

The realization of MESOP Program is as follows:

Table: MESOP Realization Phase 1

No.	Remark/Name	Total Shares Outstanding (Shares)	Option	
			Granted (Shares)	Executed (Shares)
Commissioner				
1	Arie Coerniadi	-	-	-
2	Kamaruddin Sjam	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-
4	Catherinawati Hadiman	-	-	-
5	Fajar Harry Sampurno	-	-	-
6	Sumiyati	-	-	-

No.	Remark/Name	Total Shares Outstanding (Shares)		Option
		Granted (Shares)	Executed (Shares)	
Board of Directors				
1	Maryono	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	1,354,000	1,354,000
3	Mansyur Syamsuri Nasution	-	-	-
4	Iman Nugroho Soeko	-	-	-
5	Sis Apik Wijayanto	-	-	-
6	Adi Setianto	-	-	-
7	Sulis Usdoko	-	138,500	138,500
8	Oni Februario R.	-	65,000	65,000
Executive Officers		7,430,600	6,925,500	6,925,500
Employee		-	36,751,500	136,751,500

Table: MESOP Realization Phase 2

No.	Remark/Name	Total Shares Outstanding (Shares)		Option
		Granted (Shares)	Executed (Shares)	
Commissioner				
1	Arie Coerniadi	-	-	-
2	Kamaruddin Sjam	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-
4	Catherinawati Hadiman	-	-	-
5	Fajar Harry Sampurno	-	-	-
6	Sumiyati	-	-	-
Board of Directors				
1	Maryono	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	855,500	855,500
3	Mansyur Syamsuri Nasution	-	-	-
4	Iman Nugroho Soeko	-	-	-
5	Sis Apik Wijayanto	-	-	-
6	Adi Setianto	-	-	-
7	Sulis Usdoko	-	109,000	109,000
8	Oni Februario R.	-	51,000	51,000
Executive Officers		7,430,600	5,467,500	5,467,500
Employee		-	102,442,500	102,442,500

Table: MESOP Realization Phase 3

No.	Remark/Name	Total Shares Outstanding (Shares)		Option Granted (Shares)	Option Executed (Shares)
Commissioner					
1	Arie Coerniadi	-	-	-	-
2	Kamaruddin Sjam	-	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-	-
4	Catherinawati Hadiman	-	-	-	-
5	Fajar Harry Sampurno	-	-	-	-
6	Sumiyati	-	-	-	-
Board of Directors					
1	Maryono	-	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	828,500	828,500	828,500
3	Mansyur Syamsuri Nasution	-	-	-	-
4	Iman Nugroho Soeko	-	-	-	-
5	Sis Apik Wijayanto	-	-	-	-
6	Adi Setianto	-	-	-	-
7	Sulis Usdoko	-	108,500	108,500	108,500
8	Oni Februario R.	-	54,500	54,500	54,500
Executive Officers		7,430,600	5,566,500	5,566,500	5,566,500
Employee		-	102,367,500	102,367,500	102,367,500

MESOP Program implementation is carried out in accordance with the terms and conditions stipulated by the Company's Board of Directors with due regard to the prevailing Legislation.

> Commitment and Contingency

The commitment and contingency balance for the last three years are as follows:

Table: Commitment and Contingency

No.	Table: Commitment and Contingency	2015	2016	2017
Commitment				
1	Commitment Liability			
	Unused loan facilities for customers	13,209,613	16,446,763	18,740,054
	Total Commitment	13,209,613	16,446,763	18,740,054
Contingency				
1	Contingency Charges			
	Interest Revenue in progress	1,908,418	1,954,131	2,372,209
2	Contingency Liability			
	Guarantee issued	(1,460,068)	(2,730,151)	(3,001,188)
	Total Contingency	448,350	(776,020)	(628,979)

> Use of Funds from Public Offerings

The Company has obtained a license to conduct a Public Offering pursuant to the approval of the House of Representatives of the Republic of Indonesia, as stipulated in the Letter of the Chairman of the House of Representatives of the Republic of Indonesia No. PW.01/3104/DPRRI/V/2009 dated May 29, 2009, and the Government's stipulation as set forth in the Government Regulation of the Republic of Indonesia No. 66 of 2009, and enacted in the State Gazette No. 167 dated November 16, 2009, on the Changes in State Ownership Structure through Issuance and Sale of New Shares of PT Bank Tabungan Negara (Persero).

Based on the Capital Market and Financial Institution Supervisory Board (BAPEPAM-LK) Letter No. S-10523/BL/2009 dated December 8, 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 Rp500 (full amount) per share to the public, which was effective on December 8, 2009. The shares offered would be listed and traded on Indonesia Stock Exchange on December 17, 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 30, 2009, to the employees. This program has been effective since September 17, 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 Rp500 per share) at selling price of Rp640 per share (after 20% discount from the initial public offering amounted to Rp800 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 Rp41,353, 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 30, 2015, the Company listed Continuous Bonds II Phase I and II 2015 in Indonesia Stock Exchange. Report of the use of proceeds from the Company's Continuous Bonds II Phase I 2016 has been submitted to the Financial Services Authority (OJK) and Indonesia Stock Exchange (BEI) on January 10, 2017, and has been reported on the Company's Annual General Meeting of Shareholders GMS) dated March 17, 2017. Report of the use of proceeds from the Company's Continuous Bonds III Phase I 2017 has been submitted to OJK and BEI on January 5, 2018, and shall be reported on the Company's 2018 Annual GMS.

Utilization of Funds from Public Offerings

Type of Public Offering	Effective Date	Value of Public Offering Realization (Rp million)			Fund Utilization Plan In accordance with Prospectus (Rp million)		Fund Utilization Realization In accordance with Prospectus (Rp million)		Remain Fund Result Offering General (Rp million)
		Total Result Offering General	Cost Offering General	Net Profit	Credit Realization	Total	Credit Realization	Total	
Public Offering of Continuous Bonds II Phase II 2016	June 30 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 Continuous Bonds II in 2016 is effective on June 30, 2015. Listing in Indonesia Stock Exchange and Receipt of Public Offering Proceeds are effective on August 30, 2016.

> Impact of Changes in Interest Rate to Company Performance

Since August 19, 2016, Bank Indonesia uses BI 7-Day Reverse Repo Rate (BI 7-day RR Rate) as the interest rate benchmark to replace BI Rate. This is an effort to maintain macroeconomic stability by maintaining the momentum of economic domestic growth in the midst of weakening global economic growth. In early 2017 to July 2017, Bank Indonesia decided to maintain

the BI 7-day RR Rate fixed at 4.75%. However, as an effort to support economic recovery, Bank Indonesia lowered the BI 7-day RR Rate to 4.50% in August and then lowered it again to 4.25% in September through the end of the year. This decline is expected to strengthen the banking intermediation, thus strengthening macroeconomic and financial system stability.

> Material Information After the Accounting Reporting Period

There were no material facts and information after the 2017 accounting reporting period, which has ended on 31 December 2017. Thus, 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 2017, 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 2017, 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 2017, 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 2017, 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 the acquisition.

Restructuration of Debt and Capital

In 2017, 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 2017 which has been audited and reported, there was no financial information containing extraordinary and rare events in 2017.

> Information on Material Transactions with Conflict of Interest and/or Transaction 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 2017, 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:

1. 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;
2. a party is a member of the same business group as the Bank;
3. a party is a joint venture in which the Bank has ventured in;

4. a party is a key management personnel of the Bank;
5. a party is a close family member of the person as provided in point (1) or (4);
6. 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 (4) or (5);
7. a party is a post-employment benefit program 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

No.	Related Parties	Type of Relationship	Nature of Related Party Transaction
1	Government of the Republic of Indonesia	Ownership as the main shareholder	Government Bonds
2	PT Bank Mandiri (Persero) Tbk	Owned by the central government	Current accounts with other banks, Placement in Bank Indonesia and other banks, Securities, and Deposits from other Banks, Bonds and Bank Guarantee issued
3	PT Bank Rakyat Indonesia (Persero) Tbk	Owned by the central government	Current accounts with other banks, Securities, and Bonds Issued

No.	Related Parties	Type of Relationship	Nature of Related Party Transaction
4	PT Bank Negara Indonesia (Persero) Tbk	Owned by the central government	Current accounts with other banks, Securities, Derivative Receivable, and Bonds Issued and Borrowings
5	PT Bank Syariah Mandiri	Owned by the central government	Current accounts with other banks, and Guarantee issued
6	Lembaga Pembiayaan Ekspor Indonesia	Owned by the central government	Securities
7	PT Pupuk Indonesia (Persero)	Owned by the central government	Securities and Guarantee issued
8	PT Perusahaan Listrik Negara (Persero)	Owned by the central government	Securities and Guarantee issued
9	PT Sarana Multigriya Finance (Persero)	Owned by the central government	Loans received and Subordinated Loans
10	PT PP Pracetak (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
11	PT Yodya Karya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
12	PT HK Realtindo	Owned by the central government	Loans granted and sharia financing/receivables
13	PT Adhi Karya (Persero) Tbk	Owned by the central government	Loans granted and sharia financing/receivables and Guarantee issued
14	PT Bank Mandiri Taspen Pos	Owned by the central government	Placement in Bank Indonesia and Other Banks, Securities, and Savings from Other Banks
15	Perum Jasa Tirta I	Owned by the central government	Guarantee issued
16	PT Jasa Layanan Pemeliharaan	Owned by the central government	Guarantee issued
17	PT Asuransi Asei Indonesia	Owned by the central government	Guarantee issued
18	PT Indonesia Power	Owned by the central government	Securities
19	PT Perkebunan Nusantara III (Persero)	Owned by the central government	Guarantee issued
20	PT Pelabuhan Indonesia (Persero)	Owned by the central government	Guarantee issued
21	PT Taspen (Persero)	Owned by the central government	Bonds Issued
22	PT Asuransi Jasa Indonesia (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
23	PT Inhutani IV (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
24	PT Adhi Persada Properti	Owned by the central government	Loans granted and sharia financing/receivables
25	PT Amarta Karya	Owned by the central government	Loans granted and sharia financing/receivables
26	PT Hutama Karya	Owned by the central government	Loans granted and sharia financing/receivables
27	PT PPA Finance	Owned by the central government	Bonds Issued and Guarantee Issued
28	PT BNI Life Insurance	Owned by the central government	Loans granted and sharia financing/receivables
29	PT Jasamarga Bali Tol	Owned by the central government	Bonds Issued
30	PT Asuransi Jiwasraya (Persero) PT Wijaya Karya Bangunan Gedung	Owned by the central government	Loans granted and sharia financing/receivables
31	PT Asuransi Jasa Raharja (Persero)	Owned by the central government	Bonds Issued
32	PT Tugu Pratama Indonesia	Owned by the central government	Bonds Issued
33	PT Barata Indonesia (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
34	PT Sucofindo (Persero)	Owned by the central government	Bonds Issued
35	PT Asuransi Jiwa Bringin dan Sejahtera	Owned by the central government	Bonds Issued

No.	Related Parties	Type of Relationship	Nature of Related Party Transaction
36	PT Angkasa Pura (Persero)	Owned by the central government	Guarantee issued
37	PT Telekomunikasi Indonesia (Persero) Tbk	Owned by the central government	Guarantee issued
38	PT Timah (Persero) Tbk	Owned by the central government	Bonds Issued
39	PT Pertamina (Persero)	Owned by the central government	Bonds Issued and Guarantee Issued
40	Saka Indonesia Pangkah Limited	Owned by the central government	Guarantee issued
41	PT Nindya Karya (Persero)	Owned by the central government	Securities and Guarantee issued
42	PT Pindad (Persero)	Owned by the central government	Guarantee issued
43	PT Patra Trading	Owned by the central government	Guarantee issued
44	PT Antam (Persero) Tbk	Owned by the central government	Guarantee issued
45	PT Brantas Abipraya (Persero)	Owned by the central government	Guarantee issued
46	Perum Perumnas	Owned by the central government	Guarantee issued
47	PT Peruri Properti	Owned by the central government	Guarantee issued
48	PT Jasa Marga (Persero) Tbk	Owned by the central government	Guarantee issued
49	PT Indonesia Asahan Alumunium (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
50	PT Pertamina Hulu Energi	Owned by the central government	Loans granted and sharia financing/receivables
51	PT Perkebunan Nusantara V (Persero)	Owned by the central government	Guarantee issued
52	PT Kereta Api Indonesia (Persero)	Owned by the central government	Guarantee issued
53	PT Indah Karya (Persero)	Owned by the central government	Guarantee issued
54	PT Perusahaan Pengelola Aset (Persero)	Owned by the central government	Guarantee issued
55	PT PNM Ventura Syariah	Owned by the central government	Securities and Guarantee issued
56	PT Propernas Griya Utama	Owned by the central government	Loans granted and sharia financing/receivables
57	PT Wijaya Karya Realty	Owned by the central government	Loans granted and sharia financing/receivables
58	Pemerintah Republik Indonesia (RI)	Majority of shares held through the Ministry of Finance of the Republic of Indonesia	Government Bonds and Guarantee issued
59	Key Management	Relations in controlling company operations	Loans Granted and Sharia Financing/ Receivables, Customer Savings, and Syirkah Temporary Fund
60	Perum Percetakan Negara RI (Perum PNRI)	Owned by the central government	Loans granted and sharia financing/receivables
61	PT Pembangunan Perumahan (Persero) Tbk	Owned by the central government	Loans granted and sharia financing/receivables
62	PT Waskita Karya Realty	Owned by the central government	Loans granted and sharia financing/receivables
63	PT Permodalan Nasional Madani	Owned by the central government	Loans granted and sharia financing/receivables
64	PT Pertamina Bina Medika	Owned by the central government	Bonds Issued
65	PT Asuransi Kredit Indonesia (Persero)	Owned by the central government	Bonds Issued
66	PT Pertamina EP	Owned by the central government	Guarantee issued
67	PT Pertamina Geothermal Energy	Owned by the central government	Guarantee issued
68	PT LEN Railway Systems	Owned by the central government	Guarantee issued

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 2016-2017 (Rp million)

1. Transaction with related parties due to ownership by the Government of Indonesia

No.	Description	2016	2017
Assets			
1	Current accounts with other banks	16,958	262,619
2	Placement in Bank Indonesia and other banks	268	6,317
3	Securities	998,812	1,188,742
4	Government bonds	9,243,639	8,183,973
5	Loans granted and sharia financing/receivables	2,037,903	4,393,372
6	Acceptances Receivable	-	8,081
7	Total assets for related parties	12,297,580	14,043,104
8	Allowance for impairment losses from related parties	(877)	(1,764)
9	Total assets of related parties – net	12,296,703	14,041,340
10	Percentage of total assets of related parties to the total assets	5.74%	5.37%
Liabilities			
1	Deposits from customers	79,463,377	94,738,386
2	Deposits from other banks	500,000	-
3	Acceptances Liabilities	-	8,081
4	Bonds Issued	5,036,749	5,370,625
5	Borrowings	1,999,921	4,993,145
6	Subordinated loans	2,999,118	2,999,319
7	Total liabilities for related parties	89,130,005	108,109,556
8	Percentage of total liabilities of related parties to the total liabilities	49.23 %	48.28%
Temporary Syirkah Fund			
1	Mudharabah Current Accounts	29,073	154,636
2	Mudharabah Savings	-	200,000
3	Mudharabah Deposit	4,138,516	4,954,653
4	Total Temporer Syirkah Fund for related parties	4,167,589	5,309,289
5	Percentage of the Total Temporary Syirkah Fund for related parties to the Temporary Syirkah Fund	34.14%	33.68%
Interest revenue and profit sharing			
1	Placement in Bank Indonesia and other banks	22,332	4,713
2	Securities	42,454	77,953
3	Government bonds	568,417	493,675
4	Loans granted and sharia financing/receivables	69,460	200,215
5	Total interest revenue and profit sharing for related parties	702,663	776,556
6	Percentage of total interest revenue and profit sharing	4.09%	4.03%

No.	Description	2016	2017
Interest and bonus expenses			
1	Deposits from customers	3,294,909	3,705,858
2	Bonds Issued	273,235	573,600
3	Borrowings	357,222	295,622
4	Subordinated loans	150,750	270,200
5	Mudharabah Current Accounts	139	873
6	Mudharabah Savings		331
7	Mudharabah Deposit	97,728	106,935
8	Total Interest and bonus expenses from related parties	4,173,983	4,953,419
9	Percentage of total interest revenue and bonus	46%	49.88%
Commitments and Contingencies on Off-Balance Sheet			
1	Guarantee issued	565,849	378,722
2	Percentage to commitments and contingencies on off-balance sheet	16.17%	11.11%

2. Transactions with key management

No.	Description	2016	2017
Assets			
1	Borrowings and sharia financing/receivables	83,535	98,061
2	Percentage to total assets	0.04%	0.04%
Liabilities			
1	Deposits from customers	56,401	76,493
2	Compensation for Key Management	115,320	368,028
3	Total Liabilities of the Key Management	171,721	444,521
4	Percentage to total liabilities	0.09%	0.20%
Temporary Syirkah Fund			
1	Mudharabah Savings	1,191	1,157
2	Mudharabah Deposit	2,810	3,606
3	Total Temporary Syirkah Fund for related parties	4,001	4,763
4	Percentage of the Total Temporary Syirkah Fund for related parties to the Temporary Syirkah Fund	0.03%	0.03%
Interest revenue and profit sharing			
1	Loans granted and sharia financing/receivables	3,757	5,589
2	Percentage of total interest revenue and profit sharing	0.02%	0.03%
Interest, profit sharing, and bonus expenses			
1	Deposits from customers	1,980	3,169
2	Percentage of total interest revenue and bonus	0.02%	0.03%

No.	Description	2016	2017
Salaries and Allowance Expenses			
1	Board of Directors	52,767	61,714
2	Board of Commissioners	20,785	27,744
3	Key Employees	86,922	278,570
4	Total	160,474	368,028
5	Percentage of total employee salaries and allowance expenses	7.56%	14.41%

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 purposes 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

The Company constantly conducts studies on new regulations and amendments issued by regulators. The review aims to analyze the likely impacts of the amendments to these provisions and to identify the Company's compliance with these regulations. The legislation and their amendments effective in 2017, and the impact on the Company's performance are as follows.

No.	Peraturan	Hal-hal yang Diatur	Pengaruh terhadap Perseroan
1	POJK No. 14/POJK.03/2017 dated April 4, 2017.	Recovery Plan for Systemic Banks.	As a Systemic Bank, the Company compiles Recovery Plan document and it will be proposed at the Annual General Meeting of Shareholders 2018 to obtain approval, which then will be submitted to the Financial Services Authority.
2	POJK No. 18/POJK.03/2017 dated April 26, 2017.	Reporting and Requesting Debtor Information through the Financial Information Services System	In 2017, the Company conducts a transfer of customer information reporting system, from SID to SLIK. During the transfer period, the Company still used SID, but conducted trials of SLIK on every Branch Offices. Since January 1, 2018, the system is SLIK. SID is no longer valid.
3	POJK No. 42/POJK.03/2017 dated July 12, 2017.	Obligation to Prepare and Implement Financing or Loan Policies for Commercial Banks	The Company is updating the Bank Credit Policy Implementation (PKPB) in 2017. Currently, the Company is transforming the business process. Thus, there is several adjustments so that the PKPB is in line with the Company's transformation process.
4	POJK No. 44/POJK.03/2017 dated July 12, 2017.	Limitation of Loan or Financing by Commercial Bank for Land Acquisition and/or Land Management	The Company's Policy regarding Loan on Procurement/ Land Management meets the OJK regulation.
5	SEOJK No. 21/SEOJK.03/2017 dated Tuesday, June 6, 2017.	Risk Management Implementation in the Use of Information Technology by Commercial Banks	The Company issued Directors' Regulation No. 11/PD/ITPD/2017 on Governance Guidelines for Information Technology-Based Risk Management

> Amendment to Accounting 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 the new policy or policy amendment.

Compliance Statement with the Accounting Policy

The financial statements as of and for the years ended on December 31, 2017, and 2016 are prepared and presented in accordance with Indonesian Financial Accounting Standards, which include Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesia Chartered Accountants, and Bapepam-LK Regulation No. VIII.G.7 on the attachment of Chairman of Bapepam-LK Decree No. KEP-347/BL/2012 dated June 25, 2012, on Presentation and Disclosure of Financial Statements of Public Listed Companies.

The Financial Statements is compiled in line with the Statement of Financial Accounting Standards (PSAK) No. 1 (2015 Amendment), "Presentation of Financial Statements".

Sharia bank financial statements based on sharia principles are presented in accordance with Statement of Financial Accounting Standards (PSAK) No. 101 on 'Presentation of Sharia Financial Statements'; PSAK No. 102 (2013 Revision) on "Murabahah Accounting", PSAK No. 104 on "Istishna Accounting", PSAK No. 105 on "Mudharabah Accounting", PSAK No. 106 on "Musyarakah Accounting", PSAK No. 107 on "Ijarah Accounting", which replaced PSAK No. 59 on "Sharia Banking Accounting", related to the recognition, measurement, presentation, and disclosure of the said topics, PSAK No. 110 (2015 Revision) on "Sukuk Accounting", and Accounting Guidelines for Indonesian Sharia Banking (PAPSI) issued by Bank Indonesia and Indonesia Chartered Accountants (IAI).

The currency in the financial statements is Rupiah (Rp), which is the functional currency of the Bank. The figures presented in the financial statements, unless otherwise stated are rounded in millions of Rupiah.

Amendment to Accounting Policy, Disclosure, and their Impact on Financial Statements

The following summarizes some of the Statements of Financial Accounting Standards (PSAK) and Interpretations Financial Accounting Standards (ISAK) issued by the Financial Accounting Standards Board (DSAK)-IAI relevant for the Company.

Accounting Standards Effective on January 1, 2017, and Its Impact on the Company's Financial Statements

1. PSAK No. 1 (2015 Amendment), "Presentation of Financial Statements on Disclosure Initiatives", provides clarification regarding the application of materiality requirements, flexibility of the systematic notes sequence to financial statements and identification of significant accounting policies. Amendment to PSAK No. 1 also resulted in amendments to the PSAK (consequential amendment) as follows: PSAK No. 3 "Financial Statements", PSAK No. 5 "Operational Segments", PSAK No. 60 "Financial instruments: Disclosure", and PSAK No. 62 "Insurance Contract".
2. PSAK No. 3 (Adjustment 2016), "Financial Statements", clarifies that the required disclosures should be included in the financial statements or through cross-references of financial statements such as management comments or risk reports available to users of financial statements and at the same time. If users of financial statements are unable to access information contained in cross-references with the same terms and times, the entity's financial statements are considered incomplete..
3. PSAK No. 24 (2016 Adjustment), "Employee Benefits". This adjustment clarifies that the high-quality corporate bond market is valued based on the denomination of the bond's currency and not on the country in which the bond is located.
4. PSAK No. 60 (2016 Adjustment), "Financial Instruments: Disclosure". This adjustment clarifies that the entity shall assess the nature of service contract rewards to determine whether the entity has a continuing involvement in the financial asset and whether the disclosure requirements related to sustainable engagement are met.
5. PSAK No. 101 (2016 Revision), "Presentation of Sharia Financial Statements", is a revision of the illustration of the sharia insurance financial statements as a result of the revised PSAK 108 "Accounting for Sharia Insurance". In which the provision for future policy benefits is presented in the financial position as liabilities.

6. PSAK No. 102 (2016 Amendment), "Murabahah Accounting", PSAK No. 103 (2016 Amendment), "Greetings Accounting", PSAK No. 104 (2016 Amendments), "Istishna Accounting", PSAK No. 107 (Amendment 2016), "Ijarah Accounting", this amendment modifies the definition of fair value in accordance with the definition of fair value in PSAK No. 68 "Fair Value Measurement" Fair value is defined as the price to be received to sell an asset or price to be paid to transfer a liability in a regular transaction between market participants on the date of measurement.

The impact on the financial statements of the above-mentioned accounting standards has been disclosed in the relevant notes to the financial statements..

Accounting Standards Not Effective yet for Financial Statements per December 31, 2017

1. PSAK No. 2 (2016 Amendment): The "Cash Flow Statement of Disclosure Initiatives" requires an entity to provide disclosures that enable users of the Financial Statement to evaluate changes to liabilities arising from financing activities, including changes arising from cash flows or non-cash changes.
2. PSAK No. 46 (2016 Amendment): "Income Tax On Deferred Tax Asset Recognition For Unrealized Losses", clarifies:
 - › that the temporary difference may be deducted, arising when the carrying amount of the debt instrument assets measured at fair value, and fair value is less than the tax base, regardless of whether the entity forecasts to recover the carrying amount of the debt instrument through sale or use,
 - › that in order to determine whether the taxable profit will be available, the deductible temporary differences can be used, the valuation of the deductible temporary differences shall be made in accordance with the tax regulations,

- › that tax deductions arising from the reversal of deferred tax assets are exempted from the estimated future taxable income. Then the entity compares the temporary differences that can be deducted from the estimated future taxable income that does not include the tax deductions resulting from the reversal of deferred tax assets,
- › that some of the entity's assets exceed the carrying amount if there is sufficient evidence that it is likely that the entity will achieve this..

3. PSAK No. 15 (2017 Adjustment) "Investments in Associates and Joint Venture", when the initial recognition of an entity may choose to measure its investee at fair value on an investment basis.
4. PSAK 71: Financial Instruments, adopted from IFRS 9, are effective on January 1, 2020, with permitted early implementation.
5. PSAK 73: Leases, adopted from IFRS 16, is effective on January 1, 2020, with permitted early adoption for entities which have also applied PSAK 72: Income from Contract with Customer..
6. Amendment to PSAK No. 62: An Insurance Contract on Implementing PSAK 71 Financial Instruments with PSAK 62 Insurance Contract, effective on January 1, 2020.
7. Amendment to PSAK No. 53: Share-based Payment: Classification and Measurement of Share-Based Payment Transactions, effective on January 1, 2018, with permitted early implementation.
8. ISAK 33: Foreign Exchange Transactions and Advance Payments, effective on January 1, 2019, with permitted early implementation.
9. PSAK 111: Wa'd Accounting, effective on January 1, 2018.

The Company is currently evaluating and has not determined the impact of the revised PSAK on its financial statements.

> Comparison of Target, Realization, and Projection



Table: Target, Realization, and Projection of Loan Position and Sharia Financing (IDR million)

Comparison of Target, Realization, and Projection on Operational Aspect

Target, Realization, and Projection of Loan Position and Sharia Financing

In 2017, the loan position realization is Rp198,990,581 million, achieving 99.35% of the Company's Work Budget and Program (CBP) target in 2017, i.e. Rp200,294,261 million. Subsequently, in 2018, the loan position according to WP&B 2018 is projected to grow 22-24%. The projection is based on economic assumptions. In 2018, the economy will grow at 5.4%, inflation will be in the range of 3.5%, and the rupiah exchange rate will be at Rp13,500.

Description	2017 Targets		Realization of 2017		Achievement on CBP 2017 (%)	Projection of Loan and Financing Growth 2018 (%)
	Rp million	Growth %	Rp juta	Growth %		
Housing Loan	167,268,136	23.14	163,122,459	20.08	97.52	22 – 24
Non-Housing Loan	15,710,365	9.24	17,880,324	24.33	113.81	24 – 26
Total loan	182,978,500	21.81	181,002,783	20.49	98.92	23 – 24
Total Sharia Financing	17,315,761	21.73	17,987,798	26.46	103.88	16 – 17
Total Sharia Loan and Financing	200,294,261	21.80	198,990,581	21.01	99.35	22 – 24



Target, Realization, and Projection of Third Party Fund

The realization of third-party fund in 2017 is Rp192,473.793 million, or achieving 97.79% of CBP 2017 target, i.e. Rp196,833,164 million. Subsequently, in 2018, the third party fund according to CBP 2018 is projected to grow at 18-20%. The projection is based on the assumption of Company's loan growth in 2018 at 22-24%.

Description	2017 Targets		Realization of 2017		Achievement on CBP 2017 (%)	Projection of Third-Party Fund 2018 (%)
	Rp million	Growth %	Rp juta	Growth %		
Demand Deposit	53,316,735	16.30	54,655,130	19.21	102.51	3 – 4
Savings	41,630,874	19.54	40,946,579	17.57	98.36	32 – 34
Deposits	101,885,554	28.13	96,872,084	21.82	95.08	21 – 23
Total of Third Party Fund	196,833,164	22.87	192,473,793	20.15	97.79	18 – 20

Comparison of Target, Realization, and Projection on Financial Aspect

Target, Realization, and Projections of Financial Position

Below is description related to the CBP 2017 and projection in 2018 on the Company's financial position:

Table: Target, Realization, and Projection of Financial Position (IDR million)

Description	2017 Targets		Realization of 2017		Achievement on CBP 2017 (%)	Projection of Financial Position 2018 (%)
	Rp million	Growth %	Rp juta	Growth %		
Demand Deposit	53,316,735	16.30	54,655,130	19.21	102.51	3 – 4
Savings	41,630,874	19.54	40,946,579	17.57	98.36	32 – 34
Deposits	101,885,554	28.13	96,872,084	21.82	95.08	21 – 23
Total of Third Party Fund	196,833,164	22.87	192,473,793	20.15	97.79	18 – 20

The realization of total assets in 2017 is Rp261,365,265 million, achieving 103.26% of CBP 2017 target, i.e. Rp253,106,120 million. Subsequently, in 2018, the total assets according to CBP 2018 is projected to grow at 16-18%.

The realization of total liabilities in 2017 is Rp239,701,832 million, achieving 104.90% of CBP 2017 target, i.e. Rp228,499,783 million. Subsequently, in 2018, the total liabilities according to CBP 2018 is projected to grow at 16-18%.

The realization of total equity in 2017 is Rp21,663,435 million, achieving 88.04% of the CBP 2017 target, i.e. Rp24,606,337 million. Subsequently, in 2018, the total equity according to CBP 2018 is projected to grow at 12-14%.

Target, Realization, and Projection of Income and Profit

The realization of interest income and profit sharing in 2017 is Rp20,080,990 million, or achieving 96.04% of the CBP 2017 target, i.e. Rp20,909,020 million. Subsequently, in 2018, the total interest income and profit sharing according to CBP 2018 are projected to grow at 25-27%.

The realization of income for the year after tax in 2017 is Rp3,027,466 million, achieving 100.23% of the CBP 2017 target, i.e. Rp3,020,387 million. Subsequently, in 2018, the income for the year after tax according to CBP 2018 is projected to grow at 27-29%.

Target, Realization, and Projection of Capital Structure

Below is description related to the CBP 2017 and projection in 2018 on the Company's capital structure:

Table: Target, Realization, and Projection of Capital Structure (Rp million)

Description	2017 Targets		Realization of 2017		Achievement on CBP 2017 (%)	Projection of Financial Position 2018 (%)
	Rp million	Growth %	Rp juta	Growth %		
Core Capital (Tier 1)	18,065,176	9.86	18,726,949	13.89	103.66	13 – 15
Common Equity Tier - Cet 1	18,065,176	9.86	18,726,949	13.89	103.66	13 – 15
Additional Core Capital	-	-	-	-	-	-
Supplementary Capital (Tier II)	3,551,314	(5.96)	3,367,995	(10.82)	94.84	47 – 49
Total Capital	21,616,490	6.91	22,094,944	9.27	102.21	18 – 20

The realization of total capital in 2017 is Rp22,094,944 million, achieving 102.21% of the CBP 2017 target, i.e. Rp21,616,490 million. Subsequently, in 2018, the total core capital according to CBP 2018 is projected to grow at 18-20%.

Target, Realization, and Projection of Financial Ratio

The financial ratio realization against the target is described on the table as follows:

Table: Target, Realization, and Projection of Financial Ratio (%)

No.	Description	Target CBP 2017	Realization 2017	Achievement on WP&B 2017 (%)	Projection CBP 2018
1	ROA	1.70	1.71	100.16	1.8 – 1.9
2	ROE	17.44	18.11	103.87	20 – 21
3	NIM	4.73	4.76	100.56	4.8 – 5.0
4	LDR	101.76	103.13	98.65	105 – 107
5	CAR	16.61	18.87	113.60	16 – 17
6	Gross NPL (%)	2.43	2.66	90.58	2.3 – 2.4
7	Net NPL	1.42	1.66	82.72	1.5 – 1.6

> Key Performance Indicator (KPI) and Bank's Soundness Level

The Company continues to strive to achieve KPI targets set by the Shareholders in the Management Contract annually. In 2017, the Company achieved a 104.76% KPI and a rating of Composite 2 (PK-2) for Bank's Soundness Level

KPI

KPI is a quantitative measure of performance to assess the level of achievement against targets approved by Management. Achievement of KPI reflects the determinants of

the Company's success. The Company's KPI consists of four perspectives which cover financial and non-financial aspects. Details of KPI's achievement in 2017 are as follows.

Table: KPI 2017

No.	Strategic Target	2017		
		Target	Realization	Achievement
Financial Perspective				
1	Rp Corporate Income realization	Rp3,020,387	Rp3,022,341	100.06%
2	Market capitalization growth Rp	16.87%	75.56%	447.87%
3	% National NPL	2.43%	2.61%	92.45%
4	% RoE	17.44%	18.09%	103.75%
5	% CIR	54.97%	50.20%	108.67%
6	% CAR	16.61%	18.24%	109.80%
7	Rp Asset Growth	Rp38,937,641	Rp47,342,018	121.50%
8	Rp Loan Growth	Rp35,847,871	Rp34,544,200	96.36%
9	NIM	4.73%	4.76%	100.54%
10	Rp DPK Growth	Rp36,641,494	Rp38,064,659	103.88%
11	% CASA	48.24%	49.41%	102.44%
12	Rp Issuance of wholesale funding (including securitization)	Rp10,000,000	Rp18,525,000	185.25%
13	Rp Fee Based Income	Rp2,000,354	Rp1,630,415.	81.51%
Customer's Perspective				
1	% Δ Housing Loan Market share	0.43%	2.73%	633.73%
2	MRI Rank	10	8	120.00%
3	<i>Customer Engagement Index</i>	78.00	80.20	102.82%

No.	Strategic Target	2017		
		Target	Realization	Achievement
Business Process Perspective				
1	% PAB implementation approved by OJK	80.00%	81.82%	102.27%
2	% implementation of strategic projects	100%	106.93%	106.93%
3	Implementation of business process improvement and loan projects	100%	102.20%	102.20%
4	KPKU Score	590	602	102.03%
5	% Partnership and Community Development Program (PKBL) realization	24.754%	25.399%	102.60%
6	CGPI Score	86.00	86.86	101.00%
Learning & Growth Perspective				
1	Rp Profit / Employee	Rp281	Rp344	122.59%
2	Employee Engagement Index	77.50%	78.00%	100.65%
3	% implementation of IT Charter	80%	88%	110.44%
Amount of Weighted Achievement				104.76%

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. No.4/POJK.03/2016 dated January 26, 2017, on Soundness Level Assessment of Commercial Banks, and OJK Circular Letter No. 14/SEOJK.03/2017 dated March 17, 2017, on Soundness Level Assessment of Commercial Banks using Risk-based Approach, which includes four factors, i.e.:

1. Risk Profile,
2. Governance,
3. Earnings,
4. Capital.

In 2017, the Company has obtained the Bank health rate rank of "Composite 2 (PK-2)" which reflects the general health 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.

> Business Continuity Information



Informasi Layanan Perbankan BTN Digital
Source: Tahta Aidilla

Potential Matters that May Significantly Affect the Business Continuity

As of 2017, the Company does not face any significant impact on business continuity. The growth of the Company's operational and financial performance in the last five years, as contained in the Financial Highlights Overview and the Operational Performance Indicators Overview reflects the Company's condition that is able to maintain its business continuity.

Management Assessment on Potential Matters that May Significantly Affect the Business Continuity

The Management has assessed the Company's ability to continue its business continuity. The Company's human resources to continue the business in the future are sufficient. In addition, the Company's management knows nothing about the uncertainty material that may rise significant hesitancy on the Company's business continuity capability. In the last five years, the Company has obtained opinions from Public Accounting Firm Purwantono, Sungkoro & Surja, stating that the financial statements have been fairly presented in all material, including the Company's financial position, financial performance, and cash flow.

Management Assumption in Carrying Out Assessment

Management uses assumption from various source, both internal and external, i.e. economic indicator such as GDP, inflation rate, exchange rate, and projections. Achievements in the aspects of financial performance are supported by the level of capital adequacy, liquidity, and profitability. The Company's Management considers the aspects of implementation effectiveness of the Bank's Business Policy and Plan as well.

Corporate Position

The Company has analyzed all aspects that affect business sustainability. The external factors that will affect the housing businesses are the macroeconomic developments, government policies related to the One Million Houses program, and the growth of bank revenue pools. The internal factors are analyzed, taking into account the comprehensive capacity and capability of the organization in addressing the external conditions. The internal and external factors are analyzed by using SWOT analysis. The resulting matrix is as follow.

The Company's SWOT and TOWS Matrix 2017

External Opportunities (O)

1. Projected increase in economic growth.
2. Growth in construction, in line with the Government's massive infrastructure plan
3. Growth of Mass and Affluent Customers
4. Government's encouragement for the housing sector
5. Financial inclusion programs that open opportunities to unbankable customers
6. Growth of MSMEs businesses

External Threats (T)

1. The allocation of interest subsidy (SSB) of Housing Loan in the APBN is lower than the assumption in the BTN Blueprint, i.e. 500 thousand units.
2. Reduction of FLPP's budget portion in RAPBN 2018.
3. Increased number of BTN customers who are digital savvy.
4. Increased competition from fintech companies.
5. Deregulation of a multifinance business that will enable them to go into the banking business

Internal Strength (S)

1. Brand value in the housing finance sector
2. Leading the market of subsidized and low-cost housing loan.
3. The momentum of success through the survival period.
4. The main institution in the housing program implementation
5. Highest growth in Indonesian banking industry
6. Close relationship with low-cost housing developers.

SO Strategy

1. Become a market maker of residential business and liaison between developers and Government
2. Increasing the role of BTN HFC as the main thinktank institution in Indonesia (e.g. the capability to help the Government proactively to address supply issues)

ST Strategy

1. Improving IT capabilities (e.g. technological updates and analytics capabilities)
2. Developing the Digital Banking Services
3. Establishing Digital Housing Loan (KPR) ecosystem

Internal Weakness (W)

1. Needs improvement in terms of Efficiency.
2. Low CASA.
3. Product-centric growth strategy
4. Weak fundamental enablers, such as integrated GRC, image outside the Housing Loan segment mass, manual process, branch and sales productivity that are not optimal, limited analytics capabilities

WO Strategy

1. Strengthening the BTN loan positioning on the mass segment.
2. Optimizing the SME segment as the main supporters of housing supply.
3. Improving CASA through the emerging affluent & affluent segment, and commercial funding support.
4. Increasing FBI earnings by deepening the share of wallets of emerging affluent & affluent segments

WT Strategy

1. Bond issuance and asset securitization continuously
2. Preparing and acquiring talents to build digital banking and improve efficiency
3. Conducting cleanup process for Master Data Management

> Human Resources Management

The Company continuously conducts human resource management in accordance with the policies and strategies that have been developed in accordance with the Manpower Law. The Human Capital Management and Culture Specialist Division carries out HR management and is led by a Division Head who directly reports to the President Director as regulated in the Board of Directors Decree No. 04/KD/DIR/SIPD/2017 dated May 29, 2017. In carrying out its duties and responsibilities in human resource management, the Human Capital Management and Culture Specialist Division is assisted by three departments, namely Human Capital Career & Development, Human Capital Services, and Human Capital Operation and supported by a specialist unit, i.e. Culture Specialist.

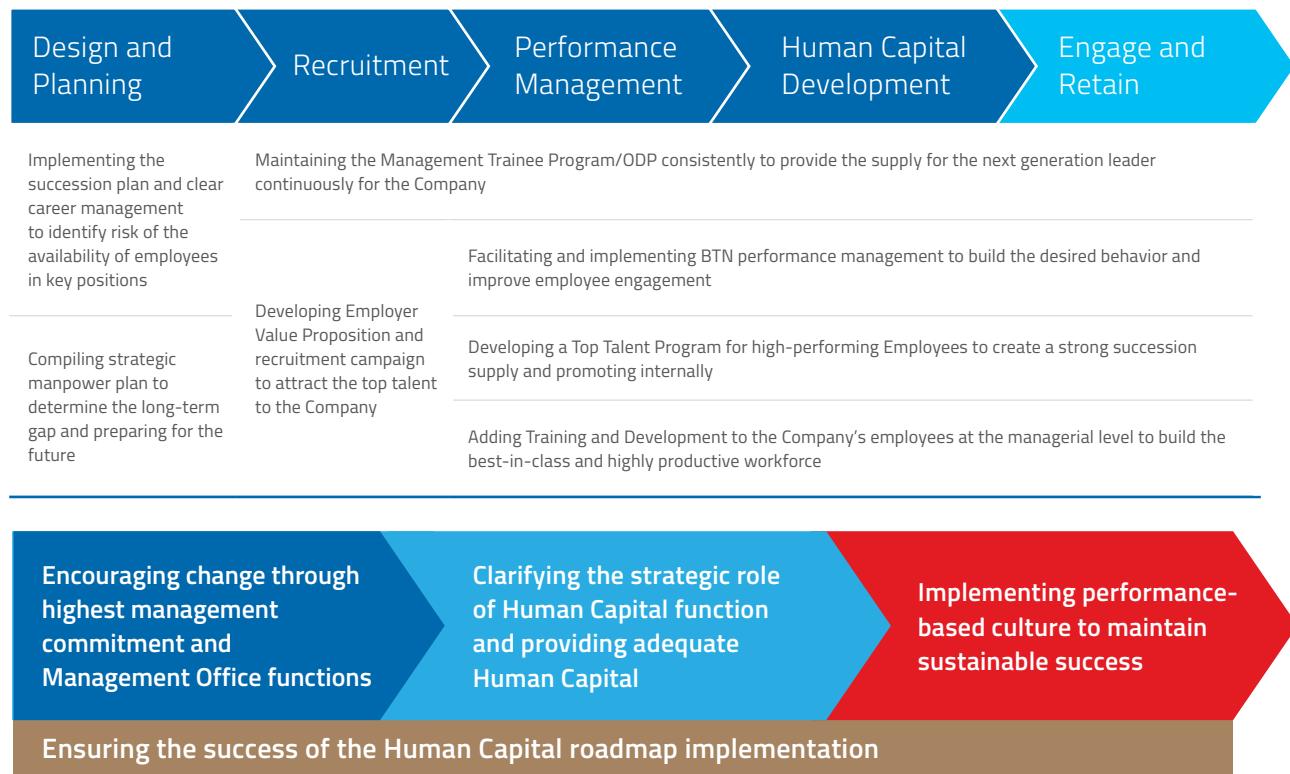
Human Resources Roadmap

The Company has a human resource development roadmap which is used as the basis for human resource management in line with the Company's Digital Banking transformation roadmap as stipulated in the Banks Business Plan 2018-2020. The Company focuses on enhancing organizational capability through high-performing culture internalization and

enhanced risk culture across all business operational activities. In general, human resources initiatives were focused on:

1. Implementing a clear succession and career management plan to identify risks related to the availability of employees for occupying key positions;
2. Preparing a strategic manpower plan to determine the gap in the long term and prepare for future needs;
3. Developing an employer value proposition and recruitment campaigns to attract the best talents to Company;
4. Improving and managing Company's performance to build desired behavior and increase employee engagement;
5. Developing a top talent program for high performing Company employees to create appropriate supply for succession;
6. Encouraging change through top management support;
7. Implementing a performance and risk-based culture to maintain sustainable success

Human Resources Development Roadmap 2016-2020



Human Resources Planning

The company prepares HR planning in the form of a Manpower Planning annually. The Manpower Planning process is done 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 is periodically reviewed to ensure compliance with the Company's business growth and condition. All work units are involved in the process hence it becomes a reference for recruitment.

Human Resources Recruitment

The recruitment process is well managed to produce human resources capable of providing a competitive advantage for the Company. The recruitment of employees is conducted through internal and external channels to obtain candidates in accordance with the Company's objectives. Internal recruitment is done to fill vacant positions in a work unit through employee promotion and rotation. If the needs for employees cannot be met internally, an external recruitment will be carried out.

External recruitment information is published in advertisements through various print and electronic media, job fair, talent scouting or job searching through universities. External recruitment is carried out by Direct Hire (directly recruited by the Company) or by Outsourcing (recruitment by a third party). The Outsourcing method is used to recruit employees for non-organic positions with non-core job characteristics. Company has used a web-based recruitment system (e-recruitment) and has cooperation with LinkedIn to make the recruitment process more efficient. In 2017, Company has recruited 1,837 new employees increasing by 34.88% compared to 2016.

Human Resources Development

Capacity building and competency of employees play an important role in establishing qualified employees in accordance with the needs and business development of the Company. The Learning Center Department is responsible for employee development through the learning & development program. The employee learning program is product-oriented hence three schools were developed:

1. School of Leadership

Includes training related to leadership development, including: Staff Development Program, Officer

Development Program, Leadership Program, Executive Development Program.

2. School of Business Banking

Includes all training related to Company products and services, i.e. House Mortgage (KPR), funding, treasury, collection, sales, and service.

3. School of Operational Banking

Includes all operational activities to support business units, i.e. Information Technology, Finance, Risk, Human Capital, Legal and others.

The employee training is conducted in accordance with the management policies or strategies and results of the training need analysis. This condition reflects that all employees meeting the requirements shall have the opportunity to take part in the training. 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.

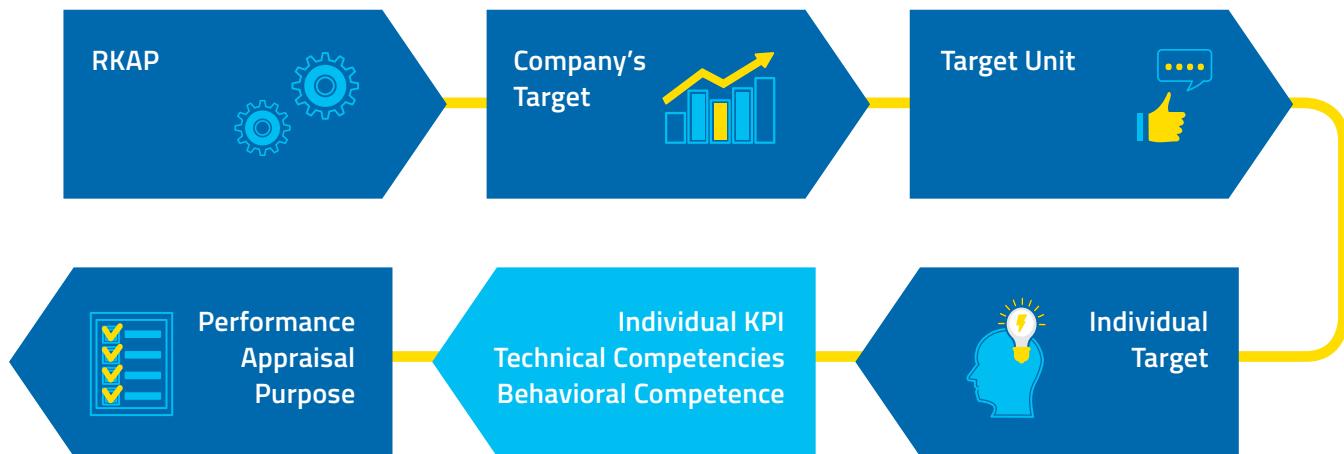
In 2017, Company has conducted training for 24,143 participants, namely: 13,295 school of business participants, 1,112 school of leadership participants and 9,736 school of operational banking participants. The total cost of holding the training reached Rp164,686,000,000 increasing compared to the cost in 2016 i.e. Rp128,400,000,000. The increase of costs was adjusted with the training required by the employees.

Performance Management System

The company implements a performance management system as an effort to improve employee performance. In addition, 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. Each year, the Company's targets are formulated and distributed to all Units each year and are then distributed further to each individual based on each employee's potential and capability. These set of targets are quantitative in the form of a Key Performance Indicator (KPI). All employees have a KPI as a derivative of the Unit Key Performance Indicator (KPI).

The Individual KPIs are determined under the following scheme.

Process to Determine Individual KPI



The employee performance assessment is done once a year for the period of 1 January - 31 December of the current year. Individual performance is planned, determined, reviewed and assessed by using the Performance Management Form which includes three performance assessment targets, namely: Individual Work Target for the current performance assessment period; Technical Competency which includes the Technical Competency required for individual positions, Level of Technical Competency required and displayed by the individual; and Behavioral Competency, i.e. Level of Behavioral Competency required for individuals positions assessed and displayed.

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. Subsequently, Company monitors Corporate, unit, and individual performance reflected from the KPI using a Scoreboard, routinely holding a Wig Session and ensuring that individual targets are achieved through coaching & mentoring.

Career Management

One of the factors that affect employee satisfaction in their work is having a clear career path. This encourages the

Company to implement an employee career management system as regulated by the Board of Directors' Circular Letter No. 26/DIR/HCD/2014 on Employee Career Planning. Employee career management practices not only place the best employees in vacant positions but also to identifies potentials, and ensure that all employees receive equal opportunities to develop their careers.

In general, Company applies three career paths, namely:

1. 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.

2. 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.

3. Normal Track

Refers to a career path that follows the general guidelines that apply 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 three career patterns are provided through a number of tracks considering these aspects: organizational need and development, as well as the performance management

system assessment in the last three years. The available employee career paths include:

1. Promotion

The career path for higher position groups is 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. The promotion also takes place if there is a vacant position.

2. 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.

3. 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. In addition, 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 career management practices indicate that the Company does not discriminate as all the mechanisms have been regulated clearly in accordance with the prevailing provisions. In 2017, the promotion program was provided for 1,691 employees and the rotation program was provided for 7,111 employees.

Reward and Punishment

The Company strives to encourage every employee to continue to grow and create innovations by giving several types of rewards including:

1. Reward for Outstanding Work Achievement

This reward is given to employees who demonstrate outstanding work performance, hence they are entitled to a karya utama award, karya utama cash award amounting to three times the basic salary of the respective employee, and an extra five-day leave. On the other hand, employees who contribute with ideas and creations that benefit the Company are entitled to the karya utama plaque.

2. Reward for Tenure of Service

Employees with a tenure of service of 15, 20, 25 and 30 years are entitled to receive awards in the form of a karya satya bakti plaque, karya satya bakti cash reward proportionate to the tenure of services, and an extra five-day leave.

3. Reward upon Completion of Tenure

This reward consists of three types: karya purna bakti award, karya satya abadi award, and end-of-tenure award. Retired employees receive a karya purna bakti award. On the other hand, employees who passed away while performing their duties to maintain the good name, security, and integrity of Company's assets and interests receive karya satya abadi award in the form of a certificated given to the heirs and bereavement pay. The reward upon completion of tenure is given to permanent employees who are honorably dismissed or passed away before retirement.

4. Special Rewards

This award is given by the Board of Directors specifically for former employees of the Company or the Indonesian Army/Police at the Central and Regional levels who are deemed to have contributed or have played a major role or have good cooperation with the Company.

5. Reward in the form of Overseas Assignment

This reward is given to Divisions/Desks/Regional Offices/ Branch Offices that have reached certain targets.

The reward given to employees, monetary or non-monetary, is adjusted to the ability of the Company referring to the Board of Directors' Circular Letter No. 43/DIR/CMO/2011 on Awards. The financial reward is evaluated annually and improvements are made to retain the Company's competitiveness.

The Company administers punishments for employees who commit a violation, in the form of sanctions or disciplinary punishments based on the level and type of sanctions applicable. The sanction is determined based on six factors, among others, by Officials or employees who have been subject to disciplinary sanctions, element of intent, bad faith, financial loss, and damage to the Company's image. The types of sanctions applicable as stipulated in the Board of Directors' Circular Letter No. 49/DIR/HCD/2016 on Disciplinary Sanctions dated 14 November 2016 include administrative sanctions, financial sanctions, criminal/civil charges, and Termination of Employment (PHK). Administrative sanctions consist of minor categories, i.e. verbal, written warnings, and statement of dissatisfaction; medium category, i.e. not receiving recreational leave bonus, not getting a periodic salary adjustment, and

decrease of person grade by one grade; severe category, namely the decrease of person grade by at least two grades, PHK and PHK reported to the authorities.

Employee Engagement Survey

Employee engagement to their work or company is one of the factors that affect a company's performance. The Employee Engagement Survey (EES) is used to identify the level of employee engagement to the Company. 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. In addition, the gap between what

the employees experience against the Company's objectives was analyzed to create a comfortable and conducive work environment to improve performance and productivity.

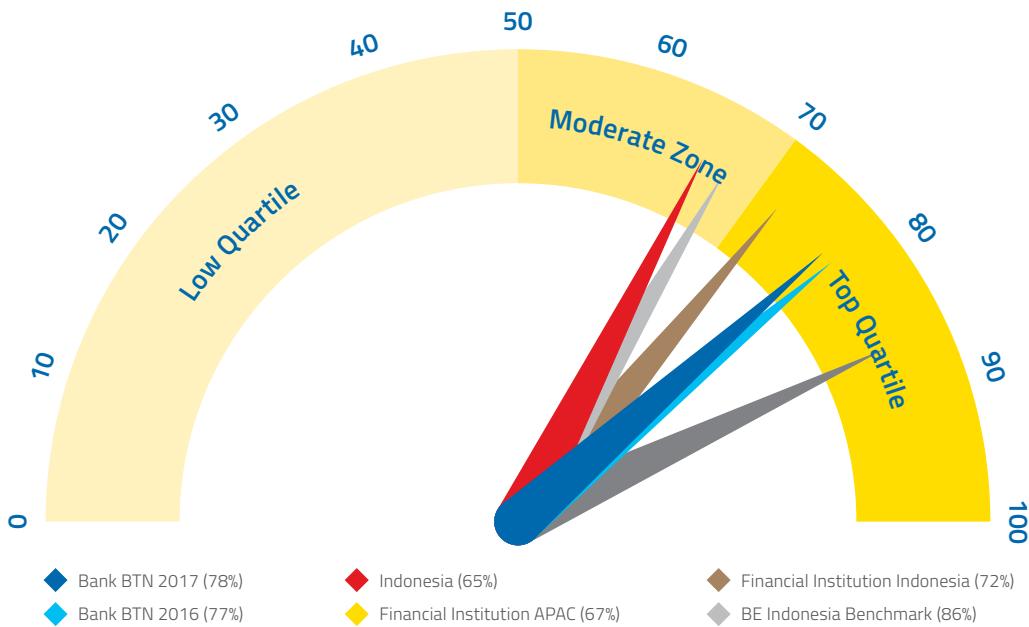
The company conducted the 2017 EES on 24 October - 03 November 2017 through cooperation with independent consultants. The EES was conducted by distributing an online questionnaire to all permanent employees of Company. The questionnaire consists of questions, covering two aspects: Engagement Questions and Driver Questions. In general, the employee engagement formulation method is illustrated in the scheme below.

Skema Metode Employee Engagement Survey



Company's EES score in 2017 was 78% or exceeding the EES score in 2016, i.e. 77%. That score also indicates that the engagement of employees with Company 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 2017 EES Score has exceeded other employees' engagement level references e.g. 67% in APAC Financial Institution, 72% in Indonesia Financial Institution, and 86% in BE Indonesia Benchmark. The company acts upon the result of the survey by holding an information dissemination session and creating an impact plan to formulate improvements in the organization. The proposed improvements are then included in the preparation of the Company's Work Program and Budget (RKAP) for the upcoming year.

Pension Program

The pension program is held as a form of appreciation for permanent employees for their contribution in Company. Permanent employees who have reached the normal retirement age of 56 years and permanent employees working as a teller staff, customer service staff and secretaries aged 36 years old and above are entitled to pension benefits. Company provides a pension program, consisting of: Defined Benefit Program and Defined Contribution Program which permanent employees are entitled to upon becoming a Pension Fund participant. Under the Defined Benefit program, employees continue to receive benefits according to the formula set by the Pension Fund. On the other hand, under the Defined Contribution Program, employees continue to 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).

Company also offers a Pension Preparation Period (MPP) for a duration of 12 months for permanent employees who have reached the age of 55. The MPP is provided for a period of 12 months providing an opportunity for permanent employees to participate in various training to support their livelihood after pension. In 2017, 115 permanent employees participated in the MPP training program.

Industrial Relations

Safe and comfortable working environment supports the smooth operations hence increasing productivity. Harmonious working relationships between employees and the Company also affect employee productivity. This condition encourages the Company to manage industrial relations as productive workers will significantly contribute to the Company's performance. The key factor in achieving harmonious industrial relations is good communication between the Management and employees. 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 Company Labor union (SP-BTN). Company and SP-BTN have 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.

> Information Technology Governance

Information Technology Development is a requirement for the Company that engaged in digital-based financial services. The information technology work program is implemented based on the Information Technology & Communications Strategy Plan and its derivative policies that are aligned with the Company's key strategies to improve operational effectiveness and efficiency through business process automation.

Information Technology Vision and Mission

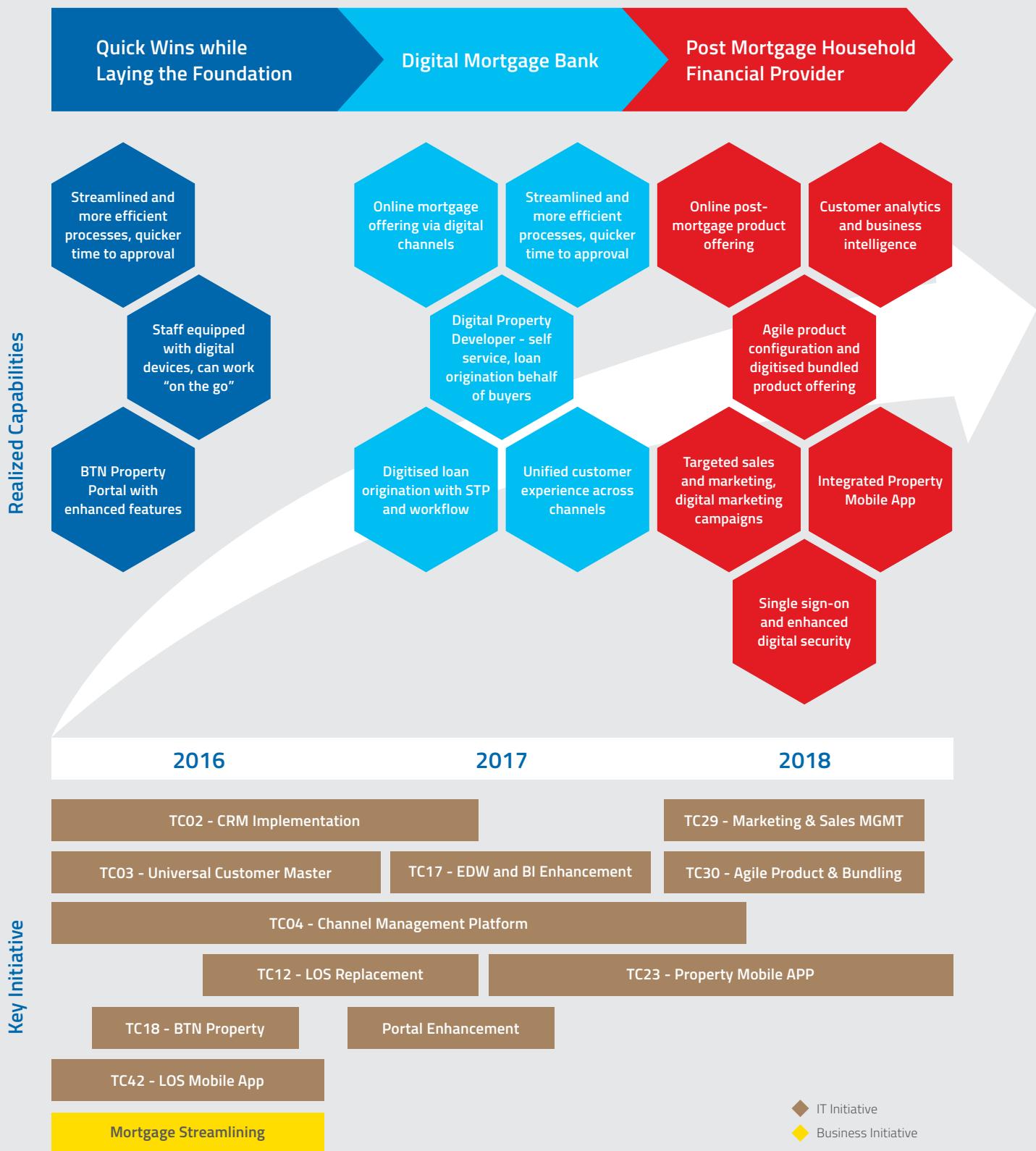


Information Technology Roadmap

The Company continues to refine the information technology system utilized to support the digital services development. One of the manifestations of Company's management strategy as a plan for the development and management of information

technology in the next three years is the Information Technology Strategy Plan (RSTIK). Every year, the Company's management evaluates RSTIK to update it with the dynamic business needs, in line with the Bank's Business Plan. Overview of RSTIK 2016-2018 is as follows.

Figure: Information Technology Strategic Plan (RSTIK) 2016-2018



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 provide consistent service level on every distribution channel
 - › Flexible channel to serve cooperation with partner
 - › Starting transaction in one channel and finishing it through another 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
 - › 360° customers' visibility- a comprehensive view of the customer's perspective
 - › 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

As the basis for the work program implementation and information technology management, the Company has a policy stipulated in the Board of Directors' Decree. The Company's management reviews policies that have been regularly developed to strengthen the information technology infrastructure in order to provide solutions to more accessible and efficient financial services for customers. The Company has implemented information technology policies, as follow:

1. Board of Directors' Regulation No. 11/PD/ITPD/2017 on the Risk Management-Based Information Technology Governance, Amendment to the Directors' Regulation No. 35/PD/ICTD/2010 on Risk Management-Based Information Technology Governance
2. Directors' Regulation No. 12/PD/ICTD/2016 on the Information and Communication Technology Strategic Plan 2016-2018.
3. Directors' Decree No. 05/PD/ICTD/2014 on the Amendment to Directors' Decree No. 18/PD/CMO/2011 dated July 20, 2011, on IT Steering Committee.
4. The policy of IT Business Continuity Plan, which covers the Directors' Circular Letter No. 01/DIR/DTI/2006 on Operating Procedure Disaster Recovery Center (DRC) Directive, Directors' Circular Letter No. 23/DIR/ICTD/2011 on Guidelines for Business Continuity Plan Implementation, and Directors' Circular Letter No. 35/DIR/ICTD/2013 on Disaster Recovery Plan (DRP) Manual and Directors' Circular Letter No. 18/DIR/RMD/2017 on Business Continuity Management (BCM) Policy and Standard Operating Procedure (SOP) of Business Continuity Plan (BCP).
5. IT information security policy includes Directors' Circular Letter No. 17/DIR/DTI/2007 on Security Management Guidelines of Password/Cryptographic Key/Personal Characteristics (Fingerprint, Retina, Sounds)/PIN, and Directors' Circular Letter No. 26/DIR/ICTD/2017 on Non-Disclosure Agreement.
6. Operational Policy comprised of Directors' Circular Letter No. 04/DIR/DTI/1999 on Housing 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.
7. IT 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).

8. IT Standardization Policy includes Directors' Circular Letter No. 59/DIR/ITPD/2017 on Information System Technology Standardization, which is the review result of Directors' Circular Letter No. 51/DIR/ICTD/2014 on Information System Technology Standardization.
9. Information Security Policy includes Directors' Circular Letter No. 64/DIR/ITPD/2017 on Information Security Manual, which is an Amendment to Directors' Circular Letter No. 31/DIR/ICTD/2011 on Information Security Management System, and Directors' Circular Letter No. 40/DIR/ICTD/2016 on the Amendment to the Directors' Circular Letter No. 01/DIR/ICTD/2014 on Information Security Guidelines.

Information Technology Work Program 2017

Throughout 2017, Information and Communication Technology Division (ICTD) conducted programs implementation in IT, in technology development, people, and process; described as follows:

Technology Sector

1. Internet Banking and Mobile Banking Enhancement
In 2017, payment features on Internet Banking and Mobile Banking (IBMB) channels are added as an effort to meet the customers' needs. In addition, IBMB function is enhanced through the integration of another channel. The IBMB improvement is expected to enhance security and performance on technologies, networks, and infrastructure in order to ensure the security and speed of customer transaction services.
2. BTN Property Portal Improvement
The Company innovates to improve services to customers and property developers in order to meet the housing needs. One of the Company's innovations is the implementation of BTN Property portal, which has been launched since 2015. The portal implementation

continues to be enhanced, in line with the Company's efforts to improve loan performance. Currently, the BTN Property portal contains information on various properties sold with the most comprehensive options from different regions of Indonesia. This portal also lists loan simulations and market prices. In addition, communities may apply for financing with conventional and sharia housing loan options, using loan pre-approval.

3. Mobile Application Property

Customers are able to find the desired property through the mobile property application. The application is equipped with support features such as loan simulation, and direct loan submission. This reflects the continued facilitation by the Company.

4. Loan Origination System (LOS) Mobile App

The mobile extension of an existing Loan Origination System (LOS) for on-the-go lending activities, such as approval.

People Sector

1. The ICTD conducts workload assessment in an attempt to identify the capacity of employees in this division including workload requirements, future workload projections, and organizational structures required to support the Company's business development.
2. The ICTD and Human Capital Division perform the staff recruitment and rotation from other divisions in order to determine the best candidates to meet the requirements of positions in this division.

Process Sector

ICTD holds a joint planning session with all divisions related to the Company's business annually. Each division conveys their information technology needs to support the activities effectiveness and compiled work programs. ICT shall follow up by compiling work program, taking into account the needs of related Division.

Corporate Governance

05





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05 Corporate Governance

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Corporate Governance

The Company is fully aware that the corporate governance implementation is a non-negotiable requirement in the banking management, emphasizing the prudential banking principles. As a trusted institution, the Company keeps increasing the trust of all stakeholders in order to maintain the business continuity and foster integrity by delivering the best performance.

The GCG implementation is reflected in the governance outcome such as the increase of operational performance and sustainable financial growth, as well as acknowledgment from various external parties on the Company's existence. The achievement as the 2nd winner of Annual Report Award (ARA) in the category of State-Owned Financial Enterprises Listed in 2016 reinforced the Company's position in the information disclosure and corporate governance.



Awards of Company



**Indonesia The
Most Trusted
Company**

IICG Award 2017

**Juara II Annual
Report BUMN
Keuangan Listed**

Annual Report
Award

**The Best Financial
Sector Asean Corporate
Governance Scorecard**

IICD Award 2017

**ASEAN
Risk Award 2017**

ERMA

**Perusahaan Tbk Terbaik
Indonesia 2017**

Anugerah Perbankan
Indonesia

**Gold Award kategori
Corporate Governance &
Investor Relation**

The Asset Corporate
Award 2017 -
Hongkong





> Company's Governance Statement

As an intermediary institution to collect public fund in the form of savings, and then disbursing it in the form of loan/funding, the Company is an essential part of the public economic wheel, especially on its position as the housing finance bank with the biggest market share.

Good corporate governance or hereinafter abbreviated as 'GCG' is one of Company's efforts in guaranteeing the rights of the stakeholders sustainably.

In order to increase the Bank's performance, protect the stakeholders, and improve the compliance with the legislation, the Company's Board of Commissioners carries out the supervisory function to ensure that the bank management conducted by the Directors is in line with the prevailing legislation, and provide advice/suggestion on every strategic action/activity to achieve the Company's objective. The Company's Directors carry out the management function and the bank management in a secure and professional manner and avoid any potential conflict of interests.

In addition, as a listed SOE bank in the capital market, the bank's governance may increase the investor's trust and security to invest in this global economy era. Therefore, the GCG principles implementation is reflected in the reliable corporate governance mechanism in order to achieve the best performance.

The Company keeps adopting various best governance standard regionally and internationally in a sustainable manner, and keeps improving the scope of GCG implementation, such as ASEAN Corporate Governance Scorecard, OJK Regulation No. 55/POJK.03/2016 on Governance Implementation for Commercial Bank, Principles for Enhancing Corporate Governance published by the Basel Committee on Banking Supervision, OJK Circular Letter No. 13/SEOJK.03/2017 on Governance Implementation for Commercial Bank, and OJK Circular Letter No. 32/SEOJK.04/2015 on Governance Implementation on Limited Liability Companies.

GCG Importance in Company

GCG is an equipment that can be utilized by the Company's organ to improve the Company's business success and accountability in order to realize the long-term stakeholders' value by taking into account the other stakeholders' needs, based on the legislation and business ethics. The Company needs improved governance practices due to the more complex risks faced by the bank. Therefore, the Company keeps improving the bank governance implementation by adapting the regulation development related to OJK Regulation No. 55/POJK.03/2016 on Governance Implementation for Commercial Bank, OJK Circular Letter No. 13/SEOJK.03/2017 on Governance Implementation for Commercial Bank, and OJK Regulation No. 51/POJK.03/2017 on Sustainable Financial Implementation for Financial Institution, Issuers, and Limited Liability Companies.

Furthermore, the GCG becomes a joint effort to proportionally respond to the GCG implementation needs in order to achieve the Moving Beyond Corporate Governance to True Business Value. The Company shall be a proud SOE Bank and participate in realizing the development and welfare of the nation. Therefore, the Company always manages all the business activities professionally by holding the GCG principles. The root is its human resources who are reliable, professional, have integrity, and good morals. Further, the consistent GCG implementation and continuous innovation, both in terms of products and services will ensure the stakeholders' trust.

GCG implementation is very beneficial to the Company. Hence, the Company always has guidelines in performing its business wheel in accordance with the objectives and needs of every stakeholder. Furthermore, the Company believes that the

improvement of GCG implementation is parallel with the overall performance increase. This is demonstrated by the Company's accomplishments throughout 2017 that yields very satisfactory result in terms of financial performance, operational performance, and awards achieved. The Company maintained the third-party fund growth rate and maintained its position as market leader in housing finance. The external recognition in the form of awards on performance, information transparency, and implementation of GCG are namely:

1. 2nd Place of Annual Report Award in the category of Financial Listed SOE;
2. The Best Financial Sector Asean Corporate Governance Scorecard by IICD;



Company GCG Principles

Responsibility

Bank sets clear duties and responsibilities for each organ of Bank, taking into account the prudential banking practices and ensuring compliance with the prevailing legislations.

Transparency

The Company discloses information in a timely, adequate, clear, accurate, and comparable as well as accessible manner to the parties (stakeholders).

Accountability

The Company assigns clear duties and responsibilities for each member of Board of Commissioners and Directors and all members, aligned with the Company's vision, mission, values, targets, and strategies.

Independence

The Company avoids unnatural domination by any stakeholder and is unaffected by unilateral interest and is free from conflict of interest.

Fairness and Equality

The Bank pays attention to all stakeholders based on the fairness and equal treatment.

> Company's Governance Roadmap

By applying the GCG paradigm as a whole, there shall be an alignment of interests and objectives between the Company and its stakeholders (goal congruence), which further will encourage the creation of long-term Company's sustainability. GCG Roadmap is compiled in order to strengthen the GCG consistently from time to time. The Roadmap consists of 4 (four) GCG pillars, i.e. Commitment on Governance, Governance Structure, Governance Mechanism, and Governance Outcome.

BTN GCG Pillars



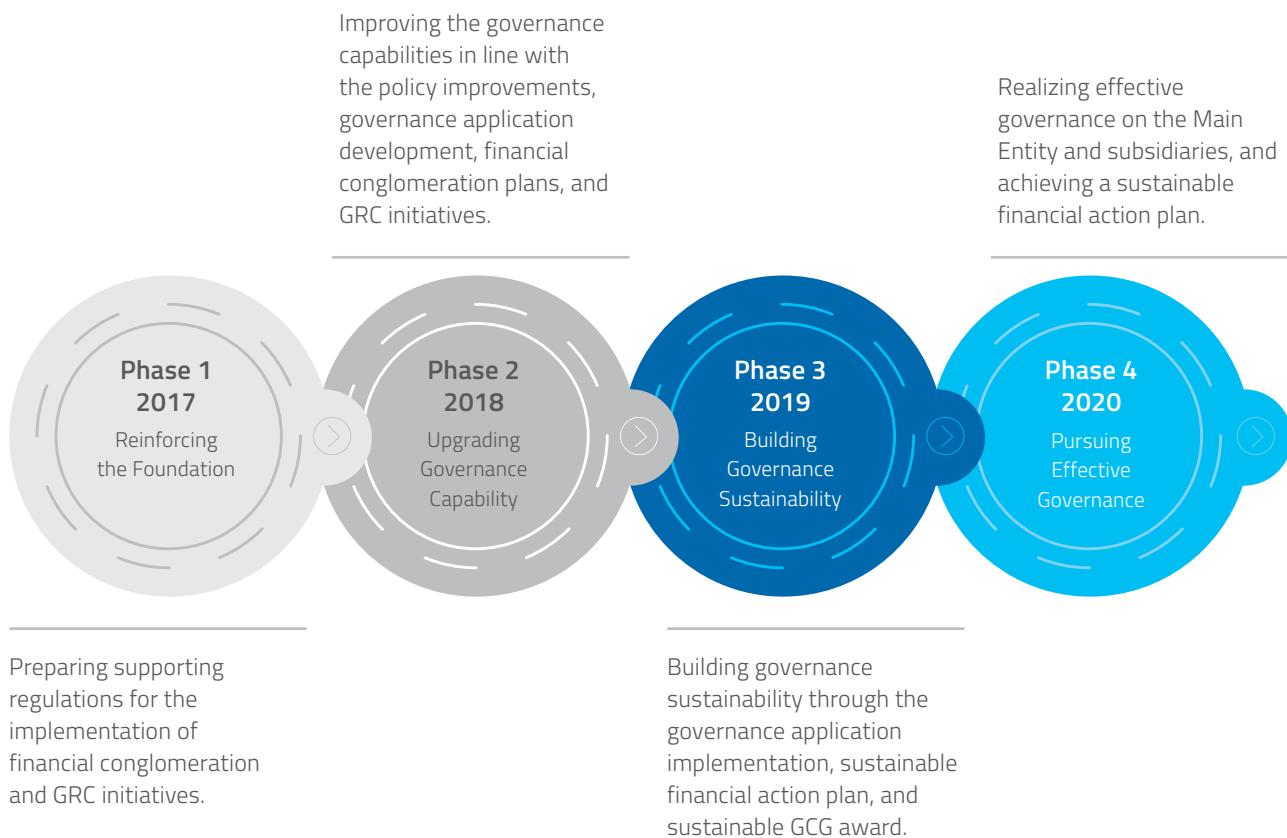
The Company keeps perfecting the bank governance implementation from time to time and keeps adopting the governance Roadmap of an Indonesian company with the Governance Guidelines of Limited Liability Companies and the ASEAN CG Scorecard principles. Hence the Company reviewed and perfected the Bank Governance Roadmap for 2017-2020 period, i.e. by taking into account the initial implementation of Integrated Governance Risk & Control (GRC), the plan to implement financial conglomeration by establishing a subsidiary, as well as a sustainable financial action plan which is the challenge in the future. The objective of the Governance Roadmap is to direct the Company's mission achievement. The final target is to be one of the companies with the best corporate governance in the future.

The preparation of the Governance Roadmap for the 2017-2020 period is in line with the Company's long-term Transformation plan. The first roadmap phase is to 'reinforce

the foundation', i.e. by improving the governance capacity and capability, conducted by building and strengthening the structure and infrastructure aspects of the bank governance. The comprehensive and integrated governance, risk, and compliance shall be applied through the new mapping of human resources, recruitment, education, and training, organizational structure adaption, policymaking, rules, system, and procedures. "Integrated GRC" shall create control function coordination and a more efficient process optimization without losing the effectiveness. The next step is a more effective and efficient "Integrated GRC" to minimize deviation both in business process and results.

The ultimate goal of Roadmap 'pursuing effective governance' is to achieve the effective governance implementation level as a prerequisite to support the business transformation objective prudently, through the smart and orderly risk management, as well as in compliance with all regulation and prevailing legislation.

The Governance Roadmap 2017-2020 is:



GCG Implementation Phases

The first phase is the awareness of every personnel of the Company to create mutual commitment that the GCG practice is very important to be applied to improve the stakeholders' trust and realizing sustainable business. The next phase is internalization on understanding through various media, so the process to adopt the implementation values shall be easier in daily working life. The next phase is GCG Assessment which is an effort to measure the GCG implementation

quality, map the current GCG practices, and identify aspects of needs of attention, be it annually or semiannually. The GCG strengthening in the Company is also conducted through socialization to all stakeholders as a part of transparency and fairness principles, by taking into account the bank secrecy provisions and job secrets. Finally, reporting is the last phase of GCG implementation, published on the Annual Report and Company's website, accessible to all stakeholders.

› Sustainable GCG Commitment

GCG Implementation Focus in 2017

Last year, the corporate governance implementation was focused on the strengthening of good governance system. This year, it is focusing on how to strengthen the governance foundation, in particular relating to the application of financial

conglomeration in order to have an excellent and competitive good governance. The GCG implementation in 2017, in harmony with the corporate GCG Roadmap is conducted through these 4 GCG pillars:

2017 Reinforcing The Foundation

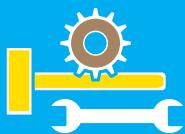
Governance Structure



Reviewing and refining the application of financial conglomeration:

- Policies and procedures;
- Governance Training Program development;
- Governance standard in accordance with BI/OJK, ASEAN CG Scorecard, Ministry of SOEs, CGPI;
- Drafting of the master regulation for the financial conglomeration.

Governance Process



Drafting and conducting trainings, tool, and application, as well as performance system such as:

- Drafting the revision of policies and procedures;
- Drafting governance training modules;
- Formation of Task Force ASEAN CG Scorecard Team;
- Developing governance application.

Governance Outcome



- Reviewing the new governance organizational structure;
- Governance training program;
- Improving the corporate governance score based on BI/OJK Regulator, Regional Third-Party Assessment, SOEs Assessment Standard;
- GCG Composite Score: 2

Commitment on Governance

Refining the Board of Directors and the Board of Commissioners' Working Guidelines and Code of Conduct

In order to follow the development of laws and regulations which stipulate on Board of Directors and Board of Commissioners, in particular after the issuance of OJK Regulation No. 55 of 2016 and OJK Circular Letter No. 13 of 2017 on the Governance Implementation for Commercial Bank, it is necessary to amend or update the Board Manual as the previous working guidelines, by establishing the Board of Directors and Board of Commissioners' working guidelines and code of conduct in their respective decision and working relationship between them in a Joint Decision Decree (SKB).

Refining the Audit Committee Organ in accordance with POJK

The Company has adjusted and refined the membership hierarchy of the Audit Committee in order to improve the independence aspect from the Audit Committee based on POJK Number 55/POJK.04/2016 on the Formation and Working Implementation Guidelines of the Audit Committee. The Corporate Audit Committee in the period of 2017 consists of six persons i.e.:

1. 1 (one) Chairman of the Independent Commissioner;
2. 3 (three) Independent Commissioners;
3. 2 (two) members of the Independent Party with expertise in financial and banking sectors.

Strengthening the Implementation of OJK Governance Guidelines and ASEAN CG Scorecard

The Company keeps perfecting the application of the corporate governance from time to time and adjusting it with the Roadmap of Indonesian Corporate Governance and Public Company Governance as well as ASEAN CG Scorecard principles. The company has applied most of OJK's recommendations which consist of 24 recommendations in 5 aspects and 8 principles of corporate governance. The quality of information transparency is also improved, such as through the notification of important information regarding the General Meeting of Shareholders (RUPS) in the Company's website, so that the shareholders and investors may easily access the necessary information.

Zero Tolerance to Fraud & Zero Defect Program

In order to guarantee the effectiveness of each effort to mitigate the risk of fraud, the Company keeps improving the awareness of BITNIZ people regarding the compliance aspect through continuous information dissemination of the anti-fraud program and by forming the Anti-fraud Team. The anti-fraud strategies were supported by the implementation of 4 (four) pillars i.e. (a) Prevention; (b) Detection; (c) Investigation, Reporting, and Sanction; and (d) Monitoring, Evaluation, and

Follow-up. Furthermore, the anti-fraud commitments were proved by the letter of Statement of Commitment to all of Company's stakeholders. This "Clean Commitment" includes being clean from bribery, corruption, collusion, nepotism, and illegal collection practices, mark up, and other actions, which may lead to corruption, collusion, and nepotism.

Integrated Governance, Risk and Compliance (GRC) Initiative Implementation

Currently, the Company is developing the application of an integrated Governance, Risk, and Compliance, by inserting those three aspects into the component of performance evaluation in the headquarter office level, branches, as well as division and working unit, therefore the overall financial performance achievement is a reflection of the internal control that has been conducted in each organizational level.

Initiative in Sustainable Financial Application

Along with the Roadmap for Sustainable Finance issued by OJK, the Company started to initiate and participate in supporting the sustainable development by becoming a sustainable finance. The conducted initiatives include the implementation of green finance products, i.e. the Company's products and services that observe the environmental aspects such as in its activities of funding, lending, and fee-based income.

With the issuance of Regulation of OJK Number 51/POJK.03/2017 on the Sustainable Financial Application for Financial Service Institutions, Public Issuers and Companies, the Company also started to complete various supporting policies in order to fulfill the principle of the sustainable finance, which consist of: (1) Responsible investment principle; (2) Sustainable business strategies and practices principle; (3) Social and environmental risks management principle; (4) Governance principle; (5) Informative communication principle (6) Inclusive principle; (7) Priority sector development principle; and (8) Coordination and collaboration principle.

Currently, the Company has provided financial services without office in accordance with Regulation of OJK Number 19/POJK.03/2014 regarding Financial Services without Office in Order to Create Inclusive Finance, in form of Cermat BTN Saving Account based on card and mobile phone to increase the community's accessibility in reaching the banking services. This shows that the Company has applied the inclusive finance principle, in which the bank services have reached and are accessible by various community levels. Up to the end of 2017, there are more than 1.2 million customers' accounts that have been using the services.

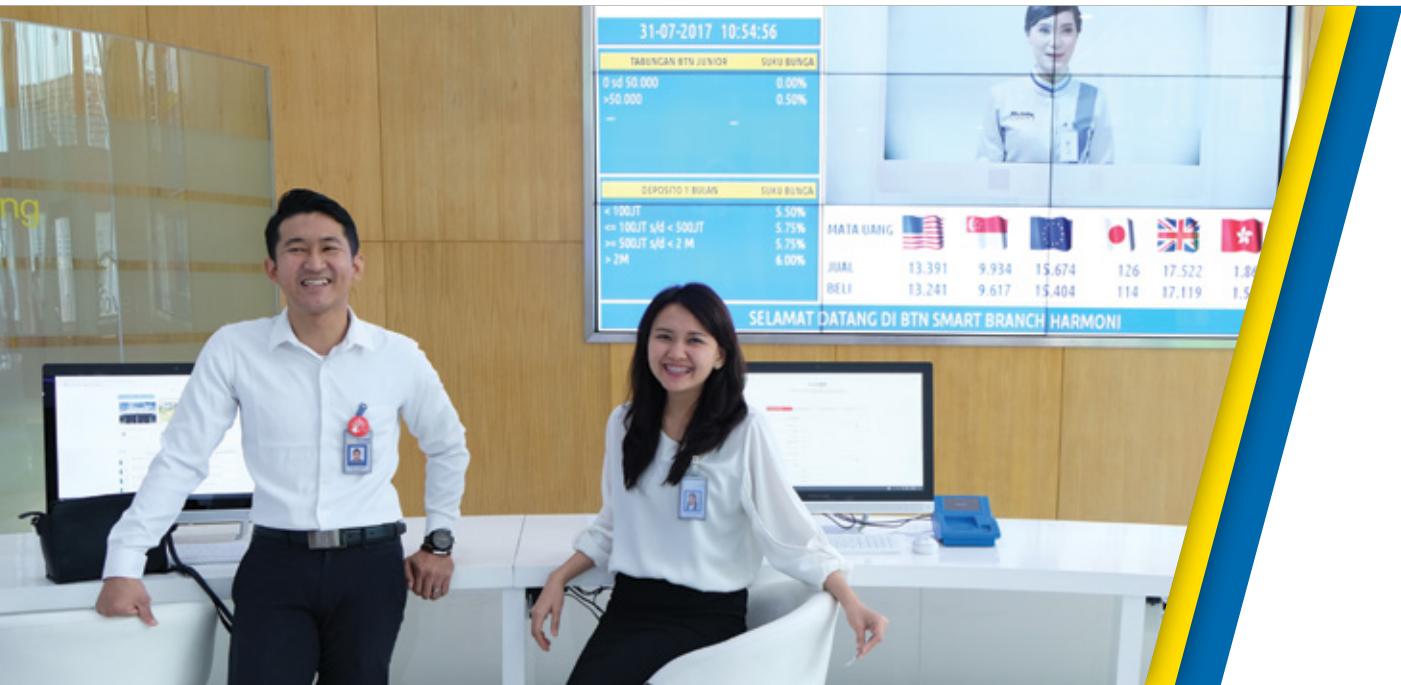


Photo Source: Company Documentation

In providing the financing facilities through construction loan, land ownership loan, and investment loan, potential client shall fulfill the requirements of Environment Impact Analysis (AMDAL) and other permits according to the established Product Policies. This is to ensure that projects funded by the Company have fulfilled the required regulations, both legal and procedural ones.

The paperless program is conducted by using various facilities to support the improvement of fee-based income, i.e. through the improvement of electronic channeled services such as ATM services, Cash Deposit Machine (CDM), Internet Banking, Cash Management, SMS Banking, and Mobile Banking.

GCG Application Quality Improvement Plans in 2018

Along with the currently ongoing sustainable business transformation phase, in 2018, the Company shall enter the phase to "Build the Growth Momentum Based on a Stronger Business, Human Capital Competence Development, and

Reliable Business Infrastructure". For sure in that phase, the Company shall need to thoroughly strengthen the organizational capability which prioritizes GCG principles by planning the strategic initiatives focused on the corporate governance capability improvement, by continuing and improving the previous corporate governance program, improving and refining loan distribution process, collection, remedial, and other main processes, as well as applying the integrated GRC by monitoring Key Performance Indicator (KPI), Key Risk Indicator (KRI), and Key Compliance Indicator (KCI) including the adjustment of ISO 9001: 2015.

The results of governance implementation are directed to continue improving the transparency of financial and non-financial conditions of the Company, clients' protection, compliance function improvement, banking issues settlement, as well as refining GCG implementation according to the provisions issued by Financial Service Authority, Ministry of SOEs, and ASEAN Corporate Governance Scorecard.

> Company's GCG Assessment

The Company always implements the highest standard of Corporate Governance by referring to the Bank Indonesia (BI) Regulation and Financial Services Authority (OJK) Regulation, and OECD principles and ASEAN CG Scorecard as the international standards.

Governance Self-Assessment

Governance self-assessment is conducted periodically on June and December every year. In 2017, the governance implementation refers to the OJK Regulation No. 55/POJK.03/2016 on Governance Implementation for Commercial Bank, and OJK Circular Letter No. 13/POJK.03/2017 on Governance Implementation for Commercial Bank. There are 11 (eleven) parameters as the standard governance implementation indicators:

1. Implementation of duties and responsibilities of the Directors;
2. Implementation of duties and responsibilities of the Board of Commissioners;
3. Comprehensiveness and execution of Committee's duties;

4. Handling of conflict of interest;
5. Implementation of compliance function;
6. Implementation of internal audit function;
7. Implementation of external audit function;
8. Risk management implementation including internal control system;
9. Provision of funds to related parties and large exposures;
10. Transparency of financial and non-financial condition of banks, reports on the corporate governance implementation and internal reporting;
11. Bank strategic plans.

The Company's governance self-assessment results as per December 2017 are:

Company Governance Self-Assessment Results		
	Rating	Rating Definition
BANK	2	Reflects the Company's management in implementing the Good Corporate Governance. Adequate implementation of the Good Corporate Governance principles. If there is any weakness to the Good Corporate Governance principles, generally the weakness is less significant and shall be solved by normal action from the Bank's management.

Generally, the good corporate governance principles have been implemented comprehensively and structured on three governance aspects, i.e. structure, process, and governance results. The Company has adequate governance structure and infrastructure to support the corporate governance principles implementation and produces quality governance, which is reflected in the following indicators:

1. The number, composition, criteria, Independence of the Board of Commissioners, Directors, Committees, and task force have fulfilled the requirements and are in line with the Company's size and business complexity. However, there are members of Board of Commissioners and Directors who have not passed the fit and proper test by the OJK. Therefore, the Board of Commissioners and Directors are committed to fulfill and improve the governance structure and infrastructure to always adapt to the provision of regulators, supervisors, and follow the bank business dynamics necessity.

2. The availability of governance policies, guidelines, and regulations, as well as the clear duties, responsibilities, and functions of Company's organs support the implementation effectiveness. However, there are findings of OJK, so the Company needs to improve the supervision quality on the Bank's operational management activities and commits to improving the business process.
3. The adequate functions of Compliance Task Force, Internal Audit Task Force, and External Audit Task Force are reflected in the Company's compliance with the regulation and its commitment. The internal audit implementation has appropriate coverage, in line with the Company's risk level.
4. The risk management and internal control system implementation are adequate, supported with the policies, procedures, and information system to bolster the Company's operations.

5. The implementation of function, duties, and responsibilities of the Company's organs are adequate in order to optimize the supervisory and monitoring function. However, there is an identified fraud that requires attention for a comprehensive solution. Hence, the Board of Commissioners and Directors are committed to solving it.
6. The bank's strategic business plan is carried out consistently.
7. Disclosure of financial and non-financial conditions, product information, annual reports, and reports on

Company's GCG implementation in a transparent and easily accessible manner for the stakeholders. Nevertheless, there are still fine on the bank statements to BI/OJK due to operational constraints. Hence, the Board of Commissioners and Directors are committed to improving the governance outcomes in order to maintain business continuity.

The development of the Company's GCG Self-Assessment result in the last 4 years can be seen as follows:

Table: Governance Self-Assessment Score 2014-2017

	2014	2015	2016	2017
GCG Self-Assessment Score	2	2	2	2

In addition to the Self-Assessment, the Company has consistently conducted third-party assessment to obtain second opinion on the quality of GCG implementation in order to continuously improve the quality of GCG implementation.

Guidelines for Public Corporate Governance in accordance with OJK Regulation

Guidelines for Public Corporate Governance are set forth in the OJK Regulation No. 21/POJK.04/2015 and OJK Circular Letter No. 32/SEOJK.04/2015 on Guidelines of Public Corporate Governance, which consists of 5 (five) aspects, 8 (eight) principles, and 25 (twenty-five) recommendations of aspects implementation and good corporate governance principles. The implementations in 2017 are as follow:

Company's Compliance with the Guidelines of Public Corporate Governance

No	Recommendation	Status	Company's Compliance
Aspect 1: Good Relationship between the Public Company and the Shareholders in Ensuring the Rights of Shareholders			
Principle 1. Increasing the Value of GMS			
1	Public Company has voting methods or procedures both openly or closely, that emphasizes on the independence and interests of shareholders.	Comply	<p>1. The voting procedure in the decision making of a GMS agenda shall be conducted by close voting, as stated in the GMS Code of Conduct, which is disclosed to the public on the Company's website.</p> <p>2. Voting procedure maintains independence or the freedom of shareholders.</p> <p>In 2017, the Company held two GMS, an Annual GMS on March 17, 2017, and Extraordinary GMS on December 28, 2017. Decisions in the Board of Commissioners' Meeting are done through deliberation. In the case that deliberation could not be achieved, voting is conducted. The decision is made if approved by more than $\frac{1}{2}$ (half) of all the shares with voting rights who attends the meeting.</p> <p>1. The voting is conducted with the mechanism as follows:</p> <p>2. 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.</p> <p>3. 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.</p> <p>4. Number of abstain and disagree votes counted as valid votes voiced at the Meeting, and the difference is the amount of voice who agree.</p> <p>5. The shareholders with rights to vote but abstain is considered to voice their vote with the majority of the shareholders who votes their voice.</p> <p>6. 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 attends the Annual GMS.	Comply	In the event of GMS, the Company always complies with all prevailing rules and legislation. In the Annual GMS dated March 17, 2017, all members of Directors and Board of Commissioners, including the Members of Audit Committee attended the Annual GMS.

No	Recommendation	Status	Company's Compliance
Aspect 1: Good Relationship between the Public Company and the Shareholders in Ensuring the Rights of Shareholders			
Principle 1. Increasing the Value of GMS			
3	The Minutes of GMS is available in the Public Company's website at least for 1 (one) year.	Comply	The Company provides the Minutes of GMS in Indonesian and English on the Company's website www.btn.co.id on Investor Relation menu, in prints, and IDXnet and OJK e-reporting, dated March 17, 2017, for the Annual GMS of Fiscal Year 2016, and December 28, 2017, for Extraordinary GMS.
Principle 2. Improving the Quality of Public Corporate Communication with the Shareholders or Investors.			
4	Public Company has a communication policy with the shareholders or investors.	Comply	The Company already has a communication policy with shareholders or investors as referred to in the Investor Relations Policy which includes the analyst meeting, public exposé, investor meeting, Annual Report, etc.
5	Public Company expresses the public corporate communication with the shareholders or investor on the Website.	Comply	The Company has disclosed the communication policy to the shareholders or investors on the Company's website (www.btn.co.id) on the Investor Relation - Investor Relation Policy Guidelines menu
Aspect 2: Duties and Roles of Board of Commissioners			
Principle 3. Strengthening the Membership and Composition of the Board of Commissioners			
6	Determine the number of Board of Commissioners, taking into consideration the condition of Public Company.	Comply	The determination of the number of members of the Board of Commissioners has taken into consideration the Company's conditions, including the characteristics, capacity, size, achievement of the objectives, and the fulfillment of the bank's business requirements in accordance with the provisions of the Regulator. Number of Members of Board of Commissioners currently is adequate and in line with the OJK Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Listed Companies or Public Companies, or equal to the number of Directors.
7	Determine the member's composition of Board of Commissioners, taking into account the skills diversity, knowledge, and experience needed.	Comply	The composition of members of Board of Commissioners takes into account the diversity of required skills, knowledge, and experience as disclosed in the Diversity of Board of Commissioners' Composition on this Annual Report.
Principle 4. Improving the Execution of Duties and Responsibilities of the Board of Commissioners.			
8	Board of Commissioners has their own self-assessment policy to evaluate the Board of Commissioners' performance.	Comply	The Board of Commissioners has a self-assessment policy as stated in the Joint Decree on the Working Procedures of the Board of Commissioners and Directors dated November 24, 2017, on Chapter IV - Performance Evaluation. The chapter is described in the performance assessment of the Board of Commissioners on this Annual Report and the Company's website (www.btn.co.id) in Investor Relation - GCG - Cross-reference ASEAN CG Scorecard - SKB menu.
9	Self-assessment policy to evaluate Board of Commissioners' performance is stated on the Public Company's Annual Report.	Comply	The self-assessment policy to evaluate Board of Commissioners' performance can be referred to in the Board of Commissioners' Performance Assessment on this Annual Report.
10	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 a policy in the Board of Commissioners' Code of Conduct in the Board of Commissioners' Decree No. 01/DEKOM-BTN/2017 on resignation and dismissal 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.
11	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	Appointment and dismissal of the Company's Directors are performed based on the professionalism and GCG principles. As a State-Owned Enterprise (SOE), the Board of Directors' succession policy refers to the Minister of State-Owned Enterprises Regulation No. PER-03/MBU/02/2015 on the Requirements and Procedures to Appoint and Dismiss Members of the Board of Directors of State-Owned Enterprises. In addition, as a public company, the Company's policies also refer to the 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.

No	Recommendation	Status	Company's Compliance
Aspect 3: Function and Roles of Board of Directors.			
Principle 5. Strengthen the Membership and Composition of the Directors.			
12	Determine the member of Directors taking into account the condition of Public Company as well as effectiveness in decision-making.	Comply	The determination of the number of members of the Board of Directors has taken into consideration the Company's conditions, including the characteristics, capacity, size, achievement of the objectives, and the fulfillment of the bank's business requirements in accordance with the provisions of the Regulator. The Directors' members have complied with the OJK Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Listed Companies or Public Companies.
13	Determine the composition of Board of Directors, taking into account the diversity of skills, knowledge, and experience needed.	Comply	The composition of members of Directors takes into account the diversity of required skills, knowledge, and experience as disclosed in the Diversity of Board of Directors' Composition on this Annual Report.
14	Directors' member who oversees accounting or financial sectors must have the expertise and/or knowledge in the accountancy.	Comply	In 2017, Directors overseeing accounting or financial sectors have experience in the field of finance with information as follows: 1. Education > Bachelor of Machine Engineering ITB > Master in Accounting and Finance, University of Birmingham, UK 2. Work Experience > Treasury Manager of Hong Kong Branch PT Bank Pembangunan Indonesia (Persero) (1992–1995). > Deputy General Manager of Hong Kong Branch PT Bank Pembangunan Indonesia (Persero). (1995 – 1996) > General Manager (CE) of Hong Kong Branch PT Bank Pembangunan Indonesia (Persero). (1996 – 1997) > Deputy Head of Financial Affairs and Bank Services PT Bank Pembangunan Indonesia (Persero). (1998 – 1999) > General Manager (CEO) of Singapore Branch PT Bank Mandiri (Persero) Tbk. (1999 – 2001) > Department Head UP3 Financial Institution & Overseas Network (FION) Group PT Bank Mandiri (Persero) Tbk. (2001 – 2002) > Department Head of Correspondent Banking PT Bank Mandiri (Persero) Tbk. (2002 – 2003) > Department Head of FI Credit Risk and Product Development PT Bank Mandiri (Persero) Tbk. (2003 – 2006) > Department Head Loan Recovery II group, and Senior Recovery Manager Asset Management and Disposal Department PT Bank Mandiri (Persero) Tbk (2006) > 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) > Group Head IBCMS Group PT Bank Mandiri (Persero) Tbk (2009 – 2010) > Bank Mandiri Europe Ltd. (BMEL) PT Bank Mandiri (Persero) Tbk (2010-2013)
15	Board of Directors has their own self-assessment policy to evaluate the Directors' performance.	Comply	The certification owned by the Directors overseeing finance/accounting can be referred to on the Director's Competence Development on this Annual Report.
16	Self-assessment policy to evaluate Board of Directors' performance is stated on the Public Company's Annual Report.	Comply	Directors has their own self-assessment policy set forth in Joint Decree on the Working Procedures of the Board of Commissioners and Directors dated November 24, 2017, on Chapter IV - Performance Evaluation. This assessment system is summarized as the Key Performance Indicator (KPI) as described in the Directors' Performance Assessment on this Annual Report and the Company's website (www.btn.co.id) in Investor Relation - GCG - Cross-reference ASEAN CG Scorecard - SKB menu.
17	Board of Directors has their own policy related to resignation of member of Board of Directors if involved in financial crime.	Comply	The self-assessment policy to evaluate Board of Directors' performance can be referred to in the Directors' Performance Assessment on this Annual Report.
			The Company has a policy regarding the Board of Commissioners' Code of Conduct in the Directors' Decree No. 07/DIR/K D/CMPD/2017 related to resignation and dismissal 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.

No	Recommendation	Status	Company's Compliance
Aspect 4: Stakeholders' Participation			
Principle 7. Improving the good corporate governance aspects through the stakeholders' participation			
18	Public Company has policy to prevent insider trading.	Comply	The Company has a policy related to insider trading, as stipulated in Directors Regulation No. 39/PD/CSD/2011 on the Policy Guidelines for Investor Relations as stated in the Company's website (www.btn.co.id) in the Investor Relations - Investor Relations Policy Guidelines menu.
19	Public Company has policy for anti-corruption and anti-fraud.	Comply	The anti-fraud implementation in the Company is stipulated by the Board of Directors' Circular Letter No. 22/DIR/IAD/2014 on Anti-Fraud Strategies Standard Operating Procedure. As a guideline in the implementation of Gratification Control, as an initiative of the national anti-corruption program, the Company issued a guideline on gratification control in the Directors' Circular Letter No. 68/DIR/CMPD/2017.
20	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. 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 stipulate the 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>
21	Public Company has policy on creditor's right fulfillment.	Comply	<p>Policy on creditor rights fulfilments 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 of agreements, as well as follow up in fulfilling the Public Company's responsibility to the creditor. The creditors' basic rights policy, among others, are:</p> <ol style="list-style-type: none"> 1. Receive principal and interest payment at the agreed time. 2. Rights to any fine on the late principle payment and interest payment. 3. Ask for explanation, information, and documents, as well as auditing the Company's accountancy. <p>In 2017, there are two Company's creditors, i.e.: Bilateral Loan Creditor and Bonds Creditor.</p>
22	Public Company has policy on whistleblowing system.	Comply	<p>The Company has policy on Whistleblowing System implementation as stipulated in Circular Letter No. 21/DIR/IAD/2014 on Standard Operating Procedure of Company Whistle Blowing System, 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 in the Whistleblowing System on this Annual Report.</p>
23	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 in the Directors' Regulation No. 02/PD/HCD/2017 on the Remuneration 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 Bank BTN 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 on Guidelines on Remuneration of Board of Directors, Board of Commissioners, and SOE Supervisory Board; and POJK No. 45/POJK.03/2015.</p> <p>Since 2009, the Company has conducted the long-term incentive in the form of MESOP for Directors and Employee as explained further in the Share Option on this Annual Report.</p>

No	Recommendation	Status	Company's Compliance
Aspect 5: Information Disclosure			
Principle 8. Improving the Information Disclosure.			
24	Public Company utilizes the information technology more broadly than the Website as a disclosure medium.	Comply	<p>The Company continuously strives to improve the quality of information disclosure to stakeholders through information technology. In addition to the Company's website, the Company uses social media, namely YouTube (officialbankbtn), Facebook (socialmedia@btn.co.id), Twitter (socialmedia@btn.co.id), Instagram (officialbankbtn) and LinkedIn (PT Bank Tabungan Negara (Persero) Tbk).</p> <p>The Company also updates the information to the shareholders through email, conference call, and Capital Market TV, IBCM Channel of Indonesia Stock Exchange, and site visit by investors to Company Branch Offices, Non-Deal Roadshow, one-on-one meeting, and Analyst Meeting Public Expose.</p>
25	Public Company Annual Report discloses the benefits 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	<p>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.</p>

GCG Rating - CGPI Award 2016

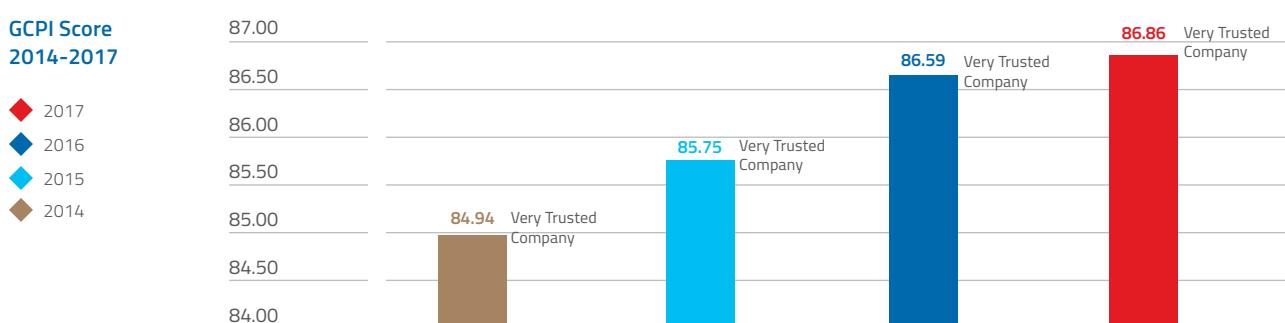
The Company continuously follows the rating and survey of Corporate Governance Perception Index, hereinafter abbreviated as CGPI annually, which is managed by the Indonesian Institute for Corporate Governance (IICG). CGPI is a research and rating program of corporate governance quality assessment, that has the following stages of assessment:

1. Instrument and Document Analysis The stage is carried out by these activities:
 - a. Self-Assessment;
 - b. Document Assessment.

2. Observation

The observation is performed through the instruments clarification and documents comprehensiveness owned by the company through the executive exposure and discussion of corporate organs.

Company scored a 86.86 CGPI in 2017, as 'The Most Trusted Company'. The CGPI assessment in the last 4 years are as follow:



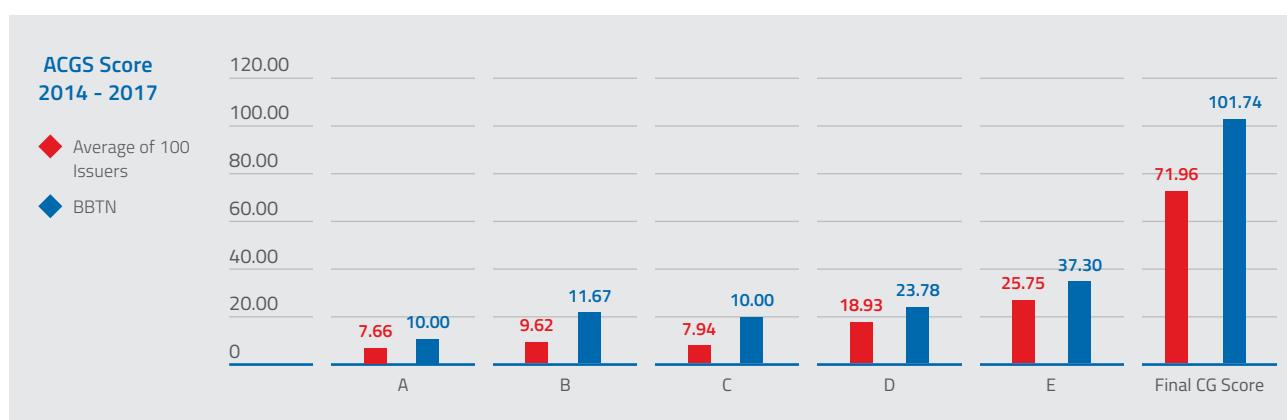
> ASEAN Corporate Governance Scorecard (ACGS)

The GCG Assessment is based on the ASEAN Corporate Governance Scorecard standard. This assessment is conducted by OJK and the Indonesian Institute for Corporate Directorship (IICD), who assess the GCG practices by referring to the public. The Company is considered successful in applying some governance practices, in line with the ASEAN Corporate

Governance Scorecard, which is reflected in the assessment result 2017. The Company scored a 101.74, with the predicate "Leadership in Corporate Governance", and predicate "The Best Financial Sector" at the 9th IICD Awards. The description of the Scorecard result is as follow:

Principle	Score of 2017
Shareholders' Right	10.00
Equivalent Treatment of Shareholders	11.67
Stakeholders' Role	10.00
Disclosure and Transparency	23.78
Responsibilities of the Board of Commissioners	37.30
Bonus	11.00
Penalty	-2
Total	101.74

The Company's ACGS score in the last 4 years are:
 The following graph presents the Company's CG Score comparison with an average of 100 listed companies (based on the largest market cap) based on ASEAN CG Scorecard 2017.





The graph shows that the Company's CG Scorecard results in 2017 are still above average. Final CG Score obtained by all listed issuers based on the largest market capitalization (n=100), either based on a principle score or overall score. For the last 2 years since 2016, the Company is on level 5 with score more than 100.

The total score or final score for Corporate Governance performance obtained from the assessment result will be interpreted as follows:

No.	Score Point	Company's Governance Performance	Interpretation
1	60,00-69,99	Level 1	Minimum Requirement
2	70,00-79,99	Level 2	Fair
3	80,00-89,99	Level 3	Good
4	90,00-99,99	Level 4	Very Good
5	100 or more	Level 5	Leadership in corporate governance

The description of Company Compliance Statement on Corporate Governance Guidelines based on ASEAN CG Scorecard is as follows:

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Description
Level 1			
Part A Rights of Shareholders			
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 governs 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			
B.1	Shares and voting rights	Comply	-
B.2	Notice of AGM	-	1. Disclosure of the profile of the candidates for the members of Board of Commissioners and Directors are not yet available at the GMS; 2. GMS invitation does not contain information related to the External Auditor to be appointed at the GMS; 3. The Letter for Power of Attorney of the absent shareholders from the GMS is not attached to the GMS Summoning.
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	-

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Description
Level 1			
Part C Role of Shareholders			
C.3	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	Comply	-
C.3	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.	Comply	-
C.3	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			
D.1	Transparent Ownership Structure	Comply	-
D.2	Quality of Annual Report	-	The Company has not disclosed the remuneration of each member of the Directors and Board of Commissioners.
D.3	Disclosure of Related Party Transactions (RPT)	-	The Company has not disclosed any policies related to the review and approval process from the Related Parties that are material
D.4	Directors and Commissioners Dealings in Shares of The Company	Comply	-
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			
E.1	Board Duties and Responsibilities	Comply	-
E.2	Board Structure	Comply	-
E.3	Board Processes	Comply	-
E.4	People on the Board	Comply	-
E.5	Board Performance	-	The Company has not disclosed the individual assessment and performance appraisal process of the Board of Commissioners, including its assessment process and criteria.

On Bonus rating, some of the items that can be fulfilled by the Company are as follows:

Level/ No Item	Corporate Governance Standard Criteria	Comply Status	Description
Level 2			
(B)C.1.1.	The company adopts an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)	Comply	-
(B)D.1.1.	The audited annual financial report /statement released within 60 days from the financial year-end	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.6.1.	The company has a separate board level Risk Committee	Comply	-

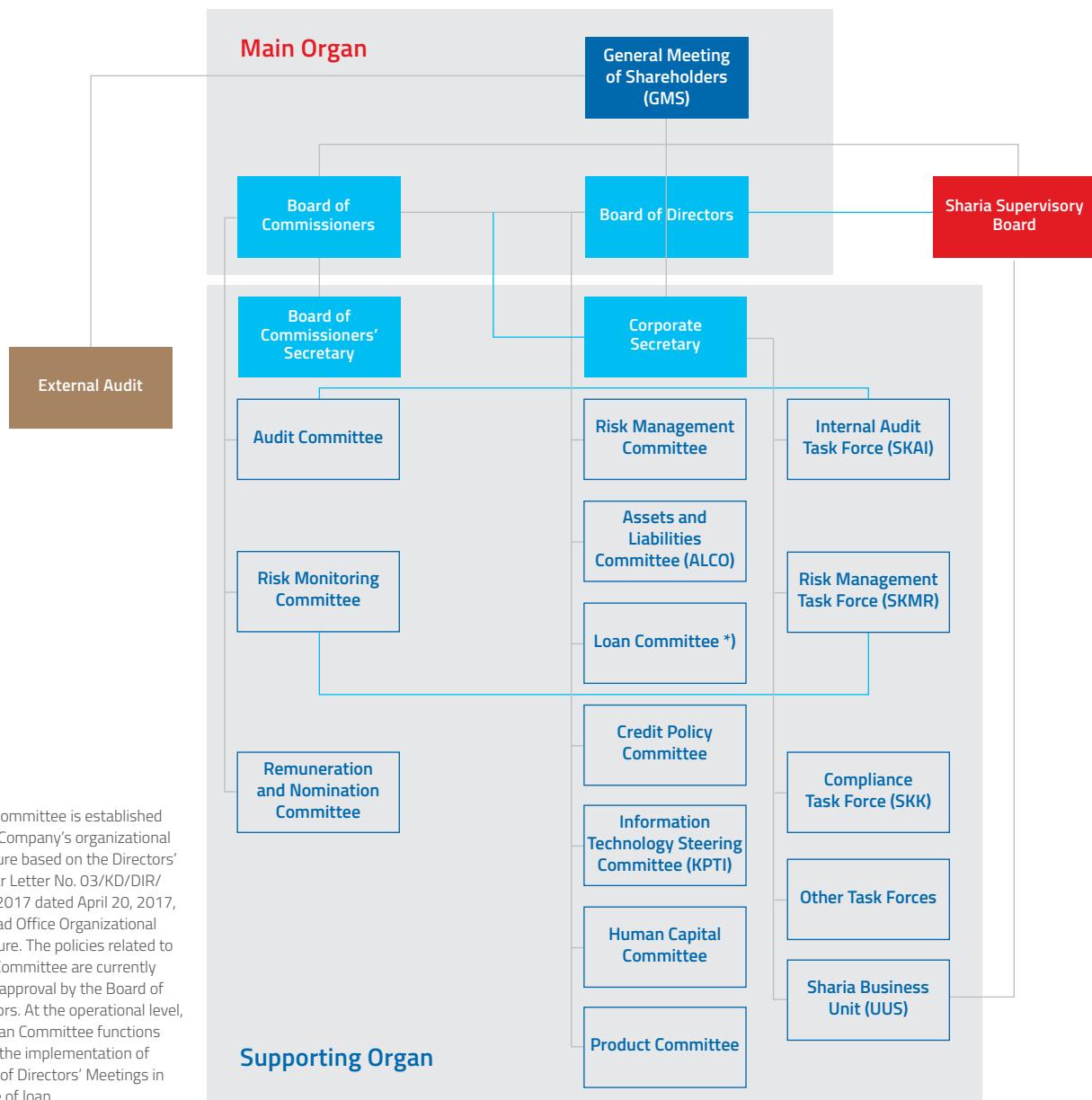
> Corporate Governance Structure, Mechanism, and Policies

Corporate Governance Structure and Mechanism

In accordance with Law No. 40 of 2017 on Limited Liability Company, it is stated that the Company Organ consists of a General Meeting of Shareholders (GMS), the Board of Directors, and the Board of Commissioners. GMS, Board of Directors, and Board of Commissioners respect their duties, responsibilities,

and authorities in accordance with rules and legislation and Articles of Associations.

Company's Organ is established to ensure that the implementation of the Company's governance shall be done effectively with clear roles and responsibilities as to create check and balance control mechanism.



The Company's governance is implemented in an integrated structure consists of 3 (three) aspects of governance, i.e. structure, process, and outcome. The Company conducts these three aspects to ensure the availability of adequate governance structure and infrastructures, to maximize the effectiveness of governance implementation process, and to promote quality governance outcome to fulfill the hope of all stakeholders.

Company's Governance Policies

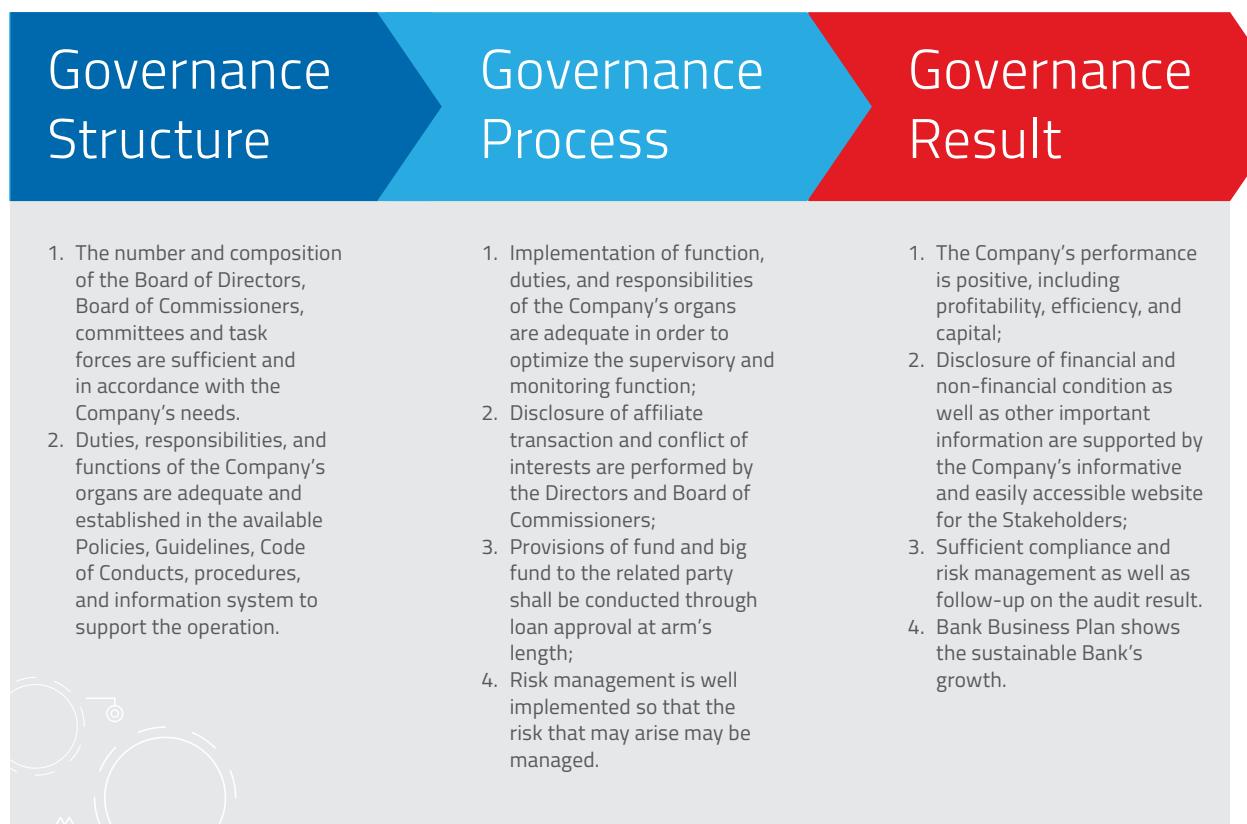
The governance mechanism is a set of rules to implement GCG that govern the relationship between the organs inside the Company so that the duties, responsibilities, and authorities are clear and in accordance with the prevailing rules and regulations, GCG principles, healthy business ethics, and best practices. The Company has the Governance Mechanism that is reflected in the main policies of GCG principles (soft-structure GCG). This mechanism shall be the living document for all and every part of organization of the Bank.

1. The GCG guidelines is ratified by the Directors' Decree No.06/DIR/DK/2009 dated May 27, 2009;
2. The Board of Commissioners' Code of Conduct is ratified

in the Board of Commissioners' Joint Decree No.01/KOM-BTN/2017 dated August 10, 2017. The Conduct acted as the Board Manual renewal which was the previous guidelines;

3. The Board of Directors' Code of Conduct is ratified in the Directors' Decree No. 07/DIR/KD/CMPD/2017 dated September 28, 2017. The Conduct acted as the Board Manual renewal which was the previous guidelines;
4. Working Relationship of the Director and Board of Commissioners is ratified in the Board of Commissioners' Joint Decree No. 02/DEKOM-BTN/2017 and Directors' Decree No. 01/DIR-BTN/2017 dated November 24, 2017;
5. The Code of Conduct is ratified in the Directors' Regulation No. 16/PD/CMPD/2015;
6. Gratification Control Implementation is ratified in the Circular Letter No. 45/DIR/CMPD/2015;
7. Conflict of Interest Handling Guidelines is ratified in the Directors' Regulation No. 31/PD/CSD/2010 dated December 22, 2010;
8. Whistle Blowing System (WBS) and Anti-Fraud are ratified in the Directors' Circular Letter No. 55/DIR/CSD/2012.

Relations in Structure, Mechanisms, and Results of Governance





> General Meeting of Shareholders (GMS)



Photo Source: Company Documentation

As the Company's organ with the authority that is not granted to the Board of Commissioners or Directors, the GMS is a forum for the shareholders to make decisions and participate in the Company's management.

Information on Major Shareholders and Controllers

Shareholder is an individual or legal entity that is legally registered as a shareholder in the Company's Shareholder Register. As the owner of the capital, the shareholder shall carry out their rights and responsibilities based on the fairness principles, in line with the Articles of Associations and prevailing legislation, with due regard to the Company's business continuity.

As a public State-Owned Enterprise, the Company's largest shareholding is the Republic of Indonesia of 60%, which places the Republic of Indonesia as the Controlling Shareholder. In addition, the Republic of Indonesia also owns 1 (one) Bicolor Series A Share, which grants special privileges to the owner simultaneously as the Controlling Shareholder. These privileges are not granted to the other shareholders. The rest of 40% of Company's shares is owned by the public. Per December 31, 2017, there are 10,590,000,000 (ten billion five hundred and ninety million) shares, which consists of 1 (one) Bicolor Series A Share and 10,589,999,999 (ten billion five hundred eighty-nine million nine hundred ninety-nine thousand nine hundred and ninety-nine) Series B Shares.

Authorities and Responsibilities of the Shareholders in GMS

The Company has 2 (two) types of shares, i.e. Bicolor Series A Share and Series B Share at the amount of Rp500 (five hundred Rupiah) per share. The shareholder of Bicolor Series A Share is the controlling shareholder and has the privileges as follow:

1. The right to approve matters in GMS such as:
 - > Approval of the amendment of Articles of Association;
 - > Approval of Capital changes;
 - > Approval of Appointment and Dismissal of members of Directors and Board of Commissioners;
 - > Approval related to mergers, consolidations, acquisitions, segregation, and dissolution;
 - > Approval of remuneration of members of the Directors and Board of Commissioners;
 - > Approval of the transfer of assets, which based on the Articles of Association shall be subjected to the approval of the GMS;
 - > Approval on the participation and reduction of the percentage of equity participation in other companies, which based on the Articles of Association shall be subjected to the approval of the GMS;
 - > Approval of the profit utilization;
 - > Approval of non-operational long-term investment and funding, which based on the Articles of Association shall be subjected to the approval of the GMS;
2. Right to propose candidates for members of the Directors and Board of Commissioners;
3. Right to propose the agenda of the GMS;
4. Right to request and access the Company's data and documents.

In addition to the special privileges for Bicolor Series A Share, as long as not otherwise specified by the Company's Articles of Association, the holders of Bicolor Series A Share and Series B Shares have the same right, among others:

1. Right to attend, submit opinions, and vote in the GMS based on one share, which entitles the holder to issue one vote;
2. Right to obtain information about the company in a timely, correct, and orderly manner, except for confidential matters;
3. Right to receive the Company's profit share designated for the Shareholders in the form of dividends and other profit sharing, in proportion to the number of shares held;
4. Right to obtain a full explanation and accurate information on the procedures to be met regarding the conduct of the GMS;
5. In the case of more than one type and classification of shares in the Company, each shareholder is entitled to vote according to the type, classification, and number of shares held. Each shareholder is entitled to be treated equally on the basis of the type and classification of the shares held;

6. Right to transfer, waive the rights, or make a guarantee of the debt of all or more of the Company's assets over 50% (fifty percent) of the total net worth of the Company, in either one or several transactions, stand-alone or related, must receive the approval of the GMS.

GMS has the authorities, namely to:

1. Appoint and dismiss members of the Board of Commissioners and Directors based on policies/guidelines set by the shareholders;
2. Provide approval/decision necessary to maintain the interests of the Company's long-term and short-term business in accordance with the rules and legislation and/or Articles of Association;
3. Provide annual report approval, including approval of financial statements and supervisory duties of the Board of Commissioners in accordance with rules and legislation and/or Articles of Association;
4. Set the targets and assess the performance of the Directors and Board of Commissioners;
5. Establish the remuneration of the Board of Commissioners and Board of Directors;
6. Appoint the external auditor;
7. Approve or reject Company's Long-Term Plan (RJPP) and Work Program and Budget (WP&B).
8. Make decisions through an open, fair, and accountable process;
9. Implement good corporate governance in accordance with their authorities and responsibilities.

The duties and responsibilities of Shareholders, among others:

1. To adhere to the Articles of Association and rules and legislation;
2. To not conduct Bank's supervision and management, that is the responsibilities of the Board of Commissioners and Directors;
3. To not take advantages of the Bank for personal, family, Bank, or business group reason, in a passion and manner contradictory to the rules and legislation, and sound practices in the banking industry;
4. To evaluate the performance of Board of Commissioners and Directors by the GMS mechanism.

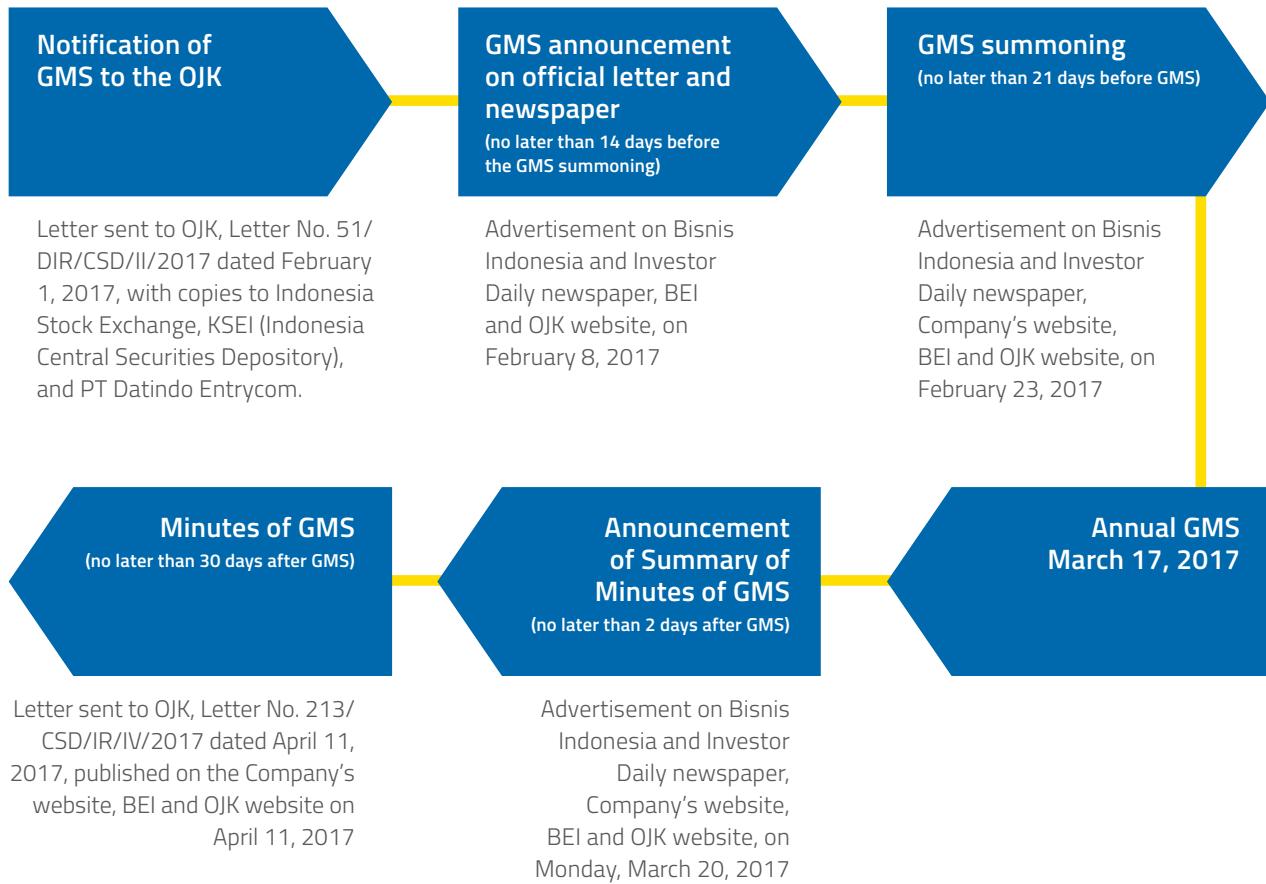
GMS 2017

The GMS of Company refers to the Law of Limited Liability Company, the Financial Services Authority Regulation (POJK) No. 32/POJK.04/2014 on the Planning and Holding GMS of Public Limited Companies and its amendment through the POJK No. 10/POJK.04/2017 on the POJK Amendment No. 32/POJK.04/2014.

In accordance with the Article 21 on the Company's Articles of Association, the GMS consists of (1) Annual GMS, which

must be held within 6 (six) months after the year end and (2) Extraordinary GMS, which may be held at any time based on the needs and interests of the Company. In 2017, Company has conducted 1 (one) Annual GMS for the Fiscal Year 2016 on March 17, 2017, and 1 (one) Extraordinary GMS on December 28, 2017.

Phase of Annual GMS



To give chances to the individual and institution shareholders to participate actively in using their rights as shareholders, Company makes GMS announcement and GMS summoning within each term, at least on 1 (one) Indonesian newspapers circulated nationally, the Indonesia Stock Exchange website and the Company's website both in English and Indonesian. In addition to GMS, the Company published the summary of Minutes of GMS no later than 2 (two) days after the GMS, through at least 1 (one) Indonesian newspapers circulated nationally, the Indonesia Stock Exchange website and the Company's website both in English and Indonesian.

Phase of Annual GMS 2017 for the Fiscal Year 2016

The phase of Annual GMS is performed in line with the POJK No. 32/POJK.04/2014 on the Planning and Holding GMS of Public Limited Companies and its amendment through POJK No. 10/POJK.04/2017 on the amendment of POJK No. 32/POJK.04/2014 and the Company's Articles of Association as follow:

GMS Quorum

Attendance quorum and GMS resolution on the decisions made in the GMS shall be performed if the GMS is attended by the Bicolor Series A shareholder and other shareholders, and/or their legitimate representatives that represent more than $\frac{1}{2}$ (one half) of the total shares with voting rights, and the decision is approved by the Bicolor Series A shareholder and other shareholders and/or their legitimate representatives that represent more than $\frac{1}{2}$ (one half) of the overall shares with voting rights who attended the GMS. The GMS is held fairly and transparently, as stipulated in the Financial Services Authority Regulation (POJK) No. 10/POJK.04/2017 on the amendment of POJK No. 32/POJK.04/2014 and the Company's Articles of Association.

1. Annual GMS 2017

› Annual GMS

The Company held the Annual GMS on:
 Day/Date : Friday / March 17, 2017
 Time : 14.56 – 17.44 PM
 Place : Gedung Menara BTN, 6th floor
 Jl. Gajah Mada No. 1 Jakarta Pusat -10130

› Table: Attendance of Board of Commissioners, Directors, and Audit Committee in Annual GMS 2017

The meeting is chaired by Mr. I Wayan Agus Mertayasa, as the President Commissioner/Independent Commissioner in line with the Board of Commissioners' Meeting decision dated March 17, 2017, which is delivered through letter of the Company's Board of Commissioners No. 24/KOM/BTN/III/2017 dated March 3, 2017 on the Chairman of AGMS 2017 of PT Bank Tabungan Negara (Persero) Tbk, and attended by all members of the Board of Commissioners and Directors, and majority of the members of Audit Committee members, as follow:

No	Name	Position	Attended	Not Attended	Description
1	Mr. I Wayan Agus Mertayasa	President Commissioner/Independent Commissioner	✓	-	-
2	Mr. Kamaruddin Sjam	Independent Commissioner	✓	-	-
3	Mr. Arie Coerniadi	Independent Commissioner	✓	-	-
4	Mr. Lucky Fathul Aziz Hadibrata	Independent Commissioner	✓	-	-
5	Mrs. Sumiyati	Commissioner	✓	-	-
6	Mr. Maurin Sitorus	Commissioner	✓	-	-
7	Mr. Iman Sugema	Commissioner	✓	-	-
8	Mr. Maryono	President Director	✓	-	-
9	Mr. Mansyur Syamsuri Nasution	Director	✓	-	-
10	Mr. Iman Nugroho Soeko	Director	✓	-	-
11	Mr. Adi Setianto	Director	✓	-	-
12	Mr. Sulis Usdoko	Director	✓	-	-
13	Mr. Oni Febriarto Rahardjo	Director	✓	-	-
14	Mrs. Handayani	Director	✓	-	-
15	Mr. Catur Budi Harto	Director	✓	-	-
16	Mr. Waldy Gutama	Independent party as a member of Audit Committee	✓	-	-
17	Mrs. Sondang Gayatri	Independent party as a member of Audit Committee	✓	-	-
18	Mr. Rachmat Supratman	Independent party as a member of Audit Committee	✓	-	-

› Shareholders Attendance

The meeting was attended by 8,574,506,637 shares, including the Bicolor Series A share, with voting rights equal to 80.97% of the total shares with voting rights, issued by the Company.

› Opportunity to Ask Questions and/or Submit Opinion

Opportunity for the Shareholders or their Representatives to submit questions and/or provide opinion is opened on every agenda of the Meeting,

except for the seventh agenda which was a report. Question and answer session is provided after the agenda explanation in the Meeting and before the decision making begin.

› Decision Making Mechanism in the Meeting

Decision in the Meeting is done by deliberation. If the deliberation did not result in consensus, then the decision making is conducted by voting. The first to the sixth Meeting agenda was carried out by open voting,

in which the Shareholders or the Representatives voted or abstain, and those who did not agree shall raise their hands and submit their voting cards to the officer. The eighth Meeting agenda was closed by the closed vote in which the Shareholder or the Representatives voted by filling out the Vote Card provided by the Officer at the time of registration. The Card was then handed back to the officer for an

electronic vote counting. There was no voting in the seventh Meeting agenda because it was a report.

› **Independent Voting Counter**

The decision making results in every agenda of the Meeting is counted by PT Datindo Entrycom as the Bureau of Securities Administration and validated by Notary Fathiah Helmi, SH.

› **Decisions and Realization of Annual GMS 2017**

First Agenda		Realization
To approve Annual Report including the Financial Statements and Board of Commissioners Supervisory Report for the Fiscal Year 2016, as well as the Financial Statements on the Partnership and Community Development Program for the Fiscal Year of 2016		Realized
No.	Question	Answer
1 .	How is the management attitude in facing the SOEs banking consolidation, considering the Company is focusing on housing finance?	<p>Formation of Banking and Financial Services Holding is based on the Government Regulation No. 44 of 2005 on Participation and Administration of State Capital in State-Owned Enterprises and Limited Liability Companies as amended by Government Regulation No. 72 of 2016 in which the State as shareholder may transfer its shares through the mechanism of inbreng (using shareholders' properties as the Company's capital) to other SOEs.</p> <p>Holding establishment is purely a shareholder's action and there is no merger or acquisition process of Holding members. Holding's objective is to improve value, strengthen competitiveness, expand the business networks and independence of SOE management.</p> <p>As of now, the Holding establishment is still ongoing and it will be finished technically after the publication of Government Regulation. The Holding formation is expected to strengthen the Company's position as a bank with focus on housing finance, especially for improving the welfare of low-income communities under the Government's NAWACITA program.</p>
2 .	The Company has LDR of 102.66%. Will BI fine the Company, or will BI accept the Company's justification?	Company's LDR is over 100%, because the Company must have a long-term funding source to lower the maturity mismatch risk due to several long-term loan. The Company is not penalized by BI due to the LDR position. However, the Company shall maintain a CAR Ratio of minimum 14%.
Voting Result		
Agreed	Disagreed	Abstain
8,554,045,697 (99.76%)	17,117,940 (0.20%)	3,343,000 (0.04%)
Decision on the First Agenda:		
<ol style="list-style-type: none"> To approve the Company's Annual Report, including the Supervisory Task Report conducted by the Board of Commissioners for fiscal year ended on December 31, 2016. Ratifying Company's Financial Statements for fiscal year ended on December 31, 2016, which have been audited by KAP Purwantono, Sungkoro & Surja, in line with Report No. RPC-2935/PSS/2017 dated February 10, 2017 with the result of Unqualified Opinion on all materials. To ratify the Financial Statements of Partnership and Community Development Program for fiscal year ended on December 31, 2016 which have been audited by KAP Purwantono, Sungkoro & Surja, in line with Report No. RPC-2973/PSS/2017 dated February 17, 2017 with the result of Unqualified Opinion on all materials. With the approval of the Company's Annual Report, including the Supervisory Task Report by the Board of Commissioners; and the ratified Company's Annual Report for fiscal year that ended on December 31, 2016, and the Financial Report for the Partnership and Community Development Program for the fiscal year that ended on December 31, 2016, the GMS granted volledig acquire at de charge to all members of the Directors and the Board of Commissioners for the management and supervisory actions conducted during the fiscal year that ended on December 31, 2016, as long as the actions is not of criminal offense and is reflected in the Annual Report, Financial Report, and Report for the Partnership and Community Development Program for the fiscal year that ended on December 31, 2016. 		

Second Agenda	Realization
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To approve Company's Profit Uses for the Fiscal Year 2016

Realized

Number of Questioners:

In the Second Agenda of the Meeting, there was 1 (one) questioner.

No.	Question	Answer
1.	The Company is a member of Himbara. Other members of Himbara provides special dividend. What is the justification for the Company to not grant special dividend?	The Company has a high loan growth target, and that includes industrial growth to support the acceleration of One Million Houses program from the Government. Therefore, the Company must maintain a sufficient level of capital adequacy, thus proposing a 20% dividend payment.

Voting Result:

The meeting reached consensus on the deliberation of the second agenda.

Decision on the Second Agenda:

To approve the use of company's net income for the fiscal year 2016 of Rp2,618,905,537,321.00 (two trillion six hundred eighteen billion nine hundred five million three hundred seventy-thousand three hundred twenty-one Rupiah) as follows:

- Dividend of 20% (twenty percent) or Rp523,781,107,464.20 as Cash Dividend, distributed to the Shareholders to be paid under the condition as follows:
 - Government's dividend as the 60% owner of the total shares in the amount of Rp314,268,664,478.52 will be paid in Rupiah to State General Treasury Account No.: 502.000000980 at Bank Indonesia
 - 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 2016 in accordance with the prevailing rules and regulations.
- 80% or Rp2,095,124,429,856.80 (two trillion ninety-five billion one hundred twenty-four million four hundred twenty-nine thousand eight hundred fifty-six Rupiah eighty cent) will be used as retained earnings.

Third Agenda	Realization
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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 of 2017.

Realized

Questioners

There were no questioners on the Third Agenda of the Meeting.

Voting Result

Agreed	Disagreed	Abstain
8.105.194.165 (94,53%)	461.960.572 (5,39%)	7.351.900 (0,08%)

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 of 2017.
- To grant the power to Board Of Commissioners to determine the honorarium and other requirements 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 unable to complete the audit for the Company's Financial Statement and Financial Statement on the Partnership and Community Development Program for Fiscal Year of 2017, including determining the honorarium and other requirements for the substitute Public Accountants Firm.

Fourth Agenda	Realization
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To determine the amount of honorarium for Board of Commissioners for the Fiscal Year of 2017 as well as tantiem for the member of Board of Directors and Board of Commissioners for the Fiscal Year of 2016.

Realized

Number of Questioners:

There were no questioners on the Fourth Agenda of the Meeting.

Voting Result

Agreed	Disagreed	Abstain
8.567.572.337 (99,92%)	2.925.400 (0,03%)	4.008.900 (0,05%)

Decision on the Fourth Agenda:

- To grant power and authorities to the Bicolor Series A Shareholder to set forth the tantiem for fiscal year 2016, and to determine the salary/honorarium, allowances, facilities, and other incentives for the members of Board of Commissioners 2017.
- To grant power and authorities to the Board of Commissioners with prior written approval from the Bicolor Series A Shareholder to determine the tantiem for Fiscal Year 2016, as well as to determine the salary/honorarium, allowances, and facilities for the Directors and Board of Commissioners in 2017.

Fifth Agenda**Realization**

Enactment of the Regulation of the Minister of SOEs No. PER-03/MBU/12/2016 dated December 16, 2016, on the Amendment to the Regulation of the Minister of SOEs No. PER-09/MBU/07/2015 on Partnership and Community Development Program of the State-owned Enterprises.

Number of Questioners:

There were no questioners on the Fifth Agenda of the Meeting

Voting Result:

The meeting reached consensus on the deliberation of fifth agenda

Decision on the Fifth Agenda:

To officiate the enactment of Regulation of the Minister of SOEs No. PER-03/MBU/12/2016 on the Amendment to the Regulation of the Minister of State-Owned Enterprises No. PER-09/MBU/07/2015 on Partnership and Community Development Program of State-Owned Enterprises.

Sixth Agenda**Realization**

Amendment to the Company's Articles of Association

Realized

Number of Questioners:

There were no questioners on the Sixth Agenda of the Meeting.

Voting Result:

Agreed	Disagreed	Abstain
6.899.128.552 (80,46%)	1.620.551.895 (18,90%)	54.826.190 (0,64%)

Decision on the Sixth Agenda:

1. To approve the amendment to the Company's Articles of Association, in the framework of Ministry of SOEs' program to standardize Public SOEs' Articles of Association.
2. To approve the redrafting of all provisions in the Articles of Association related to the amendment as stated in the point 1 (one) of the above-mentioned decision.
3. To grant authorities and power to the Directors, with substitution rights to perform any action necessary related to the agendas of this Meeting, including redrafting and restating the entire Articles of Association in a Notary Deed, and to submit it to the authorized institution for approval and/or receipt of notification of the amendment to the Articles of Association. To perform everything that is deemed necessary and useful for such purpose without excluding anything, including to add and/or amend the amendment to the Articles of Association if such matter is required by the competent authority

Seventh Agenda**Realization**

Report on the Realization of Fund Utilization on the Public Offering of Bank BTN Continuous Bond II Phase II 2016.

Realized

Number of Questioners:

The Seventh Agenda was in the form of report. There were no questions and answers session

Voting Result and Decision on the Seventh Agenda

The Seventh Agenda was in the form of report. There was no decision-making

Eighth Agenda**Realization**

Changes in the Board of the Company

Realized

Number of Questioners:

There were no questioners on the Eighth Agenda of the Meeting

Voting Result:

Agreed	Disagreed	Abstain
6.790.208.379 (79,19%)	1.598.257.723 (18,64%)	186.040.535 (2,17%)

Decision on the Eighth Agenda:

1. To dismiss with honor, the following names as members of Directors:

- > Mr. Maryono as the President Director.
- > Mr. Mansyur Syamsuri Nasution as Director.
- > Mr. Catur Budi Harto as Director
- > Mr. Sulis Usdoko as Director

The dismissal of the members of the Directors shall be effective immediately since the closing of this Meeting by acknowledging the contribution and thoughts given during their tenure as members of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk.

Eighth Agenda			Realization
2. To appoint the following names as the members of Board of Directors:			Realized
> Mr. Maryono as the President Director			
> Mr. R. Mahelan Prabantarikso as Director			
> Mr. Nixon L.P. Napitupulu as Director			
> Mr. Budi Satria as Director			
3. To appoint Mr. Garuda Wiko as Independent Commissioner.			
4. The end of tenure for the members of Board of Commissioners and Directors who have just been appointed is on the closing of 5th Annual GMS since the appointment of the respective member, which will be the Annual GMS 2022, taking into account the legislation in the capital market field and without prejudice to the right of GMS to terminate them at any time.			
5. The composition of the Company's Board of Commissioners and Directors after the changes are as follow:			
Board of Commissioners		Direksi	
President Commissioner/Independent	I Wayan Agus Mertayasa	President Director	Maryono
Independent Commissioner	Kamaruddin Sjam	Director	Iman Nugroho Soeko
Independent Commissioner	Arie Coerniadi	Director	Adi Setianto
Independent Commissioner	Lucky Fathul Aziz Hadibrata	Director	Oni Febrarto R.
Independent Commissioner	Garuda Wiko	Director	Handayani
Commissioner	Sumiyati	Director	R. Mahelan Prabantarikso
Commissioner	Maurin Sitorus	Director	Nixon L.P. Napitupulu
Commissioner	Iman Sugema	Director	Budi Satria
6. To grant authorities and power to the Company's Directors with the substitution rights to perform any actions necessary related to the decision in this agenda, in accordance with the prevailing legislation, including to declare in an independent Notary Deed and to announce the Company's Board of Commissioners and Directors to the Ministry of Law and Human Rights, as well as to request to the Financial Services Authority to assess the fit and proper test on the candidates of Board of Commissioners and Directors, in accordance with the prevailing legislation.			

› **Schedule and Payment Procedures for Cash Dividend**

The Meeting has approved and set the cash dividend in accordance with the decision of the second agenda. The cash dividend for fiscal year 2016 amounted to

Rp523,781,107,464.20 or Rp49.459972 per share. This shall be distributed to the Company's Shareholders. It is hereby notified the timetable and payment schedule of cash dividend for 2016 as follows:

Schedule of Cash Dividend Distribution

No.	Description	Date
1.	End of Share Trading Period with Dividend (Cum Dividen)	
	> Regular and Negotiated Markets	March 24, 2017
	> Cash Market	March 30, 2017
2.	Awal Periode Perdagangan Saham Tanpa Hak Dividen (Ex Dividen)	
	> Regular and Negotiated Markets	March 27, 2017
	> Cash Market	March 31, 2017
3.	Record Date of Shareholders who have Rights to Dividend (Record Date)	March 30, 2017
4.	Dividend Payment Date in Fiscal Year 2016	April 13, 2017

1. Extraordinary GMS

› **Extraordinary GMS**

The Company held Extraordinary GMS on
Day/Date : Thursday / December 28, 2017
Time : 14.17 – 14.52 PM
Place : Gedung Menara BTN, lantai 6
Jl. Gajah Mada No. 1 Jakarta Pusat -10130

› **Table: Attendance of Board of Commissioners, Directors, and Audit Committee in Extraordinary GMS 2017**

The meeting is chaired by Mr. I Wayan Agus Mertayasa, as President Commissioner/Independent Commissioner, in accordance with the Board of Commissioners' Decree dated December 12, 2017, presented in the Board of

Commissioners Letter No. 172/KOM/BTN/XII/2017 dated December 12, 2017, on the Chairman of EGMS 2017 of PT Bank Tabungan Negara (Persero) Tbk, and

attended by all members of the Company's Board of Commissioners and Directors, and majority of members of Audit Committee as follow:

No	Name	Position	Attended	Not Attended	Description
1	Mr. I Wayan Agus Mertayasa	President Commissioner/Independent Commissioner	✓	-	-
2	Mr. Kamaruddin Sjam	Independent Commissioner & Chairman of Audit Committee	✓	-	-
3	Mr. Arie Coerniadi	Independent Commissioner & Chairman of Risk Monitoring Committee	✓	-	-
4	Mr. Lucky Fathul Aziz Hadibrata	Independent Commissioner & Member of Audit Committee	✓	-	-
5	Mr. Garuda Wiko	Independent Commissioner & Member of Audit Committee	✓	-	-
6	Mrs. Sumiyati	Commissioner	✓	-	-
7	Mr. Maurin Sitorus	Commissioner	✓	-	-
8	Mr. Iman Sugema	Commissioner	✓	-	-
9	Mr. Maryono	President Director	✓	-	-
10	Mr. Iman Nugroho Soeko	Director	✓	-	-
11	Mr. Adi Setianto	Director	✓	-	-
12	Mr. Oni Febriarto Rahardjo	Director	✓	-	-
13	Mr. R. Mahelan Prabantarikso	Director	✓	-	-
14	Mr. Nixon L.P Napitupulu	Director	✓	-	-
15	Mr. Budi Satria	Director	✓	-	-

> Shareholders Attendance

The meeting was attended by the shareholders and/or representatives of the shareholders. The total shares presented was 8,696,354,315 (eight billion six hundred ninety-six million three hundred fifty-four thousand three hundred and fifteen) shares, including the Bicolor Series A Share, or a total of 82.12% (eighty-two point one percent) with valid voting rights that have been issued by the Company up to the day of the Meeting, i.e. 10,590,000,000 (ten billion five hundred ninety million) shares consisting of:

- a. 1 (one) Bicolor Series A share; and
- b. 10,589,999,999 (ten billion five hundred eighty-nine million nine hundred ninety-nine thousand nine hundred and ninety-nine) Series B shares;

taking into account the Company's Shareholder List per December 5, 2017, 16.15 PM, GMT+7.

> Opportunities to Ask Questions and/or Provide Opinions

Opportunities to ask questions and/or provide opinions are 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.

> Voting Mechanism in the Meeting

Decision of the Meeting is done by deliberation. If deliberation is not achieved, then voting is done. Voting is conducted closely, in which the Shareholders or their representatives vote by filling out the Voting Card provided by the Officer at the time of registration, and then handed back to the officer for an electronic vote counting.

> Independent Party Voting Validator

The votes are counted by PT Datindo Entrycom as the Bureau of Securities Administration and validated by Notary Ashoya Ratam, S.H., M.Kn.

> Voting Results and Number of Questions:

The Meeting reached the decision as stated in the Deed, "Minutes of Meeting of the Extraordinary General Meeting of Shareholders of Limited Liability Company (Persero) PT Bank Tabungan Negara Tbk, or abbreviated to PT Bank Tabungan Negara (Persero) Tbk", No. 594/XII/2017 dated December 28, 2017, compiled by Notary Ashoya Ratam S.H., M.Kn., which are as follow:

Meeting's Agenda		Realization						
Changes in the Board of the Company		Realized						
Number of Questioners: In this agenda, there was 1 (one) questioner								
<table border="1"> <thead> <tr> <th>No.</th> <th>Question</th> <th>Answer</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>The new title for Directors uses English. Is there any translation of the title in Indonesian? Nowadays, our nation has so many new words.</td> <td>As of now, we are in the globalization era. Therefore, the use of English in the Directors' title is relevant. Furthermore, Bank BTN is the No. 1 Bank in housing finance and we have shareholders not only in the country, but also abroad.</td> </tr> </tbody> </table>			No.	Question	Answer	1.	The new title for Directors uses English. Is there any translation of the title in Indonesian? Nowadays, our nation has so many new words.	As of now, we are in the globalization era. Therefore, the use of English in the Directors' title is relevant. Furthermore, Bank BTN is the No. 1 Bank in housing finance and we have shareholders not only in the country, but also abroad.
No.	Question	Answer						
1.	The new title for Directors uses English. Is there any translation of the title in Indonesian? Nowadays, our nation has so many new words.	As of now, we are in the globalization era. Therefore, the use of English in the Directors' title is relevant. Furthermore, Bank BTN is the No. 1 Bank in housing finance and we have shareholders not only in the country, but also abroad.						
Voting Result:								
Agreed	Disagreed	Abstain						
6.520.851.102 (74,99%)	1.916.120.344 (22,03%)	259.382.869 (2,98%)						
Decision on the Agenda:								
<ol style="list-style-type: none"> To officiate the dismissal of Mrs. Handayani as the Company's Director effective immediately since October 18, 2017. Changes of Company's Directors' title as follow: <ul style="list-style-type: none"> > Director to Director of Finance & Treasury > Director to Director of IT & Operation > Director to Director of Commercial Banking > Director to Director of Consumer Banking > Director to Director of Strategy, Compliance, & Risk > Director to Director of Collection, Asset Management, & Legal > Director to Director of Distribution & Network To transfer the assignment of the names below as members of the Company's Board of Directors: <ul style="list-style-type: none"> > Mr. Iman Nugroho Soeko, from Director to Director of Finance & Treasury > Mr. Adi Setianto, from Director to Director of IT & Operation > Mr. Oni Febriarto Rahardjo, from Director to Director of Commercial Banking > Mr. R. Mahelan Prabantarikso, from Director to Director of Strategy, Compliance & Risk > Mr. Nixon L.P. Napitupulu, from Director to Director of Collection, Asset Management & Legal > Mr. Budi Satria, from Director to Director of Consumer Banking > To appoint Mr. Dasuki Amsir as the Director of Distribution & Network. 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 2022, by taking into account the rules and legislation in the capital market and without diminishing the right of GMS to discharge at any time. With the dismissal, changes to the nomenclature of office, assignment, and appointment of members of the Company's Board of Directors, the composition of the Board of Directors shall be as follows: <p>President Director: Mr. Maryono Director of Finance & Treasury: Mr. Iman Nugroho Soeko Director of IT & Operation: Mr. Adi Setianto Director of Commercial Banking: Mr. Oni Febriarto Rahardjo Director of Consumer Banking: Mr. Budi Satria Director of Strategy, Compliance, and Risk: Mr. R. Mahelan Prabantarikso Director of Collection, Asset Management, and Legal: Mr. Nixon L.P. Napitupulu Director of Distribution & Network: Mr. Dasuki Amsir</p> 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 legislation, 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 legislation 								

Actualization of 2016 GMS Resolutions

In this annual report, the Company has actualized the GMS 2016 Resolutions. The progress is as follows:

1. Annual GMS 2016

Agenda	2016 GMS Resolutions	Status
First	1. To approve the Company's Annual Report 2015 and to ratify Board of Commissioners Supervisory Report and 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 29, 2016.	Finished ✓ Not Yet Actualized With Reasons -

Agenda	2016 GMS Resolutions	Status
		Not Yet Actualized With Reasons
First	<p>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 in the Report No. RPC-126/PSS/2016/DAU dated February 12, 2016.</p> <p>3. To grant 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:</p> <ul style="list-style-type: none"> > The activities were not a criminal offense; and > 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	<p>1. To approve and ratify the Company's Net Profit of the Fiscal Year 2015 amounted to Rp1,850,907,302,668.00 (one trillion eight hundred fifty billion nine hundred seven million three hundred two thousand eight hundred sixty-eight rupiahs), hereinafter referred to as the Company's Net Income, to be used with details as follows:</p> <ul style="list-style-type: none"> > 20% (twenty percent) of the Company's Net Income or Rp370,181,460,573.60 (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. > 80% (eighty percent) of the Company's Net Income or Rp1,480,725,842,294.40 (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 retained earnings. <p>The fund allocated for Community Development Program in 2016 was Rp14,800,000,000.00 (fourteen billion eight hundred million rupiahs) as the Company's expenditure.</p> <p>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 regulations.</p>	✓ -
Third	<p>1. 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 of 2016.</p> <p>2. 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 of 2016, including determining the honorarium and other terms for the substitute Public Accountants Firm.</p>	Cash dividends paid on May 12, 2016 ✓ -
Fourth	To grant power and authorities to the Board of Commissioners with prior written approval from the Bicolor Series A Shareholder to determine the tantiem for Fiscal Year 2015, as well as to determine the salary/honorarium, allowances, and facilities for the Directors and Board of Commissioners in 2016.	✓ -
Fifth	Did not make any decision on the Meeting's Agenda of the Use of Proceeds from Public Offering of Bank BTN Continuous Obligation II Phase I Year 2015	✓ -
Sixth	<p>Board of Commissioners</p> <p>1. To dismiss honorably Mr. Fajar Harry Sampurno as the member of Board of Commissioners effective immediately since the closing of this Meeting by acknowledging the contribution and thoughts given during their tenure as members of the Board of Commissioners.</p> <p>2. 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.</p>	✓ -

Agenda	2016 GMS Resolutions	Status																			
		Finished	Not Yet Actualized With Reasons																		
Sixth	<p>3. With the dismissal and the appointment, the composition of the Board of Commissioners is as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Board of Commissioners</th> </tr> </thead> <tbody> <tr> <td>President Commissioner/ Independent mmissioner</td><td>I Wayan Agus Mertayasa</td> </tr> <tr> <td>Independent Commissioner</td><td>Kamaruddin Sjam</td> </tr> <tr> <td>Independent Commissioner</td><td>Arie Coerniadi</td> </tr> <tr> <td>Commissioner</td><td>Lucky Fathul Aziz Hadibrata</td> </tr> <tr> <td>Commissioner</td><td>Sumiyati</td> </tr> <tr> <td>Commissioner</td><td>Maurin Sitorus</td> </tr> <tr> <td>Commissioner</td><td>Iman Sugema</td> </tr> </tbody> </table> <p>4. To grant authorities and power to the Company's Directors with the substitution rights to perform any actions necessary related to the decision in this agenda, in accordance with the prevailing legislation, including to declare in an independent Notary Deed and to announce the Company's Board of Commissioners and Directors to the Ministry of Law and Human Rights, as well as to request to the Financial Services Authority to assess the fit and proper test on the candidates of Board of Commissioners, in accordance with the prevailing legislation.</p>	Board of Commissioners		President Commissioner/ Independent mmissioner	I Wayan Agus Mertayasa	Independent Commissioner	Kamaruddin Sjam	Independent Commissioner	Arie Coerniadi	Commissioner	Lucky Fathul Aziz Hadibrata	Commissioner	Sumiyati	Commissioner	Maurin Sitorus	Commissioner	Iman Sugema	✓	-		
Board of Commissioners																					
President Commissioner/ Independent mmissioner	I Wayan Agus Mertayasa																				
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Commissioner	Lucky Fathul Aziz Hadibrata																				
Commissioner	Sumiyati																				
Commissioner	Maurin Sitorus																				
Commissioner	Iman Sugema																				
	<p>Directors</p> <p>1. To officiate the dismissal of Mr. Sis Apik Wijayanto, as the Company's Director, 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 23, 2016.</p> <p>2. To dismiss honorably Mr. Irman Alvian Zahiruddin as the Company's Director effective immediately since the closing of this Meeting, acknowledging the contribution and thoughts given during his tenure as members of the Board of Directors.</p> <p>3. To appoint these names as the member of Board of Directors:</p> <ul style="list-style-type: none"> > Ms. Handayani as Director. > Mr. Catur Budi Harto as Director. <p>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.</p> <p>4. With the discharge and the appointment, the composition of the Board of Directors is as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Directors</th> </tr> </thead> <tbody> <tr> <td>President Director</td><td>Mr. Maryono</td> </tr> <tr> <td>Director</td><td>Mr. Mansyur Syamsuri Nasution</td> </tr> <tr> <td>Director</td><td>Mr. Iman Nugroho Soeko</td> </tr> <tr> <td>Director</td><td>Mr. Adi Setianto</td> </tr> <tr> <td>Director</td><td>Mr. Sulis Usdoko</td> </tr> <tr> <td>Director</td><td>Mr. Oni Febrarto Rahardjo</td> </tr> <tr> <td>Director</td><td>Mrs. Handayani</td> </tr> <tr> <td>Director</td><td>Mr. Catur Budi Harto</td> </tr> </tbody> </table> <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 legislation, 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 legislation.</p>	Directors		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 Febrarto Rahardjo	Director	Mrs. Handayani	Director	Mr. Catur Budi Harto	✓	-
Directors																					
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Director	Mr. Oni Febrarto Rahardjo																				
Director	Mrs. Handayani																				
Director	Mr. Catur Budi Harto																				

2. Extraordinary GMS 2016

Agenda	2016 GMS Resolutions	Status															
		Not Yet Actualized With Reasons															
First	<p>1. To dismiss honorably Mrs. Catherniawati Hadiman as an Independent Commissioner, effective immediately since the closing of this Meeting, acknowledging the contribution and thoughts given during her tenure as members of the Company's Independent Commissioner.</p> <p>2. To approve and appoint these names stated below as the member of Company's Board of Commissioners, effectively since the approval of Financial Service Authority to the fit and proper test for:</p> <ul style="list-style-type: none"> > Mr. I Wayan Agus Mertayasa as President Commissioner/Independent > 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> <p>3. To approve the transfer of position of Mr. Lucky Fathul Aziz H., from Commissioner to Independent Commissioner, effective immediately since the approval of Financial Services Authority on the fit and proper test, taking into account the prevailing rules and legislation, and to continue his tenure as Commissioner.</p> <p>4. With the dismissal, and after the approval of Financial Services Authority on fit and proper test on the appointment and transfer of the position, the composition of the Board of Commissioners is as follows:</p> <table border="1"> <thead> <tr> <th>Dewan Komisaris</th> </tr> </thead> <tbody> <tr> <td>President Commissioner/ Independent Commissioner</td> <td>I Wayan Agus Mertayasa</td> </tr> <tr> <td>Independent Commissioner</td> <td>Kamaruddin Sjam</td> </tr> <tr> <td>Independent Commissioner</td> <td>Arie Coerniadi</td> </tr> <tr> <td>Commissioner</td> <td>Lucky Fathul Aziz Hadibrata.</td> </tr> <tr> <td>Commissioner</td> <td>Fajar Harry Sampurno</td> </tr> <tr> <td>Commissioner</td> <td>Sumiyati</td> </tr> <tr> <td>Commissioner</td> <td>Maurin Sitorus</td> </tr> </tbody> </table> <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 legislation, 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 legislation.</p>	Dewan Komisaris	President Commissioner/ Independent Commissioner	I Wayan Agus Mertayasa	Independent Commissioner	Kamaruddin Sjam	Independent Commissioner	Arie Coerniadi	Commissioner	Lucky Fathul Aziz Hadibrata.	Commissioner	Fajar Harry Sampurno	Commissioner	Sumiyati	Commissioner	Maurin Sitorus	✓ ✓ ✓ ✓
Dewan Komisaris																	
President Commissioner/ Independent Commissioner	I Wayan Agus Mertayasa																
Independent Commissioner	Kamaruddin Sjam																
Independent Commissioner	Arie Coerniadi																
Commissioner	Lucky Fathul Aziz Hadibrata.																
Commissioner	Fajar Harry Sampurno																
Commissioner	Sumiyati																
Commissioner	Maurin Sitorus																
Second	To agree on the enactment of Regulations of the State Minister for State-Owned Enterprises No. PER-09/MBU/07/2015 dated July 3, 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.	✓															

> Board of Commissioners

The Board of Commissioners supervises and provides advice to the Directors on the Company's management activities in the interests and in line with the Company's objectives.

Number and Composition of the Board of Commissioners

The number and composition is adjusted to the Company's needs so that the supervisory activity can be conducted effectively, objectively, and independently. The activities shall not have conflict of interest that could interfere with the ability to carry out their duties and responsibilities.

In 2017, the composition of the Board of Commissioners changed 1 (once), in accordance with the Annual GMS dated March 17, 2017, with the appointment of member of Board of Commissioners Mr. Garuda Wiko as an Independent Commissioner. Throughout January to March, there were 7 (seven) Commissioners. Since April to December 31, 2017, there were 8 (eight) Commissioners.

Composition of the Company's Board of Commissioners Per December 31, 2017

No	Name	Position	Appointment Basis
1	I Wayan Agus Mertayasa	President Commissioner/ Independent Commissioner	Extraordinary General Meeting of Shareholders (EGMS) dated January 7, 2016
2	Kamaruddin Sjam	Independent Commissioner	Annual General Meeting of Shareholders (AGMS) dated March 24, 2015
3	Arie Coerniadi	Independent Commissioner	Annual General Meeting of Shareholders (AGMS) dated March 24, 2015
4	Lucky Fathul Aziz Hadibrata	Independent Commissioner	Annual General Meeting of Shareholders (AGMS) dated March 24, 2015
5	Sumiyati	Non-Independent Commissioner	Annual General Meeting of Shareholders (AGMS) dated September 2, 2015
6	Maurin Sitorus	Non-Independent Commissioner	Extraordinary General Meeting of Shareholders (EGMS) dated January 7, 2016
7	Iman Sugema	Non-Independent Commissioner	Annual General Meeting of Shareholders (AGMS) dated April 12, 2016
8	Garuda Wiko	Independent Commissioner	Annual General Meeting of Shareholders (AGMS) dated March 17, 2017

The appointment of the Board of Commissioners is based on the fit and proper test that refers to POJK No.27/POJK.03/2016 on the fit and proper test for the Executive Parties of Financial Services Institution. The regulation stated that all candidates of members of Board of Commissioners must pass the fit and proper test and must obtain approval from the OJK before carrying out his/her duties and responsibilities in his/her position.

Fit and Proper Test

As of December 31, 2017, all members of the Company's Board of Commissioners who have passed the fit and proper test without note and have obtained approval from OJK, indicate 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	Competency/ Expertise	Fit and Proper Test Organizer	Effective Date	Status
I Wayan Agus Mertayasa	President Commissioner/ Independent Commissioner	> Finance > Banking	Financial Services Authority	April 6, 2016	Effective
Kamaruddin Sjam	Independent Commissioner	> Audit > Finance	Financial Services Authority	June 29, 2015	Effective
Arie Coerniadi	Independent Commissioner	> Finance > Information Technology	Financial Services Authority	June 29, 2015	Effective
Lucky Fathul Aziz Hadibrata	Independent Commissioner	> Finance, > Macro Economics > Management Strategy	Financial Services Authority	November 15, 2017	Effective

Name	Position	Competency/ Expertise	Fit and Proper Test Organizer	Effective Date	Status
Sumiyati	Commissioner	> Audit > Public Finance > Human Resources Development	Financial Services Authority	February 22, 2016	Effective
Maurin Sitorus	Commissioner	> Law > Economy	Financial Services Authority	June 6, 2016	Effective
Iman Sugema	Commissioner	> Economy > Finance	Financial Services Authority	July 21, 2017	Effective
Garuda Wiko	Independent Commissioner	> Law > Education	Financial Services Authority	July 21, 2017	Effective

Appointment and Dismissal of the Board of Commissioners

Members of the Board of Commissioners are appointed by the GMS and shall become effective upon OJK's approval on the Fit & Proper Test, in reference to the PBI No. 12/23/PBI/2010 on the Fit and Proper test, Article 17, which states that the Board of Commissioners must have integrity, competence, and financial reputation.

In line with the Articles of Association Article 14, the 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; is involved in

actions that harm the Company, and is ruled guilty by a court decision. In addition to the reasons stated above, GMS also has the rights to dismiss any member of Board of Commissioners with appropriate reasons in the Company's interests and purposes.

Board of Commissioners' Supervisory Job Descriptions

The supervision or focus of the supervisory duties of each member of the Board of Commissioners shall be determined based on the roles as Chairman and Vice Chairman of the Board of Commissioners Committee, which is adapted to the competence and experience. The supervisory duties of the Board of Commissioners are:

No	Name	Position	Surveillance Focus
1	I Wayan Agus Mertayasa	President Commissioner/ Independent Commissioner	Chairman of the Remuneration and Nomination Committee, Member of Audit Committee, and Member of Risk Monitoring Committee
2	Kamaruddin Sjam	Independent Commissioner	Chairman of Audit Committee and Member of Remuneration and Nomination Committee
3	Arie Coerniadi	Independent Commissioner	Member of Risk Monitoring Committee and Member of Remuneration and Nomination Committee
4	Lucky Fathul Aziz Hadibrata	Independent Commissioner	Member of Audit Committee and Member of Remuneration and Nomination Committee
5	Garuda Wiko	Independent Commissioner	Member of Audit Committee and Member of Risk Monitoring Committee
6	Sumiyati	Non-Independent Commissioner	Member of Risk Monitoring Committee
7	Maurin Sitorus	Non-Independent Commissioner	Member of Nomination and Remuneration Committee
8	Iman Sugema	Non-Independent Commissioner	Member of Risk Monitoring Committee

Board of Commissioners' Orientation Program

Considering the background of the members of Board of Commissioners are representation of some of the Shareholders, the Company always provides 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 work together as a solid, comprehensive, and effective team; and as an event to give introduction of the Company's general conditions.

Provisions relating to the Board of Commissioners' Orientation Program have been regulated by the Board of Commissioners' Code of Conduct, which includes:

1. The implementation of Good Corporate Governance and Business Ethics principles 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. The description of Company's goals, nature, and scope of activities, financial performance, strategy, short-term and long-term plans, risk, internal audit, and other strategic matters.
4. Information on delegation of authorities, internal and external audit, internal control systems and policies, and Audit Committee.

On April 4, 2017, the Corporate Secretary has held the Board of Commissioners' Orientation Program with the following materials:

1. Reviewing the role, duties, and responsibilities of Board of Directors and Board of Commissioners
2. Implementation of compliance, GCG and risk management
3. The audit result is as follows:
4. Company culture implementation
5. The Company's business overview

Independent Commissioners and Board of Commissioners' Independence

An Independent Commissioner is a member of the Board of Commissioners who has no financial, management, share ownership and/or family relationship with fellow members

of the Board of Commissioners and/or Shareholders, or any other relationship with the Company that may affect his ability to act independently.

The nature of Independent Commissioner is intended to create a more objective and independent climate, as well as to maintain fairness and provide a balance between the interests of majority shareholders and the protection of the interests of minority shareholders, including public shareholders and other stakeholders.

Independent Commissioner Criteria

The criteria fulfillment of the independence of each Company's Independent Commissioner of the Company can be seen in the following table:

Name	Criteria				Status	Description
	1	2	3	4		
I Wayan Agus Mertayasa	✓	✓	✓	✓	Independent	Independence Criteria 1. 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 Listed Company for the next period; 2. Shall not have shares directly or indirectly to the Public Listed Company; 3. 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 Public Listed Company; 4. Shall not have any business relationship, directly or indirectly related to the business activities of the Public Listed Company.
Kamaruddin Sjam	✓	✓	✓	✓	Independent	
Arie Coerniadi	✓	✓	✓	✓	Independent	
Lucky Fathul Aziz Hadibrata	✓	✓	✓	✓	Independent	
Garuda Wiko	✓	✓	✓	✓	Independent	

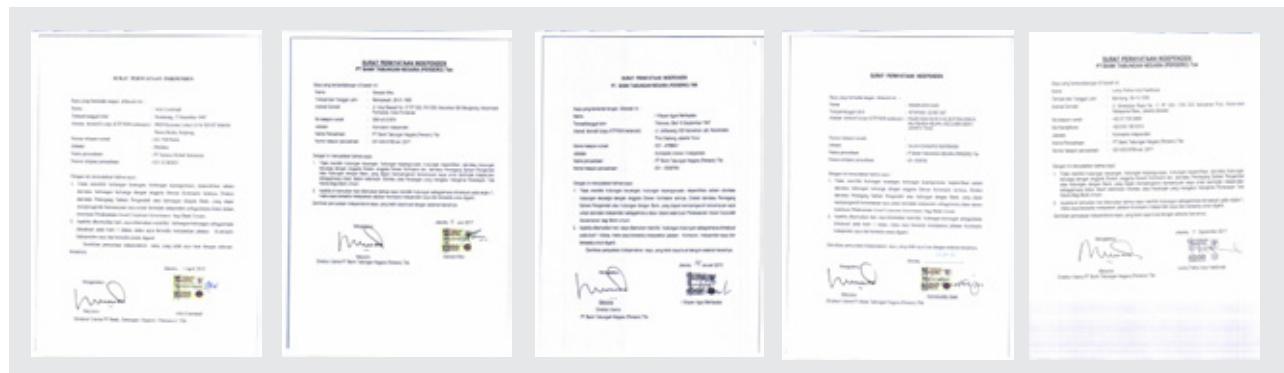
Independent Commissioner Statement

The number of Independent Commissioners effective as of December 31, 2017, is 5 (five) Independent Commissioners out of 8 (eight) Commissioners, or 62.5% of the total Commissioners. This condition has fulfilled the requirement of a minimum 50% composition (Number of Independent Commissioners/Total Commissioners). in accordance with the Financial Services Authority Regulation No. 55/ POJK.03/2016 on the Implementation of Good Corporate Governance for Commercial Banks.

Per December 31, 2017, there were 5 (five) effective Independent Commissioners out of 8 (eight) effective Commissioners, or 62.5% of the total effective Commissioners. This condition has fulfilled the requirement of a minimum 50% composition (Number of Independent Commissioners/Total Commissioners).

Independent Commissioners Statement of Independence

Each Company's Independent Commissioner has made a Statement of Independence. It has been submitted to the OJK, as follows:



In addition to the Statement of Independence, the member of Board of Commissioners must report the change of status that may affect his/her independence, and ensure that this practice is carried out in line with the GCG principles.

Code of Conduct of the Board of Commissioners (Board Charter)

The Board of Commissioners has work guidelines and order, including work ethics, working times, and meeting, stipulated separately in the Board of Commissioners' Regulation No. 01/DEKOM-BTN/2017 on the Board Charter of the Board

of Commissioners PT Bank Tabungan Negara (Persero) Tbk. dated August 10, 2017.

The Board Charter is based on the corporate principles, Articles of Association provisions, prevailing rules and legislation, the directive of Shareholders, and Good Corporate Governance best practices.

The Board Charter 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 Board Charter stipulated various aspects, among others:

Scope of Board of Commissioners' Board Charter	
Chapter I	Introduction
Chapter II	Legal Basis
Chapter III	Vision, Mission, and Corporate Culture and Values
Chapter IV	Code of Conduct of the Board of Commissioners (Board Charter) consists of 1) The Structure and Composition of the Board of Commissioners; 2) Criteria of Members of the Board of Commissioners; 3) Additional criteria for members of the Independent Commissioners; 4) Concurrent Position; 5) Appointment and Dismissal; 6) Tenure; 7) Duties and Responsibilities; 8) Obligations; 9) Rights and Authorities; 10) The Mechanism of Segregation of Duties and Authorities of the Board of Commissioners; 11) Prohibition; 12) Ethics of Position; 13) Working Time; 14) Meeting Arrangement; 15) Leadership; 16) Performance Evaluation; 17) Reporting and Accountability; and 18) Secretary of the Board of Commissioners and Committees reporting directly to the Board of Commissioners
Chapter V	The Board Manual for Board Of Commissioners and Directors consists of 1) General Provisions; 2) Report of the Board of Directors to the Board of Commissioners; 3) Board of Commissioners' Audit on the Company's premises; 4) Advice by the Board of Commissioners to the Directors; 5) Actions of the Directors that require approval of the Board of Commissioners; 6) Actions of the Directors that require consultation from the Board of Commissioners; and 6) Joint Meetings of the Board of Commissioners and the Board of Directors
Chapter VI	Relations with the Stakeholders
Chapter VII	Mechanism of Change
Chapter VIII	Closing

The Board Charter of the Board of Commissioners is fully disclosed on the Company's website (www_BTN.co.id) on the Investor Relation - Governance Policies menu.

Duties and Responsibilities of the Board of Commissioners

In accordance with the Articles of Association and the authority granted by the GMS, set forth in the Code of Conduct of the Board of Commissioners, the Board of Commissioners has the following duties and responsibilities:

Duties of President Commissioner are:

1. To ensure the Board of Commissioners is well-functioning;
2. To lead the meeting of the Board of Commissioners;
3. To coordinate and establish the meeting agenda of Board of Commissioners effectively, including policies and strategic issues;
4. To create openness culture and facilitate constructive discussion;
5. To ensure the right and appropriate information delivery in between the Board of Commissioners with the Directors;
6. To give suggestions and maintain an effective and healthy relationship with the Directors.

Duties and main responsibilities of the Board of Commissioners, namely:

1. To supervise the Company's management policy and implementation by the Directors, including the

supervision on the implementation of the Long-Term Plan (RJP), Company's Work Budget and Plan (CBP), Articles of Association, and GMS Resolutions, rules and legislation, in the best interest of the bank and in accordance with the Company's vision and mission; to carry out special duty granted in the Articles of Association, rules and legislation, and/or GMS Resolutions;

2. To compile the segregation of duties of the members of Board of Commissioners in accordance with the expertise and experience of each member;
3. To compile work program and performance targets each year for the Board of Commissioners as well as peer review mechanism on the Board of Commissioners' performance;
4. To compile the information delivery mechanism from the Board of Commissioners to the Stakeholders;
5. To account for the execution of duties of the Board of Commissioners on GMS;
6. Related to the GCG Improvement Action Plan, Board of Commissioners carry out the supervision on the implementation of healthy loan management and the GCG implementation in every activity of the Company on every level of the organization;

7. Related to the implementation of GCG Improvement Action Plan, Board of Commissioners carries out active supervision through Board of Commissioners' Meetings and/or Board of Commissioners' Meeting with the Directors, on the matter of GCG Implementation.

Authorities of the Board of Commissioners are:

1. To request information and/or explanation from the Directors and/or Bank Officers reporting directly to the Directors on all issues related to the Company's management;
2. To know every policy and action that has been done and will be done by the Board of Directors;
3. To request the Directors to attend Board of Commissioners' Meeting;
4. To request information and/or explanation from the Officer reporting directly to the Board of Directors on issues related to the Company's management, on the implementation of duties and the authorities of Board of Commissioners, without prior knowledge to the Directors;
5. To appoint and dismiss a Secretary of the Board of Commissioners, upon the suggestion from Bicolor Series A Shareholder;
6. To establish Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee, and other committees as deemed necessary taking into account the needs of the Company;
7. To manage the Company's management in certain circumstances for a period of time in accordance with the Company's Articles of Association;
8. To attend the Board of Directors' Meeting and provide opinions on the matters discussed.
9. To carry out other supervision authority as long as it is not contradictory to rules and legislation, Articles of Association, and/or the GMS Resolutions.

Implementation of Supervisory Duties of the Board of Commissioners

Throughout 2017, the Board of Commissioners has directed, monitored, and evaluated the strategic policy implementation as a form of supervisory duty of the Board of Commissioners, which includes:

1. To supervise the management policy, the management of the Bank by the Directors includes supervision on:
 - > Bank Business Plans 2017-2019 and the realization
 - > Annual Company's Work Budget and Plan (CBP) and the realization
 - > Monthly Performance Evaluation
 - > Legislation, in the interest of the Bank and in accordance with the Bank's business objectives and objectives.
 - > Blueprint of the Company Transformation

2. To perform the tasks specifically granted to them in the Articles of Association, legislation, the provisions of Bank Indonesia and/or GMS Resolutions, among others:
 - > To supervise and advise the Directors in conducting Bank's business activities (Directors' management policies).
 - > To supervise the effectiveness of Governance on every level of the Bank's organization.
 - > To supervise the risk management, compliance, and Internal Audit.
 - > To monitor and evaluate the Directors' performance.
 - > To supervise the Bank's compliance with the Bank Indonesia Regulation and the prevailing legislation, and the commitment to Bank Indonesia and other parties.
 - > To direct, monitor, and evaluate the implementation of RJP, RBB, and Company's Work Budget and Plan (CPB).
 - > To review the development and utilization of information technology.
3. To provide opinions and suggestions in writing to the GMS regarding the Company's Long Term Plan (RJP), Bank Business Plan (RBB), and Company's Work Budget and Plan (CPB) proposed by the Directors;
4. To provide opinions to the GMS related to the important strategic issues, including opinions on the adequacy of Bank's Vision and Mission.
5. To examine and review the periodic reports and Annual Reports prepared by the Directors, including the Bank's internal audit report.
6. To ensure that the Directors has followed-up on audit findings and recommendations from the Internal Audit Task Force, external auditors, Bank Indonesia supervisory results, and/or other authorities' supervision results.
7. To ensure that established committees perform their duties effectively.
8. To review the organizational structure
9. To review the corporate work culture
10. To monitor the FLPP loan fund reimbursement.
11. To direct and provide advice to the Directors on the lending that is consulted to the Board of Commissioners by the Board of Directors.

Board of Commissioners' Competence Training and Development Program

In addition to the supervisory task, the Board of Commissioners also performs training/seminar to improve the banking knowledge and development update in banking and other fields in order to support the duties and responsibilities. Each member of the Company's Board of Commissioners plans a minimum of 1 (once) a year to attend training and/or seminar, both inside and outside the country. The following is the seminar/workshop attended by the members of the Board of Commissioners throughout January - December 2017.

No	Name	Date	Place	Training/Seminar Name
1	Arie Coerniadi	April 22-30, 2017	Europe (Geneva, Prague & Budapest)	Program International "Risk Culture & Leadership ERM Master Class & Benchmarking In Europe"
		May 18-19, 2017	Rimba Jimbaran Bali by Ayana	Deeper Understanding of IFRS 9 & BASEL IV and Progress of BASEL III Implementation"
		October 17-19, 2017	Prague, Czech and Austria	Internal Capital Adequacy Assessment Process (ICAAP)
2	Kamaruddin Sjam	Thursday, February 16, 2017	Jakarta	Cyber Security and Integrating Operational Risk With the Mitigation Factors and Digital Payment Seminar: A New Era In the Way We Do Payment
		April 22-30, 2017	Europe (Geneva, Prague & Budapest)	Program International "Risk Culture & Leadership ERM Master Class & Benchmarking In Europe"
		September 16-23, 2017	New Zaeland	Integration of GRC
3	Lucky Fathul Aziz Hadibrata	February 16, 2017	Jakarta	Cyber Security and Integrating Operational Risk With the Mitigation Factors and Digital Payment Seminar: A New Era In the Way We Do Payment
		March 23-24, 2017	Four Seasons Hotel Jakarta	Seminar BARA Risk Forum "Refocusing On Credit Risk Management, Credit Risk Model, Pricing & Being Prepared for Upcoming Regulations"
		October 17-19, 2017	Prague, Czech and Austria	Internal Capital Adequacy Assessment Process (ICAAP)
4	I Wayan Agus Mertayasa	February 16, 2017	Jakarta	Cyber Security and Integrating Operational Risk With the Mitigation Factors and Digital Payment Seminar: A New Era In the Way We Do Payment
		Friday, February 10, 2017	Denpasar	Expand Leadership Program for BOD/BOC
		May 18-19, 2017	Rimba Jimbaran Bali by Ayana	Deeper Understanding of IFRS 9 & BASEL IV and Progress of BASEL III Implementation
		July 22-29, 2017	Sydney - Australia	IIA CONFERENCE 2017
		September 20-26, 2017	London, United Kingdom	Living Wills, Planning for Bank Recovery and Resolution
5	Maurin Sitorus	February 16, 2017	Jakarta	Cyber Security and Integrating Operational Risk With the Mitigation Factors and Digital Payment Seminar: A New Era In the Way We Do Payment
		February 9, 2017	Denpasar	Expand Leadership Program for BOD/BOC
		April 22-30, 2017	Europe (Geneva, Prague & Budapest)	Program International "Risk Culture & Leadership ERM Master Class & Benchmarking In Europe"
		March 23-24, 2017	Four Seasons Hotel Jakarta	Seminar BARA Risk Forum "Refocusing On Credit Risk Management, Credit Risk Model, Pricing & Being Prepared for Upcoming Regulations"
		May 18-19, 2017	Rimba Jimbaran Bali by Ayana	Deeper Understanding of IFRS 9 & BASEL IV and Progress of BASEL III Implementation
		November 21-24, 2017	Hongkong	Finance For Non-Finance Manager Program
6	Iman Sugema	March 23-24, 2017	Four Seasons Hotel Jakarta	Seminar BARA Risk Forum "Refocusing On Credit Risk Management, Credit Risk Model, Pricing & Being Prepared for Upcoming Regulations"
		May 18-19, 2017	Rimba Jimbaran Bali by Ayana	Deeper Understanding of IFRS 9 & BASEL IV and Progress of BASEL III Implementation
		September 16-23, 2017	New Zaeland	Integration of GRC
7	Garuda Wiko	Saturday, March 25, 2017	Jakarta	Risk Management Competence Certification Level 2 for Commissioner
		September 20-26, 2017	London, United Kingdom	Living Wills, Planning for Bank Recovery and Resolution
		2-5 Agustus 2017	Bali	Expand Leadership Program For BOD/BOC
8	Sumiyati	May 18-19, 2017	Rimba Jimbaran Bali by Ayana	Deeper Understanding of IFRS 9 & BASEL IV and Progress of BASEL III Implementation
		September 16-23, 2017	New Zaeland	Integration of GRC

Board of Commissioners' Meeting

Board of Commissioners' Meeting throughout 2017 in relation to the frequency, agenda, and participants of the Meeting is further discussed in a separate chapter titled 'Meeting of the Board of Commissioners and Directors' in the Corporate Governance Chapter on this Annual Report.

No	Decisions
1	Follow-Up Recommendations of Findings from the External and Internal Auditors
2	KAP Appointment to carry out the Financial Report Statement Audit
3	Implementation of Anti-Fraud Strategy and Whistleblowing System
4	Plan of Equity Participation in subsidiaries
5	Compilation and Implementation of the Company Transformation Blueprint
6	Loan Problem Handling Strategy
7	Compilation of CBP and RBB 2018-2020
8	Implementation of Human Resource Management and Corporate Culture
9	Loan Management Improvement
10	Third Party Fundraising Strategies
11	Approval of Bank Policies in accordance with the Legislation

Board of Commissioners' Recommendations, Approval, and Advice

In every decision of Board of Commissioners' and Board of Directors' Meeting in the Minutes of Meeting, the follow up will be monitored at the next meeting. Throughout 2017, the Board of Commissioners has provided various Recommendations, Approvals, and Advice to the Shareholders. The Recommendations, Approvals, and Advice, among others, are as follow:

1. Board of Commissioners' Recommendation
 - › KAP Appointment to carry out the Financial Report Statement Audit
 - › Plan of Equity Participation in subsidiaries
 - › Boundaries and Criteria of Directors' action that do not require the Approval of the Board of Commissioners and Shareholders.
2. Board of Commissioners' Approval
 - › Letter of Collective Agreement on the Working Guidelines of the Board of Commissioners and Board of Directors
 - › Blueprint of the Company Transformation
 - › Anti-Money Laundering (APU) and Prevention of Financing of Terrorism (PPT) Programs
 - › Business Continuity Management Policy
 - › Recovery Plan
 - › Criteria and Authority of the Directors in accordance with the Articles of Association
 - › Provision of Funds to Related Parties
 - › CBP 2018 and RBB 2018-2020
3. Board of Commissioners' Advice
 - a. Recommendation Follow-Up from the External and Internal Auditors
 - b. Implementation of Anti-Fraud Strategy and Whistleblowing System

Board of Commissioners' Decree

Throughout 2017, the Board of Commissioners has issued 179 (one hundred and seventy-nine) letters containing supervisory and advisory decisions, among others, related to the following aspects:

- › Loan Problem Handling Strategy
- › Third Party Fundraising Strategies
- › Loan Management Improvement
- › Implementation of Human Resource Management and Corporate Culture

Performance Assessment

In order to achieve effective supervisory and advisory function, the Board of Commissioners assesses the performance of the Board of Commissioners themselves, Directors both individually and jointly, and all committees as the supporting organ of the Board of Commissioners. The performance assessment is described as follows:

On the Board of Commissioners

General Policy on the performance evaluation of the Board of Commissioners refers to the Board Charter of the Board of Commissioners. Performance evaluation of the Board of Commissioners shall be done based on the criteria related to the execution of duties and responsibilities of the Board of Commissioners, 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 attended by shareholders who meet quorum requirements and is held by the Directors at the request of the Board of Commissioners. Board of Commissioners or shareholders representing 1/10 of the total number of shares in decision-making and/or for decision-making on matters whose authorities are not submitted to the Board of Directors or Commissioners.

Board of Commissioners' Performance Assessment Criteria

Implementation of the performance evaluation of the Board of Commissioners shall be based on assessment criteria related to the implementation of the Board of Commissioners' functions in conducting supervision and advising the Board of Directors on behalf of the Company and the Shareholders, in particular, the interested parties in general which will be evaluated by the Shareholders.

Board of Commissioners' assessment criteria has several

measurement instruments, such as:

- > Board of Commissioners' Key Performance Indicator (KPI)
- > Bank's GCG Self-Assessment
- > ASEAN CG Scorecard

Board of Commissioners' Key Performance Indicator (KPI)

The performance assessment of the Board of Commissioners based on the Performance Indicator shows that overall the Board of Commissioners has successfully achieved the predetermined targets.

Table: Achievement of the Board of Commissioners' Performance Indicator 2017

No.	Board of Commissioners' Work Program	Target		Realization	
		KPI	KPI	Mark	
I. Supervisory & Directive Aspects					
1	Company's Plan Review & Response	3 times	4	5	
2	Company's Performance Review & Response	8 times	12	20	
3	Review of Follow-Up Results/Findings of Internal/External Audit	6 times	6	5	
4	Board of Commissioners' Meeting	24 times	51	20	
5	Providing Feedback/Advice/Approval/Suggestions/Instructions to the Directors	100 times	110	20	
II. Reporting Aspect					
1	Preparing & Delivering Annual Work Program	1 time	1	5	
2	Delivering Report/Opinion to Shareholders/GMS	4 times	4	10	
3	Delivering Report on the Duties of the Supervisor (Regulator)	2 times	2	5	
III. Other/Dynamic Aspect					
1	Induction	1 time	1	2	
2	Competence Development	8 times	28	3	
3	Ratification of WP&B and LPT (AGMS)	2 times	2	5	

Parties Conducting the Assessment on the Board of Commissioners

Assessment is based on the criteria of Assessment of Duties and Responsibilities of the Board of Commissioners in the GCG self-assessment as stipulated in Bank Indonesia Circular Letter No. PBI No. 15/15/PBI/2006 dated April 29, 2013, on the Implementation of Good Corporate Governance for Commercial Banks.

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 Board of Commissioners is also assessed by the GCG Self-Assessment mechanism based on the POJK No.55/POJK.03/2016, and
3. Third Party Assessment with international standard, 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 the

section 'Developing the Commitment to Sustainable GCG' on this Annual Report.

On the Directors

The performance assessment of the Directors is determined on the management duties and responsibilities as stated in the Code of Conduct of the Board of Directors, the Articles of Association, and the Shareholder Mandate as set forth in the benchmark of performance evaluation criteria for the Board of Directors and each Director individually. Each member of the Board of Directors is evaluated by the Board of Commissioners and submitted to the Shareholders. The Board of Directors' performance evaluation is conducted in the GMS forum.

On the Committees

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. Further explanation can be referred to in Chapter of the Board of Commissioners' Committee on this Annual Report.

> Board of Directors

The Board of Directors is responsible to manage and set the Company's strategic directive, by utilizing and maintaining the Company's assets for the objective and interest of the Company. Further, the Directors report the duties implementation and responsibilities to the Board of Commissioners.

Number and Composition of the Board of Directors

Throughout 2017, the composition of the Company's Board of Directors changed twice:

1. Based on the Annual GMS dated March 17, 2017, the Company's Directors per April 2017 was 8 (eight) people. The composition was as follows:

No	Name	Position	Appointment Basis
1	Maryono	President Director	Reappointed by the Extraordinary General Meeting of Shareholders (EGMS) dated March 17, 2017
2	Iman Nugroho Soeko	Chief Financial Officer (CFO)	Annual General Meeting of Shareholders (AGMS) dated February 25, 2014
3	Adi Setianto	Chief Information Officer (CIO)	Annual General Meeting of Shareholders (AGMS) dated March 24, 2015
4	Oni Febiarto R.	Managing Director Commercial Banking	Annual General Meeting of Shareholders (AGMS) dated March 24, 2015
5	Handayani	Managing Director Consumer Banking	Annual General Meeting of Shareholders (AGMS) dated April 12, 2016
6	R. Mahelan Prabantarikso	Managing Director Strategy, Compliance & Risk	The Company's Annual General Meeting of Shareholders (AGMS) dated March 17, 2017
7	Nixon L.P. Napitupulu	Chief Credit Officer (CCO)	The Company's Annual General Meeting of Shareholders (AGMS) dated March 17, 2017
8	Budi Satria	Managing Director Distribution Network	The Company's Annual General Meeting of Shareholders (AGMS) dated March 17, 2017

2. Based on the Extraordinary GMS dated December 28, 2017, the Company's Management changed because of the dismissal of Mrs. Handayani and the appointment of Mr. Dasuki Amsir as the Director of Distribution & Network effective immediately since December 18, 2017, and

the changes in the Directors' titles. With the dismissal, changes to the nomenclature of office, assignment, and appointment of members of the Company's Board of Directors, the composition of the Board of Directors shall be as follows:

Composition of Company's Directors Per December 31, 2017

No	Name	Position	Appointment Basis
1	Maryono	President Director	Reappointed by the Extraordinary General Meeting of Shareholders (EGMS) dated March 17, 2017
2	Iman Nugroho Soeko	Director of Finance & Treasury	Annual General Meeting of Shareholders (AGMS) dated February 25, 2014
3	Adi Setianto	Director of IT & Operation	Annual General Meeting of Shareholders (AGMS) dated March 24, 2015
4	Oni Febiarto R.	Director of Commercial Banking	Annual General Meeting of Shareholders (AGMS) dated March 24, 2015
5	Budi Satria	Director of Consumer Banking	The Company's Annual General Meeting of Shareholders (AGMS) dated March 17, 2017
6	R. Mahelan Prabantarikso	Director of Strategy, Compliance, and Risk	The Company's Annual General Meeting of Shareholders (AGMS) dated March 17, 2017
7	Nixon L.P. Napitupulu	Director of Collection, Asset Management, and Legal	The Company's Annual General Meeting of Shareholders (AGMS) dated March 17, 2017
8	Dasuki Amsir	Director of Distribution & Network	Extraordinary General Meeting of Shareholders (EGMS) dated December 28, 2017

The appointment of the Board of Directors is based on the fit and proper test that refers to POJK No.27/POJK.03/2016 on the fit and proper test for the Executive Parties of Financial Services Institution. The regulation stated that all candidates of members of Board of Directors must pass the fit and proper test and must obtain approval from the OJK before carrying out his/her duties and responsibilities in his/her position.

Fit and Proper Test

All candidates of the Board of Directors for the 2017 period have passed the fit & proper test and obtained OJK approval before being appointed to the Company's Board of Directors by the GMS to carry out their duties and functions in their positions.

List of competencies and fit and proper test of the Board of Directors is as follows:

Name	Position	Competence and/or Expertise	Fit and Proper Test Organizer	Effective Date
Maryono	President Director	> Banking, Leadership > Strategic Management	Financial Services Authority	March 17, 2017
Iman Nugroho Soeko	Director of Finance & Treasury	> Finance > Treasury	Financial Services Authority	June 16, 2014
Adi Setianto	Director of IT & Operation	> Operation > IT	Financial Services Authority	June 8, 2015
Oni Febrarto R	Director of Commercial Banking	> Credit > Commercial Banking	Financial Services Authority	May 19, 2015
R. Mahelan Prabantarkso	Director of Strategy, Compliance, and Risk	> Strategic > Risk Management	Financial Services Authority	July 25, 2017
Nixon L.P. Napitupulu	Director of Collection, Asset Management, and Legal	> Loan > Risk Management	Financial Services Authority	July 25, 2017
Budi Satria	Director of Consumer Banking	> Credit > Consumer Banking	Financial Services Authority	July 25, 2017
Dasuki Amsir	Director of Distribution & Network	> Finance > Distribution & Network	Financial Services Authority	

Appointment and Dismissal

The replacement and/or appointment of members of the Company's Board of Directors has taken into consideration the recommendations of the Remuneration and Nomination Committee, whereby the Remuneration and Nomination Committee submits recommendation of candidates for the Board of Directors to the Minister of SOEs as the Controlling Shareholder to be submitted to the GMS.

Appointment and dismissal of members of the Company's Board of Directors shall be conducted by the GMS after the fit and proper test process referring to PBI No. 12/23/PBI/2010 on the Fit and Proper Test.

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 stated above, GMS also has the rights to dismiss any member of Board of Directors with appropriate reasons in the Company's interests and purposes.

Directors' Job Descriptions

The Company's Board of Directors continuously manages the Bank in accordance with the authority and responsibilities as regulated in the Articles of Association, prevailing legislation, the Board Charter of the Directors, and Directors' Decree on the Directors' Job Description, as follows:

No	Name	Position	Duties and Responsibilities
1	Maryono	President Director	To supervise the Internal Audit Division (IAD), Corporate Secretary Division (CSD), Human Capital Management & Culture Specialist Division (HMCD), Human Capital Organization Development & Policy Division (HCOD), Learning Center Division (LCD)
2	Iman Nugroho Soeko	Director of Finance & Treasury	To supervise the Finance & Accounting Division (FAD), Treasury Division (TRSD), Institutional Banking Division (IBD)
3	Adi Setianto	Director of IT & Operation	To supervise the IT Strategic Planning & Development Division (ITPD), IT Operation Division (ITOD), Operation and Business Support Division (OBSD), Credit Operations Division (COD), Procurement and General Services Division (PGSD)

No	Name	Position	Duties and Responsibilities
4	Oni Febiarto R.	Director of Commercial Banking	To supervise Commercial Funding & Services Division (CMFD), Commercial Lending Division (CMLD), Small Medium Enterprise Lending Division (SMLD) , Corporate & Loan Syndication Division (CLSD).
5	R. Mahelan Prabantarikso	Director of Strategy, Compliance, and Risk	To supervise the Corporate Strategy & Performance Management Division (SPD), Transformation Management Office (TMO), Compliance & Governance Division (CMPD), Policy & Procedure Desk (PPD), Enterprise Risk Management Division (RMD)
6	Nixon L.P. Napitupulu	Director of Collection, Asset Management, and Legal	To supervise Retail Risk Division (RRD), Commercial Risk Division (CRD), Consumer Collection & Remedial Division (CCD), Asset Management Division (AMD), Legal Division (LGD)
7	Budi Satria	Director of Consumer Banking	To supervise the Non-Subsidized Mortgage & Consumer Lending Division (NSLD), Subsidized Mortgage Division (SMD), Retail Funding & Services Division (RFSD), Wealth Management Division (WMD), Sharia Division (SHAD)
8	Dasuki Amsir	Director of Distribution & Network	To supervise Digital Channels Division (DCD), Service Quality & Distribution Division (SQND), Regional Offices

Induction Program or Orientation for New Members of the Board of Directors

Following the appointment of new members of the Board of Directors and Board of Commissioners, the Corporate Secretary has conducted an orientation program in April 2017 and will conduct an advanced orientation program in January 2018. The purpose of this orientation program is to provide a general introduction to the Company's conditions so that members of the Board of Directors and Board of Commissioners can work together as a solid team, given their different backgrounds. The material presented in the orientation program are as follows:

1. Outline of the 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 Directors' Independence

Independence 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' Independence 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 manage 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.

Code of Conduct of the Board of Directors (Board Charter)

The Directors has guidance and work order including work ethics, working time, and meeting stipulated in:

1. Directors' Decree No. 07/DIR/KD/CMPD/2017 on the Code of Conduct of the Board of Directors as the amendment to the Joint Decree (SKB) of the Board of Commissioners No. 01-DEKOM-BTN/2016 and Directors No. SKB- 01/DIR-BTN/2016 on the Code of Conduct of the Board of Commissioners and Directors (Board Manual).
2. Board of Directors Regulation No. 16/PD/CMPD/2015 dated December 31, 2015, on the Code of Conduct.

The Board Charter of the Board of Directors shall make the Directors carry out their duties effectively and it shall be used as a performance assessment tool for Board of Directors. The Board Charter stipulated various aspects, among others:

Code of Conduct of the Board of Directors (Board Charter)

Chapter I	Introduction
Chapter II	Values
Chapter III	Work Guidelines and Order, consists of:
	A. Number and Composition of the Board of Directors B. Requirement of the Member of Board of Directors C. Criteria of the Director of Compliance Function D. Board of Directors' Concurrent Positions E. Appointment and Dismissal of the Board of Directors F. Board of Directors' Tenure G. Board of Directors' Duties and Responsibilities H. Directors' Obligation I. Rights and Authorities of Board of Directors J. Directors' Actions to be Approved by the Board of Commissioners K. Segregation of Duties and Authorities of the Board of Directors L. Prohibition M. Transparency N. Work Ethics O. Working Time P. Meeting Q. Leadership R. Board of Directors' Performance Assessment S. Reporting and accountability T. Committees

The Board Charter of the Board of Directors is fully disclosed on the Company's website (www.btn.co.id) on the Investor Relation - Governance Policies menu.

Board of Directors' Duties and Responsibilities

1. The Board of Directors shall be responsible for carrying out all actions relating to the maintenance and responsibility of the Company's management for the Company's benefit in accordance with the Company's purposes and objectives and to represent the Company, both inside and outside the Court on all matters and all occurrences with limitations as regulated in the Legislation, Articles of Association, and/or GMS Resolutions.
2. The President Director is the Directors' Coordinator. His/her duties are as follow:
 - a. To lead the Directors' Meetings;
 - b. To create openness culture and facilitate constructive discussion;
 - c. To provide advice to the Directors' member related to the management effectiveness.
 - d. To maintain relation and solidarity between the Directors on the management duties.
 - e. To maintain effective and healthy relationship with the Board of Commissioners.
3. Each member of the Board of Directors shall be fully liable for the loss of the Company caused by errors or omissions of the members of the Board of Directors in performing their duties. Directors' member shall not be held accountable for the loss as mentioned above, if proven that:
 - a. The loss is not caused by his/her fault or negligence;
 - b. The Director has conducted management activities in good faith and with prudence that are consistent with the Company's goals and objectives;
 - c. The Director has no conflict of interest, be it directly or indirectly on the management action that resulted in such loss;
 - d. The Director has taken necessary actions to prevent such loss from arising or continuing.
4. Duties and Responsibilities of the Directors of Compliance Function, include:
 - a. Formulating strategies to empower the Compliance Culture;
 - b. Suggesting compliance policies or other compliance principles that shall be set forth by the Directors;

- c. Setting compliance system and procedures that shall be used to compile the Bank's internal guidelines and regulations;
- d. 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 legislation, including Sharia Principles for Sharia Commercial Bank and Sharia Business Unit;
- e. Minimizing Bank's Compliance Risks;
- f. Taking preventive actions to have the policies and/or decisions made by Bank's Board of Directors aligned with the provisions of Bank Indonesia and the prevailing laws and regulations;
- g. Carrying out other tasks related to Compliance Function.
- h. Reporting the duties implementation and responsibilities to the President Director, with copy to the Board of Commissioners at least quarterly

Report of Board of Directors' Duties

Throughout 2017, the Directors' members have performed their stewardship and reporting responsibilities submitted to the Board of Commissioners in the form of:

1. Performance Review report
2. Bank Health Rate report
3. Compliance Function report
4. Good Corporate Governance Implementation report
5. Audit Findings Follow Up report

In addition, the Directors also has conducted the corporate governance principles in all Bank's activities in all level of the organization throughout 2017 as follows:

1. Implement the corporate governance as required by POJK.
2. Implement the corporate governance as required by Asean CG Scorecard
3. Disseminate and implement Code of Conduct
4. Report the gratification to KPK
5. Conduct Self-Assessment of Corporate Governance Implementation in accordance with POJK
6. Compile and submit Annual Report & Sustainability Report

Board of Directors Training and Competence Development Program

Periodically, the Company provides an opportunity to the Board of Directors to attend education/training/workshops/seminars, both inside country and abroad, to increase knowledge about banking and the latest developments related

to finance and other fields that support the implementation of duties and responsibilities.

In 2017, the members of the Company's Directors have attended various programs to increase competence in the form of conference/training/seminar/workshop as follows:

Directors' Training and Development in 2017

No	Name and Position	Time	Place	Competence Development/Training Material	Organizer
1	Maryono (President Director)	April 27-29	Bandung, Indonesia	BUMN Executive Leadership Program – 1 (ELP-1)	Ministry of SOEs & Forum Human Capital Indonesia (FHCI)
		May 12-13	Bangkok, Thailand	WSBI Innovation Workshop Asia	World Savings and Retail Banking Institute (WSBI)
		November 22-28	Cape Town, South Africa	Workshop WSBI General Assembly & Conference	World Savings and Retail Banking Institute (WSBI)
2	Iman Nugroho Soeko (Director)	April 27-29	Bandung	BUMN Executive Leadership Program – 1 (ELP-1)	Ministry of SOEs & Forum Human Capital Indonesia (FHCI)
		18-19 May 2017	Bali	Seminar BARA Risk Forum	BARA
		August 27-29	Frankfurt and Vienna	Intensive Wealth Management and Risk Management Refreshment Programs for Executives	MM UGM, in cooperation with IBI and LSPP
3	Adi Setianto (Director)	April 27-29	Bandung, Indonesia	BUMN Executive Leadership Program – 1 (ELP-1)	Ministry of SOEs & Forum Human Capital Indonesia (FHCI)
		September 11-15	Cambridge, Inggris	Asean Global Leadership	SRW & Co
4	Oni Febriarto (Director)	April 27-29	Bandung, Indonesia	BUMN Executive Leadership Program – 1 (ELP-1)	Ministry of SOEs & Forum Human Capital Indonesia (FHCI)
5	R Mahelan Prabantarikso (Director)	April 5-6	Jakarta	Risk Management Level 5 Certification Training	PT Peak Pratama Indonesia
		Saturday, April 29, 2017	Bandung	BUMN Executive Leadership Program – 1 (ELP-1)	Ministry of SOEs & Forum Human Capital Indonesia (FHCI)
		August 24-25, 2017	Bali	Training Corporate Governance Leadership Program (CGLP)	Indonesian Institute Corporate Directorship (IICD)
		April 25	Jakarta	Risk Management Level 5 Certification Training	LSPP
		December 20-21	Rome, Italy	ISER Conference 2017	The International Society for Engineers and Researchers (ISER)
6	Nixon Napitupulu (Director)	April 5-6	Jakarta	Risk Management Level 5 Certification Training	PT Peak Pratama Indonesia
		April 25	Jakarta	Risk Management Level 5 Certification Training	LSPP
7	Budi Satria (Director)	April 5-6	Jakarta	Risk Management Level 5 Certification Training	PT Peak Pratama Indonesia
		April 25		Risk Management Level 5 Certification Training	LSPP
		April 27-29	Bandung	BUMN Executive Leadership Program – 1 (ELP-1)	Ministry of SOEs & Forum Human Capital Indonesia (FHCI)
		May 12-13	Bangkok, Thailand	WSBI Innovation Workshop: Innovation Hacks ASIA Share Insights and Learn from Your Peers	World Savings and Retail Banking Institute (WSBI)
		November 22-28	Cape Town, South Africa	Workshop WSBI General Assembly & Conference	World Savings and Retail Banking Institute (WSBI)
8	Dasuki Amsir	Appointed as Director on EGMS dated December 28, 2017			

Directors' Decree

In addition to the Board of Directors' meetings that have been scheduled and resulted in a number of decisions, throughout

2017, the Board of Directors has issued various Decree, including the following:

No	Field	Decisions
1	Loan	Loan approval and loan restructuring in accordance with the authority of the Board of Directors
2	Financing	Launching of new product, services, and activities
3	Transformation	Transformation of Organizational Structure; Stipulation of the Company's New Vision and Mission
4	Network	> Addition of Regional Offices, Branch Offices, Sub-Branch Offices, Conventional and Sharia Cash Offices, and ATM machine networks; > Smart Branch launching.
5	Human Resources	Employees' Promotion and Mutation
6	Risk Management	Recovery Plan Compilation
7	Strategic Plans	CBP 2018 and RBB 2018-2020

Performance Assessment

The Annual General Meeting of Shareholders is a forum in which the Board of Directors reports and accounts the Company's performance to the shareholders based on the Management's Performance Contract, i.e. to assess the performance of the Board of Directors individually and the performance of each committee as the supporting organ of the Board of Directors. The performance assessment is described as follows:

On the Directors

General Policy on the performance evaluation of the Board of Directors refers to the Board Charter of the Board of Directors. Implementation of the Board of Directors' performance assessment is based on the performance evaluation benchmarks of each member of the Board of Directors.

Board of Directors' Performance Assessment

Implementation Procedures

The procedure for evaluating the Board of Directors' performance is discussed in 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 Directors, or shareholders who represent 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.

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.

Board of Directors' Performance Assessment Criteria

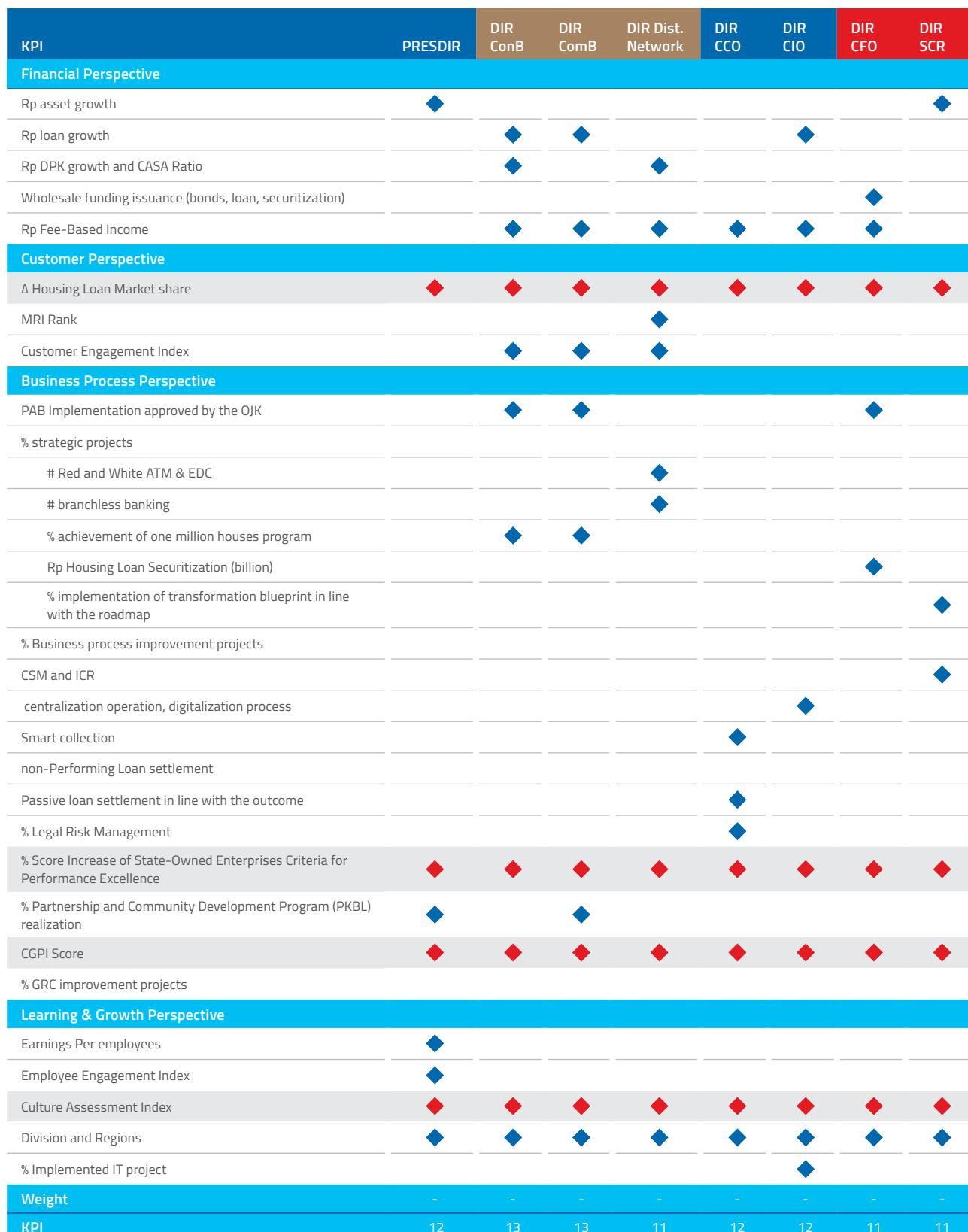
The Board of Directors' assessment utilizes a number of measurement tools, including:

1. Board of Directors' Key Performance Indicators (KPI)

The performance of the Board of Directors and each member of the Directors shall be evaluated by the Board of Commissioners. The KPI realization of each member of Directors is reported to the Board of Commissioners and further reviewed by the Remuneration and Nomination Committee as consideration in determining the remuneration of each member of the Directors.

The individual performance of the Board of Directors can be seen specifically in the individual KPIs comprising the Joint KPI and the KPI of the Directorate. Individual KPI of the Directors are as follows:

KPI	PRESDIR	DIR ConB	DIR ComB	DIR Dist. Network	DIR CCO	DIR CIO	DIR CFO	DIR SCR
Financial Perspective								
Rp Corporate Income realization	◆	◆	◆	◆	◆	◆	◆	◆
Corporate financial indicator	◆	◆	◆	◆	◆	◆	◆	◆
Market capitalization % growth	◆	◆	◆	◆	◆	◆	◆	◆
% ROE	◆	◆	◆	◆	◆	◆	◆	◆
% CIR	◆	◆	◆	◆	◆	◆	◆	◆
% NIM	◆	◆	◆	◆	◆	◆	◆	◆
% NPL	◆	◆	◆	◆	◆	◆	◆	◆

**Keterangan**

◆ Collegerial KPI
 ◆ Unit KPI

PRESDIR (President Director)
 DIR ConB (Managing Director Consumer Banking)
 DIR ComB (Director of Commercial Banking.)
 DIR Dist.Network (Director of Distribution & Network)

DIR CCO (Direktur Chief Credit Officer)
 DIR CIO Direktur Chief Information Officer)
 DIR CFO (Direktur Chief Financial Officer)
 DIR SCR (Direktur Strategy, Compliance & Risk)

2. Board of Directors' Work Plan

The Board of Directors has compiled Work Plan as the Company's target or focus in 2017. This is done in the

framework of the Company's development and execution of Shareholders' assignment and to fulfill the KPI target compiled, consisting of:

No	Field	Activity
1	Loan	To expand the market share for microloan segment, commercial, and corporate
2	Loan Quality	To implement the Smart Collection program through smart mobile application optimization and icollection
3	Financing	Share of wallet (SoW) captive market on the mass segment and to expand the emerging & affluent customers' SoW
4	Fee-Based Income and subsidiaries' establishment	To increase customer transaction activity by developing internet banking & mobile banking features and applications, and to offer digital banking services aimed at the emerging affluent segment
5	Sharia Business	To map the potential of sharia business development at BTN Conventional Branch Office in accordance with the potential of sharia market
6	Capital	To increase profitability; To increase mortgage securitization
7	Human Capital	To strengthen the focus of the 2017 cultural program aligned with increased productivity, process efficiency and the implementation of GCG principles
8	Information Technology (IT) and Digital Banking	To strengthen the role of BTN Property Portal; Develop internet banking & mobile banking applications through platform upgrades and integration between systems such as iColl, iCash, and property portals.
9	GCG	To perform banking management in accordance with prudence principle and Good Corporate Governance to increase Shareholder Value.
10	Risk Management	To strengthen integrated capital and liquidity management by developing a liquidity risk monitoring system
11	Network Development	To expand the network with strategy focused on five key initiatives: a regionalization strategy; Branch expansion; Kiosk placement; Agent banking; and Digital Channel.

3. Directors' GCG Assessment

The assessment is conducted based on the criteria parameter of Assessment of Duties and Responsibilities of Directors in self-assessment of GCG implementation, as stipulated in OJK Circular Letter No. 13/SEOJK.03/2017 on GCG Implementation for Commercial Banks.

In addition, the Board of Directors has assessment mechanism, referring to POJK and Ministry of SOEs as follows:

- › BUMN Superior Performance Assessment Criteria (KPKU)
- › Bank's GCG Self-Assessment
- › ASEAN CG Scorecard

Board of Directors' Performance Assessment Using the Superior Performance Criteria (KPKU)

The Assessment System for the SOE Performance Evaluation is based on the Ministry of SOEs Letter No. S-153/S-MBU/2012 dated July 19, 2012, on the Performance Reporting Based on Approach of Superior Performance Criteria (KPKU) of SOEs that adopted and adapted "Malcolm Baldridge Criteria for Performance Excellence". The Company assesses the Directors' performance by the KPKU Assessment, which is described as follows:

1. The Ministry of SOEs established a Forum of SOEs Excellence (FEB), to carry out the Assessment.
2. The Ministry of SOEs provides the FEB Team to the Company who will carry out the Company's Assessment.

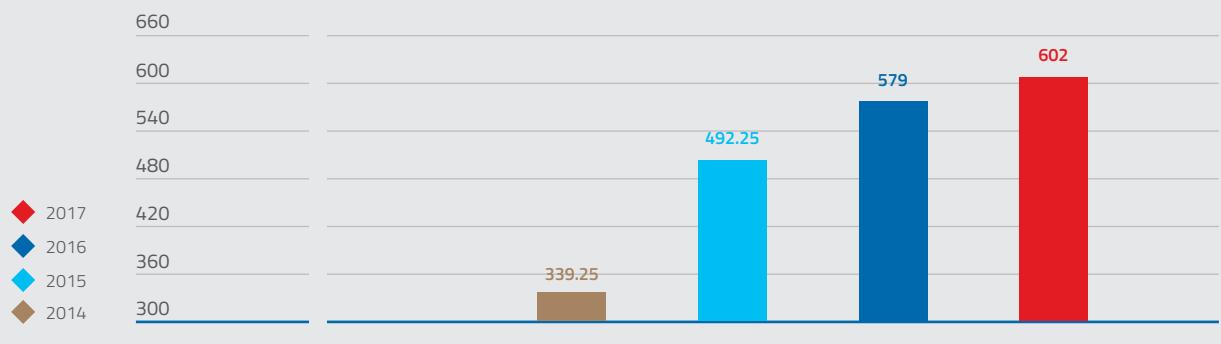
3. The Directors appoints the Corporate Strategic & Performance Management Division (SPD) as a Liaison Officer to coordinate all task forces to carry out the Assessment.
4. The FEB Team performs the assessment and makes a conclusion on the assessment result.
5. The FEB Team conveys the Assessment results to the Ministry of SOEs to obtain approval.
6. The Ministry of SOEs determines the Assessment results.

The KPKU assessment criteria consist of 7 (seven) categories, namely: Leadership, Strategic Planning, Customer Focus, Analysis Measurement and Knowledge Management, Workforce Focus, Operational Focus, and Results.

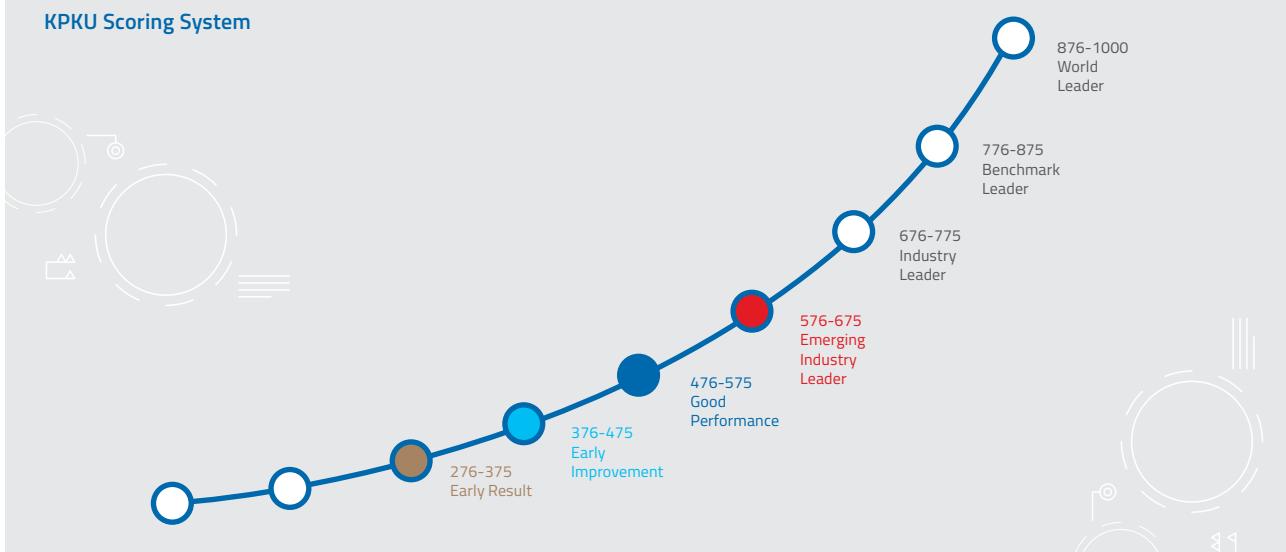
In addition to the 7 (seven) categories, the SOEs performance evaluation is also based on two dimensions' assessment, i.e.: (1) Process, through the factors of Approach, Deployment, Learning, and Integration (ADLI), and (2) Results, through the factors of Level, Trend, Comparison, and Integration (LeTCI).

The Company's KPKU score in 2017 increased by 23.00 points or 3.97% to 602.00 with the bandscore in Emerging Industry Leader compared to the 2016

The Company's KPKU Score in the last 4 years are as follows:



KPKU Scoring System



Bank's GCG Self-Assessment

The Company's Directors conducted the GCG Self-Assessment. The Board of Directors' performance assessment refers to the CBP targets set at 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 with all of the applicable regulations.

Further explanation on the Bank's GCG Self-Assessment of the Directors' aspect based on the BI/OJK Regulation is described in the 'Company GCG Assessment' on this Annual Report.

Parties Conducting the Assessment

The Board of Directors' performance assessment is done by the Shareholders. The Board of Directors' performance assessment refers to the CBP targets set at 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 with all of the applicable regulations.

The Board of Directors will report their 2017 fiscal year performance in the GMS which will be held in 2018.

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 the section 'Developing the Commitment to Sustainable GCG'.

On the Committees

The Performance Assessment for the Committee reporting directly 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.

> Working Procedures of the Board of Commissioners and Directors

One of the key factors in good corporate governance is the need to clarify the consistency and coordination of the Board of Commissioners and Directors' functions. The functions are carried out by the relationship pattern between the Board of Commissioners and Directors, which needs integrated, sustainable, and accountable system and policies.

In order to create a sustainable and accountable relationship between the Board of Commissioners and Directors, they need to have common perspective and decent communication. Therefore, Board of Commissioners and Directors set and agreed upon basic principles of the Board of Commissioners and Directors' working procedures, which is stipulated in the Board of Commissioners' Joint Decree No. 02/DEKOM-BTN/2017 and Directors' Joint Decree No. 01/DIR-BTN/2017 on Working Procedures of the Company's Board of Commissioners and Directors.

Working Procedures of the Board of Commissioners and Directors is a guideline for the Board of Commissioners and Directors. It also described the activity's phase structurally, systematically, in an understandable and consistent manner, and acted as a reference for the Board of Commissioners and Directors in carrying out their duties in order to achieve the Company's Vision and Mission, in line with the GCG principles.

Working Procedures Scope of the Board of Commissioners and Directors includes:

1. General Provisions
2. Director's Report to the Board of Commissioners
3. Board of Commissioners' Audit on the Company's Site
4. Board of Commissioners' Advice to the Directors
5. Directors' Actions to be Approved by the Board of Commissioners
6. Mechanism of Request for Approval to the Board of Commissioners
7. Directors' Actions to be approved by GMS after written response from Board of Commissioners
8. Mechanism of Request of Response to the Board of Commissioners

9. Directors' Actions to be Consulted to the Board of Commissioners
10. Joint Meeting consists of the Meeting of Directors with Members of Board of Commissioners and Meeting of the Board of Commissioners with the Members of Directors
11. The Performance Evaluation consists of:
 - > Performance Assessment of Board of Commissioners and Board of Directors
 - > Performance assessment of the members of Board of Commissioners and Directors
 - > Performance evaluation of the Board of Commissioners and Directors

Working Procedures Implementation of the Board of Commissioners and Directors

The Board of Commissioners and Directors shall mutually respect their duties, responsibilities, and authorities in accordance with rules and legislation and Articles of Associations. The Board of Commissioners and Directors are always coordinating and working together to achieve the company's long-term goals and business continuity and be the role model for their subordinates.

In order to unite the perspective and decide on an important issue concerning the continuity of the Company's business and operations, the Board of Commissioners and Directors meet regularly in the Meeting Forum of Board of Commissioners-Directors. The regular meeting discusses various agendas such as work plans, operations, business opportunities, and strategic issues, that require the approval of the Board of Commissioners. This meeting is a form of coordination in order to discuss the Directors' regular reports and provide responses, notes, and advice as outlined in the Minutes of Meeting.

The decision in the meeting shall be based on the deliberation principles or by majority votes. This decision shall be followed-up. Any member of the Board of Commissioners who has a conflict of interest shall not vote in the voting process, and the statement of this matter shall be recorded in the Minutes of Meeting.

> Meetings of the Board of Commissioners and Board of Directors

In order to unite the perspective and decide on an important issue concerning the continuity of the Company's business and operations, the Board of Commissioners and Directors meet regularly in the Meeting Forum of Board of Commissioners-Directors.

Board of Commissioners' Meeting

The Company's Board of Commissioners must hold the Board of Commissioners' Meeting (internal meetings) and Board of Commissioners' meetings with the Board of Directors. The internal meeting of the Board of Commissioners refers to the Board of Commissioners Decree No. 01/DEKOM-BTN/2017 on the Board Charter of the Board of Commissioners dated August 10, 2017. The Joint Meeting of the Board of Commissioners with the Directors refers to Joint Decree of the Board of Commissioners No. 02/DEKOM-BTN/2017 and Directors No. 01/DIR-BTN/2017 on the Code of Conduct of the Board of Commissioners and Directors dated November 24, 2017.

In line with the Conduct, the Board of Commissioners' Meeting consists of:

1. Board of Commissioners' Internal Meeting, scheduled at least once in 2 (two) months. The materials shall be delivered to the participants at most 5 days prior to the meetings. If needed be, the Board of Commissioners' Meeting shall be held by request of one or more Members of the Board of Commissioners, or at written request of the Directors.

2. Joint Meeting of the Board of Commissioners with the Directors regularly, at least once in 4 (four) months. The agenda shall discuss at least:
 - › Formulation of Bank's Business Plan (RBB) and Company's Work Budget and Plan (CBP);
 - › Performance Review (including discussion on APU PPT);
 - › GCG Implementation and Follow Up on the Findings of Audit, both Internal and External Audit.

The mechanism of decision-making of the Joint Meeting is the same mechanism used in the Board of Commissioners' Meeting. Hence, the decision-making of the Scheduled Board of Commissioners' Meeting must be attended by at least 2/3 (two third) of the total members of Board of Commissioners.

Frequency of the Board of Commissioners' Meeting

Throughout 2017, the Board of Commissioners has held 51 (fifty-one) Internal Meeting and 36 (thirty-six) Joint Meeting. The details are as follow:

1. Attendance of the Board of Commissioner in the Meetings

Name	Position	Period	Meeting Board of Commissioners			Board of Commissioners' Meeting With Directors		
			Meetings	Attendance	%	Meetings	Attendance	%
I Wayan Agus Mertayasa	President Commissioner/Independent Commissioner	January 1 - December 31, 2017	51	45	88.24	36	34	94.44
Kamaruddin Sjam	Independent Commissioner	January 1 - December 31, 2017	51	46	90.20	36	33	91.67
Arie Coerniadi	Independent Commissioner	1 Jan-31 Dec 2016	51	45	88.24	36	33	91.67
Lucky Fathul Aziz H	Independent Commissioner	November 15 - December 31, 2017	18	17	94.44	14	14	100.00
Sumiyati	Commissioner	January 1 - December 31, 2017	51	32	62.75	36	21	58.33
Maurin Sitorus	Commissioner	January 1 - December 31, 2017	51	48	94.12	36	34	94.44
Iman Sugema	Commissioner	July 19 - December 31, 2017	26	21	80.77	17	14	82.35
Garuda Wiko	Independent Commissioner	July 19 - December 31, 2017	26	20	76.92	17	12	70.59

2. Agenda and Participant of the Meeting

The following is the meetings, agenda, and the participants of the Meetings in Board of Commissioners' Internal Meeting in 2017:

No.	Date	Agenda	Participant
1	January 10	1. Progress report of KAP PSS-EY audit for fiscal year 2016 2. Progress report of deposit fraud case 3. Pending matters of Board of Commissioners' directives in 2016 4. Board of Commissioners' Inbox	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus
2	January 24	1. Audit Committee progress report on procurement of KAP 2017 2. KOPAR report on the extension review of warranty contract with Jamkrindo Syariah 3. Board of Commissioners' Inbox	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
3	January 31	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
4	February 2	Audit Result Report of KAP PSS-EY Fiscal Year 2016	Kamaruddin Sjam, Lucky Fathul Aziz Hadibrata; Maurin Sitorus; Sumiyati
5	February 7	3. Current issues	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa;
6	February 14	4. Board of Commissioners' Inbox	Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
7	February 16	Proposed Candidate of Directors	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
8	February 20	Discussion on the Draft of Annual Report, Sustainability Report, PKBL Report 2016 PT Bank Tabungan Negara (Persero) Tbk	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
9	February 21	1. Report of Remuneration and Nomination Committee on 10 Proposed Candidate of Directors 2. Committee's Review on Draft of Bank Business Plan Supervision Report Semester II 2016 3. Ratification of Board of Commissioners' Committees' Work Plan 2017	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
10	February 28	1. Current Issues 2. Board of Commissioners' Inbox	Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus;
11	March 3		Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
12	March 6	1. DDI Assessment Result Evaluation 2. Board of Commissioners' Inbox	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
13	March 21	1. Current issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Lucky Fathul Aziz Hadibrata ; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
14	March 30	1. Current issues 2. Board of Commissioners' Inbox	Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus;Sumiyati
15	April 4		Arie Coerniadi; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
16	April 11	1. Current issues 2. Board of Commissioners' Inbox 3. Consultation of pre approval line on behalf of PT Waskita Karya Realty	Arie Coerniadi; I Wayan Agus Mertayasa; Maurin Sitorus
17	April 18	1. Current issues 2. Board of Commissioners' Inbox	Arie Coerniadi; I Wayan Agus Mertayasa;Sumiyati
18	May 2	1. Current Issues 2. Board of Commissioners' Inbox 3. Explanation from Risk Monitoring Committee and Audit Committee related to the Directors' Letter on the Follow Up of OJK Directive related to the Fraud Event at Bank BTN	Arie Coerniadi; I Wayan Agus Mertayasa;Kamaruddin Sjam; Maurin Sitorus
19	May 9	1. Current issues 2. Board of Commissioners' Inbox	Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus
20	May 16	1. Current issues 2. Board of Commissioners' Inbox	Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati

No.	Date	Agenda	Participant
21	May 23	3. Current issues 4. Board of Commissioners' Inbox	Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus
22	June 6		Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
23	June 13		Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
24	July 11		Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
25	July 18		Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Sumiyati
26	July 21	1. Performance in May and June 2017 2. Current Issues (Draft of Published Financial Report and Loan Consultation) 3. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
27	July 25	Financial Report Publication per June 30, 2017	Arie Coerniadi; Garuda Wiko; Iman Sugema; Maurin Sitorus
28	August 1	1. Current issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
29	August 8	1. Current issues 2. Board of Commissioners' Inbox 3. Draft on RBB Supervisory Report Semester I 2017	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
30	August 10	Discussion on Draft of Code of Conduct of the Board of Commissioners	Arie Coerniadi; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
31	August 15	1. Current issues 2. Board of Commissioners' Inbox 3. Discussion on Survey Questioner of Corporate Governance Perception Index (CPGI) 2016	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
32	August 22	1. Current issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
33	August 29		Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
34	September 5	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
35	September 12		Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Maurin Sitorus
36	September 19	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Maurin Sitorus
37	September 26	1. Draft on Joint Decree of the Board of Commissioners and Directors on the Working Guidelines of Directors and Board of Commissioners 2. Current Issues 3. Board of Commissioners' Inbox	Arie Coerniadi; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
38	October 3	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
39	October 10	1. Candidate Criteria of the Board of Directors of the Life Insurance Subsidiary 2. Current Issues 3. Board of Commissioners' Inbox	Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Khoirul Mampe; Maurin Sitorus; Sandra Firmania; Sumiyati
40	October 12	Discussion on the Minister of SOEs Regulation No. PER-12/MBU/2012 on the Supporting Organs of the SOEs Board of Commissioners/Board of Trustees;	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
41	October 17	1. Current Issues 2. Board of Commissioners' Inbox	Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
42	October 23	1. Audit Committee Review on the Financial Report Draft Per September 30, 2017 2. KOPAR Review on the Loan Consultation and Loan Approval of the Related Parties 3. Current Issues 4. Board of Commissioners' Inbox	Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
43	October 24	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus

No.	Date	Agenda	Participant
44	October 31	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
45	November 7	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
46	November 14	1. Current Issues 2. Board of Commissioners' Inbox	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
47	November 21	1. Current issues 2. Board of Commissioners' Inbox 3. CBP 2018 and RBB 2018-2020	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
48	December 5	1. Current issues 2. Board of Commissioners' Inbox 3. GCG Self-Assessment	Arie Coerniadi; Lucky Fathul Aziz; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
49	December 12	1. Current issues 2. Board of Commissioners' Inbox 3. Proposed Candidate of Directors	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
50	December 19	1. Current issues 2. Board of Commissioners' Inbox 3. OJK Exit Meeting in the Operational Risk in July 2017	Arie Coerniadi; Lucky Fathul Aziz; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus
51	December 29	Changes in the Bank BTN's vision, mission, and organizational structure	Arie Coerniadi; Lucky Fathul Aziz; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati

The following is the agenda, dates, and participants of Board of Commissioners' Joint Meeting with the Directors throughout 2017:

No.	Date	Agenda	Participant
1	January 24	1. Explanation on NPL Achievement 2016 2. Consultation of PKS extension counter guarantee with Jamkrindo Syariah	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Maurin Sitorus;
2	January 31	1. Performance review December 2016 2. Explanation on Blueprint of the Bank BTN Strategic Transformation Plan 2016-2020	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Maurin Sitorus; Sumiyati
3	February 7	1. Sharia business plan and development 2. BTN Information Technology Architecture	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Maurin Sitorus; Sumiyati
4	February 8	Discussion on the Audit Result of KAP PSS-EY	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Maurin Sitorus; Sumiyati
5	February 14	Explanation on Blueprint of the Bank BTN Strategic Transformation Plan 2016-2020	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Maurin Sitorus; Sumiyati
6	February 16	Salary recommendation and increased salary tantiem of the President Director	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Sumiyati
7	February 20	BTN Strategic Issues	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Sumiyati
8	February 28	Performance Review January 2017	I Wayan Agus Mertayasa; Kamaruddin Sjam; Lucky Fathul Aziz Hadibrata; Maurin Sitorus
9	March 6	Sharia business plan and development	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Maurin Sitorus; Sumiyati
10	March 21	Introduction of Bank BTN's New Members of Board of Commissioners and Directors	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Maurin Sitorus; Sumiyati
11	March 30	Performance Review February 2017	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati
12	March 30	Strategic Issues	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati
13	April 11	1. Consultation of pre-approval line on behalf of PT Waskita Karya Realty 2. Performance review February 2017 3. Current issues	I Wayan Agus Mertayasa; Arie Coerniadi; Maurin Sitorus

No.	Date	Agenda	Participant
14	April 18	Readiness of Program and Tools for Bank BTN APUPPT according to the latest POJK about APUPPT Program Implementation in Financial Services Sector	I Wayan Agus Mertayasa; Arie Coerniadi; Maurin Sitorus
15	May 2	1. Blueprint of the Bank BTN Strategic Transformation Plan 2016-2020 2. Risk Profile Quarter I 2017 3. Performance Review March 2017	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus
16	May 9	1. FLPP financing plan 2017 2. FLPP fund realization up to Quarter I 2017 3. Realization of subsidized interest fees up to Quarter I 2017	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus
17	May 16	1. Development of iCremo data input 2. Current issues	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati
18	May 23	1. Performance Review April 2017 2. Current issues	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus
19	June 13	1. RBB Revision 2017-2019 and CBP 2017 Revision of PT Bank Tabungan Negara (Persero) Tbk 2. Current Issues	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati
20	July 18	1. Current issues 2. Board of Commissioners' Inbox	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Sumiyati
21	August 1	1. Business Continuity Management 2. Non-Performing Loan settlement and 5 Collectivity Loan 3. Follow Up on the 2017 Annual GMS Resolutions 4. Internal Audit Division (IAD) presentation on: > IAD Organizational Structure > IAD Work Plan > IAD Activities	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati; Iman Sugema; Garuda Wiko
22	August 8	1. Follow Up on the 2017 Annual GMS Resolutions 2. Internal Audit Division (IAD) presentation on: > IAD Organizational Structure > IAD Work Plan > IAD Activities	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati; Iman Sugema; Garuda Wiko
23	August 22	1. Bank liquidity projection in relation to the reduced portion of FLPP in the Revised State Budget (APBNP) 2. Allowance for impairment losses (policy and its establishment) 3. Further discussion on the amendment to the Bank BTN's Articles of Association	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati; Iman Sugema; Garuda Wiko
24	August 29	4. Performance Review July 2017 5. Fee-Based Income strategies	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati; Iman Sugema; Garuda Wiko
25	September 12	Further Discussion on the Subsidiary Establishment	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus
26	September 19	1. Letter of BPK-RI No. 77/S/IX-XX.4/08/2017 dated August 7, 2017, on the Audit Result on the Effectiveness Performance of Prosperous Housing Loan and SSA/SSB Management at PT BTN (Persero) in Special Capital Region of Jakarta, West Java, Central Java , Riau, South Kalimantan, North Sulawesi 2. Action Plan on Follow Up of BPK-RI Audit Findings	I Wayan Agus Mertayasa; Arie Coerniadi; Maurin Sitorus; Garuda Wiko
27	September 26	1. Performance Review: > BTN Performance August 2017 > Performance of Non-performing loan settlement > APU-PPT 2. Draft of Joint Decree of the Board of Commissioners and Directors on the Working Guidelines of Directors and Board of Commissioners	Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati; Iman Sugema
28	October 03	1. Implementation of APU-PPT 2. Draft of Joint Decree of the Board of Commissioners and Directors on the Working Guidelines of Directors and Board of Commissioners	Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Iman Sugema
29	October 10	1. Follow-up on Bank BTN Transformation Plan 2. Explanation of Bank Indonesia Audit Findings 3. Explanation of Bank BTN Mutual Funds Product	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati; Iman Sugema; Garuda Wiko

No.	Date	Agenda	Participant
30	October 23	Performance Review 1. BTN Performance September 2017 2. APU-PPT	I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Garuda Wiko
31	October 31	Implementation of POJK No. 14/POJK.03/2017 dated April 17, 2017, on Recovery Plan of Systemic Bank	I Wayan Agus Mertayasa; Arie Coerniada; Garuda Wiko; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
32	November 14	1. BTN career path explanation 2. NPL settlement development	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Sumiyati; Iman Sugema; Garuda Wiko
33	November 21	CBP 2018 and RBB 2018-2020	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
34	December 5	Performance Review October 2017	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Lucky Fathul Aziz Hadibrata; Iman Sugema; Garuda Wiko
35	December 12	1. Discussion on proposed of limits and criteria for the actions of the Board of Directors in accordance with BTN's Articles of Association 2. Proposal for recovery plan	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Lucky Fathul Aziz Hadibrata; Sumiyati; Iman Sugema; Garuda Wiko
36	December 29	Changes in the Bank BTN's vision, mission, and organizational structure	I Wayan Agus Mertayasa; Kamaruddin Sjam; Arie Coerniadi; Maurin Sitorus; Lucky Fathul Aziz Hadibrata; Sumiyati; Garuda Wiko

The decisions made in the internal meeting of the Board of Commissioners and joint meeting with the Company's Directors have been noted and documented properly in the Minutes of Board of Commissioners' Meeting. The Minutes of Meeting is signed by the head of the meeting and distributed to every Board of Commissioners and to related parties if needed be. Dissenting opinion in the meeting shall be recorded in the minutes of meeting as well as the reasons for dissenting opinion.

Meeting Plan of the Board of Commissioners

Based on the Minutes of Board of Commissioners' Internal Meeting dated January 16, 2018, it is agreed upon that the Board of Commissioners' Meeting in 2018 shall be held once a week. This agreement shall take effect immediately with the agenda of the Current Issues and Discussion on the Board of Commissioners' Inbox with the following arrangements:

1. Discussion on Human Capital Management in the First Week
2. Discussion on Risk Management on Compliance in the Second Week
3. Discussion on the Internal Audit Function Effectiveness in the Third Week
4. Discussion on Bank's Performance in the Fourth Week

The agenda of the Joint Meeting of the Board of Commissioners and the Board of Directors must at least discuss:

1. Preparation of Bank's Business Plans (RBB) and Company's Work Budget and Plan (CBP) and its amendment in the third week of June 2018 and the third week November 2018;
2. Performance Review (including discussion of APU PPT) in the fourth week of every month;
3. Review of Risk Management Policy Guidelines in the second week of November 2018;
4. Meeting Summons of Joint Meeting of the Board of Commissioners and Board of Directors. The summons shall be carried out with mechanisms and procedures stipulated in the Code of Conduct of the Board of Directors.

Evaluation on the Follow Up Result of the Board of Commissioners' Meeting

In the Board of Commissioners' Internal Meeting, the follow-up of previous meetings shall be evaluated before discussing the Board of Commissioners' Inbox. Board of Commissioners and Directors actively monitor whether the meeting's directives have been submitted to the Directors in written letters and acted upon.

Board of Directors' Meeting

Similar to the Board of Commissioners' Meeting, Directors also has scheduled meeting, i.e. The Board of Directors' Internal Meeting and Joint Meeting attended by the Board of Commissioners. The Board of Directors' Internal Meeting refers to the Directors' Decree No. 07/DIR/KD/CMPD/2017 on the Board Charter of the Board of Directors dated September 28, 2017. The Joint Meeting of the Directors and the Board of Commissioners refers to the Working Procedures of the Board of Commissioners and the Board of Directors.

In line with the Conduct, the Directors must hold:

1. The Board of Directors' Internal Meeting shall be attended by the Directors and is regularly held at least once a month, or more well-known as Scheduled Directors' Meeting (ALCO and Performance Review Meeting). The Directors' Meeting shall be conducted at any time if considered necessary by one or more Members of Board of Directors, or at written request by one or more member of Board of Commissioners.
2. The Joint Meeting of Directors with Board of Commissioners is a Directors' Meeting, which is attended by the members of Board of Commissioners. The Meeting is held regularly at least once every 4(four) months in order to ask direction or report the Company's management to the Board of Commissioners.
3. The Joint Meeting agenda discusses at least:
 - a. Formulation of Bank's Business Plan (RBB) and Company's Work Budget and Plan (CBP);

- b. Performance Review (including discussion on APU PPT);
- c. GCG Implementation and Follow Up on the Findings of Audit, both Internal and External Audit.
- d. The summons of the Commissioners in the Board of Directors' Joint Meeting shall be conducted with mechanisms and procedures as regulated in the Board Charter of the Board of Directors.

The mechanism of decision-making of the Joint Meeting is the same mechanism used in the Board of Directors'

Meeting. Hence, the decision-making of the Scheduled Board of Directors' Meeting must be attended by at least 2/3 (two-third) of the total members of Board of Directors.

Frequency of the Board of Directors' Meetings

Throughout 2017, the Directors has held 83 Internal Meetings, and 8 (eight) Joint Meeting with the Board of Commissioners. The details are as follow:

a. Attendance of the Board of Directors in the Meetings

Name	Position	Period	Meeting Board of Directors			Board of Directors' Meeting With the Board of Commissioners		
			Meetings	Attendance	%	Meetings	Attendance	%
Maryono	President Director	January 1, 2017–December 31, 2017	83	71	86.00	8	5	62.50
Iman Nugroho Soeko	Director of Finance & Treasury	January 1, 2017–December 31, 2017	83	67	81.00	8	4	50.00
Adi Setianto	Director of IT & Operation	January 1, 2017–December 31, 2017	83	72	87.00	8	7	87.50
Oni Febrero R.	Director of Commercial Banking	January 1, 2017–December 31, 2017	83	74	89.00	8	8	100.00
Budi Satria	Director of Consumer Banking	July 25, 2017–December 31, 2017	38	29	76.00	4	4	100.00
R. Mahelan Prabantarkoso	Director of Strategy, Compliance, and Risk	July 25, 2017–December 31, 2017	38	33	87.00	4	4	100.00
Nixon L.P. Napitupulu	Director of Collection, Asset Management, and Legal	July 25, 2017–December 31, 2017	38	29	76.00	4	4	100.00
Dasuki Amsir	Director of Distribution & Network	Appointed as Director on EGMS dated December 28, 2017						

b. Agenda and Participants of the Meeting

The following is the meetings, agenda, and the participants of the Meetings in Board of Directors' Internal Meeting in 2017:

No.	Date	Topic	Participant
1	4-Jan	Internal Director	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
2	9-Jan	Culture & Communication, Transformation of Bank Organizational Structure, Progress audit PSS-EY	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	9-Jan	Human Capital	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
3	13-Jan	Performance Review; BTN Organizational Structure	Maryono, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Handayani
	13-Jan	ALCO	Maryono, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Handayani
4	19-Jan	Risk Management Committee's Meeting	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febrero R
5	23-Jan	Preparation of the BTN 67th Anniversary, Result of KPI Assessment 2016	Maryono, Mansyur Nasution, Iman Nugroho S, Oni Febrero R, Handayani
	23-Jan	Discussion of NPL, Crisis Team Report, Internal Director	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
6	24-Jan	Preparation of AGMS 2017, Presentation of BTN Anniversary concept from television, Implementation of FTP Multi-Rate	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Handayani
	24-Jan	Loan Committee Meeting - Investment Loan Application	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R
7	26-Jan	Discussions on the 2017 GMS agenda, Crisis Team Report	Maryono, Mansyur Nasution, Iman Nugroho S, adi setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S
8	30-Jan	KPI 2016, Report of KAP PSS EY	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S

No.	Date	Topic	Participant
9	5-Feb	Crisis Team Report, Interest Margin Subsidy and RBB	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
10	10-Feb	Human Capital	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
11	13-Feb	2016 Annual Report, Analyst Meeting & Public Expose, Business Establishment of Partner Bumdes	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Handayani
12	20-Feb	Loan Committee Meeting – Construction KMK Application	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	20-Feb	Loan Committee Meeting – Construction KMK Application	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	20-Feb	Loan Committee Meeting – KMK Loan Restructuration	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	20-Feb	Loan Committee Meeting – KMK Loan Restructuration	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	20-Feb	Loan Committee Meeting – KMK Loan Restructuration	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	20-Feb	Loan Committee Meeting – KMK Loan Restructuration	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	20-Feb	Loan Committee Meeting – Construction KMK Application	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	20-Feb	Loan Committee Meeting – KMK Loan Restructuration	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
13	21-Feb	ALCO	Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	21-Feb	Performance Review January	Mansyur Nasution, Iman Nugroho S, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
14	27-Feb	Resend of SPAN Balance (Zero), AD Change, 2017 GMS Preparation, Preparation of BPK Entry Meeting	Iman Nugroho S, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
15	1-Mar	Transforming the Work Culture	Maryono, Iman Nugroho S, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S,
16	5-Mar	Human Capital	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	5-Mar	Human Capital	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
17	6-Mar	Human Capital	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Oni Febrero R, Catur Budi Harto S, Handayani
18	16-Mar	Performance Review February	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
	16-Mar	ALCO	Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
19	21-Mar	Internal Director	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
20	23-Mar	Human Capital	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
21	27-Mar	Loan Committee Meeting – Line Facility Request	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	27-Mar	Loan Committee Meeting – KMK Request	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	27-Mar	Loan Committee Meeting – Investment Loan Application	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	27-Mar	Loan Committee Meeting – Construction KMK Application	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	27-Mar	Performance Prognosis	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	27-Mar	White Book, Action Plan of OJK Audit	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
22	29-Mar	IDP Preparation	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
23	3-Apr	Action plan of new Organizational Structure, KPI 2017	Maryono, Adi Setianto, Oni Febrero R
24	17-Apr	Analyst Meeting	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
		Performance Review March	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani

No.	Date	Topic	Participant
25	25-Apr	Human Capital	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
	25-Apr	ALCO	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
	25-Apr	Risk Management Committee	Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
26	2-May	Changes in the Organizational Structure, Procurement for Transformation Consultant	Maryono, Adi Setianto, Oni Febrero R, Handayani
27	10-May	Loan Policy Committee - Determination of BWMK Pre-Approval Line	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	10-May	Loan Committee Meeting - Construction KMK	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	10-May	Loan Committee Meeting - Construction KMK	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	10-May	Loan Committee Meeting - Line Facility Request	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R
	10-May	Organizational Structure of Head Office and Explanation of Procurement of Transformation Consultant	Iman Nugroho S, Adi Setianto, Oni Febrero R
28	17-May	Plan of Opening Jakarta Regional Office	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
	17-May	Performance Review	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
	17-May	ALCO	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
29	18-May	Evaluation of SQND and DBD Divisions	Maryono, Oni Febrero R, Handayani
30	23-May	Human Capital	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
31	29-May	Implementation of SO / Transformation, OJK Action Plan, Audit Development of BPK, Report of Consumer Banking Directorate	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R,
32	30-May	Report of Directorate of IT, Operation & Credit Risk	Adi Setianto, Oni Febrero R,
33	5-Jun	Report of Directorate of IT, Operation & Credit Risk, Report of PGSD Division	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
34	6-Jun	Revision of RBB, Loan Quality Discussion (NPL)	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
35	14-Jun	Loan Committee Meeting - Construction KMK	Maryono, Adi Setianto, Oni Febrero R, Handayani
	14-Jun	Loan Committee Meeting - Construction KMK	Maryono, Adi Setianto, Oni Febrero R, Handayani
	14-Jun	Loan Committee Meeting - Construction KMK	Maryono, Adi Setianto, Oni Febrero R, Handayani
	14-Jun	Loan Committee Meeting - Construction KMK	Maryono, Adi Setianto, Oni Febrero R, Handayani
	14-Jun	Internal Director	Maryono, Adi Setianto, Oni Febrero R, Handayani
	14-Jun	Loan Committee Meeting - Construction KMK	Maryono, Adi Setianto, Oni Febrero R, Handayani
	14-Jun	Loan Committee Meeting - Construction KMK	Maryono, Adi Setianto, Oni Febrero R, Handayani
36	15-Jun	Loan Committee Meetings - Pre Approval Line	Maryono, Adi Setianto, Oni Febrero R, Handayani
	15-Jun	Loan Committee Meeting - Construction Loan	Maryono, Adi Setianto, Oni Febrero R, Handayani
	15-Jun	Loan Committee Meeting - Construction Loan	Maryono, Adi Setianto, Oni Febrero R, Handayani
	15-Jun	Loan Committee Meeting - Investment Loan and Construction Loan	Maryono, Adi Setianto, Oni Febrero R, Handayani
37	16-Jun	Performance Review	Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
	16-Jun	ALCO	Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
38	19-Jun	Internal Director	Iman Nugroho S, Oni Febrero R, Handayani
39	20-Jun	Performance Prognosis June	Maryono, Iman Nugroho S, Adi Setianto, Handayani
40	3-Jul	Discussion of NPL, IT Report	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
	5-Jul	Discussion on NPL	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R,
41	5-Jul	Loan Committee Meeting - Investment Loan and Construction Loan	Maryono, Adi Setianto, Oni Febrero R, Handayani
	6-Jul	Potential for Subsidized Housing Loan and Improvement of Housing Loan Business Process	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
42	11-Jul	Potential for Subsidized Housing Loan and Improvement of Housing Loan Business Process using Web-Based, and RSTIK	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani
43	18-Jul	Risk Management Committee's Meeting	Iman Nugroho S, Oni Febrero R, Handayani
44	19-Jul	Proposed Sales / Individual Policy Employee Incentives, Added Paid Up Capital BTN UUS, Revised Board Manual	Maryono, Iman Nugroho S, Adi Setianto, Handayani
	19 Juli	ALCO	Maryono, Iman Nugroho S, Adi Setianto, Handayani

No.	Date	Topic	Participant
46	26-Jul	Human Capital	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
46	26-Jul	Loan Committee Meetings - Debtor Management Changes	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	26-Jul	Loan Committee Meeting - Investment Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Nixon L.P, Budi Satria
	26-Jul	Loan Committee Meetings - Project Financing Principle Permits	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	26-Jul	Loan Committee Meeting - KMK	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	26-Jul	Loan Committee Meeting - Construction Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	26-Jul	Loan Committee Meeting - Investment Loan and Construction Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	26-Jul	Revised Board Manual & Internal Board of Directors	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Nixon L.P
47	31-Jul	Subsidiaries and Non-Subsidized Housing Loan Subsidized Business Reports	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Nixon L.P
48	9-Aug	New GSM Proposal and Print Ad Display Outlet	Maryono, Iman Nugroho S, Oni Febrero R, R. Mahelan Prabantarikso
49	10-Aug	Web Branch Report	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, Nixon L.P
50	14-Aug	Discussion on NPL	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Nixon L.P
51	18-Aug	Discussion on NPL	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
52	28-Aug	Performance Review July 2017	Iman Nugroho S, R. Mahelan Prabantarikso, Budi Satria
	28-Aug	ALCO Juli 2017	Iman Nugroho S, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
53	5-Sep	Discussion on BPK Findings	Maryono, Adi Setianto, Oni Febrero R, Mahelan Prabantarikso, Budi Satria
54	6-Sep	Progress Report on the Establishment of Subsidiary Companies, IT Settlement Update	Maryono, Adi Setianto, Oni Febrero R, Mahelan Prabantarikso, Budi Satria
55	7-Sep	Golden Property Award, Subsidized Housing Loan Business Update, IT Update	Maryono, Adi Setianto, Oni Febrero R, Mahelan Prabantarikso, Budi Satria
56	11-Sep	Update Progress on Project Digital Channel	Maryono, Oni Febrero R, Mahelan Prabantarikso, Nixon L.P, Budi Satria
57	13-Sep	Implementation Report of Bank BTN Work Culture	Maryono, Oni Febrero R, Mahelan Prabantarikso, Nixon L.P, Budi Satria
58	18-Sep	Performance Review Agustus 2017 & Update APU PPT	Iman Nugroho S, Oni Febrero, Handayani, R. Mahelan Prabantarikso, Nixon L.P
	18-Sep	ALCO	Iman Nugroho S, Oni Febrero, Handayani, R. Mahelan Prabantarikso, Nixon L.P
59	29-Sep	Long List of Directors & Commissioners of Subsidiaries	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Budi Satria
	29-Sep	Human Capital	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Budi Satria
60	2-Oct	Relayout of BTN Head Office Building	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso
61	4-Oct	Loan Committee Meeting - Construction KMK	Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, Nixon L.P
	4-Oct	Loan Committee Meeting - Construction KMK	Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, Nixon L.P
	4-Oct	Loan Committee Meetings - Pre Approval Line	Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, Nixon L.P
62	11-Oct	Proposal of Directors' Replacement	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Nixon L.P

No.	Date	Topic	Participant
63	12-Okt	Human Capital	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Okt	Loan Committee Meeting – KI, KMK, IDC	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
	12-Okt	Loan Committee Meeting - KMK	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
	12-Okt	Loan Committee Meeting - Principal License for Debtor Financing Scheme	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
	12-Okt	Update Progress of Subsidiary Plans, Housing Finance Center (HFC) Work Program, Separation of ITPD and ITOD Budget	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
64	16-Okt	Risk Management Committee's Meeting	Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Budi Satria
	16-Okt	Subsidized and Non-Subsidized KPR Update, CMLD Business Reports, Network Reports, and Digital Products	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
65	17-Okt	Performance Review	Iman Nugroho S, Adi Setianto, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	17-Okt	ALCO	Iman Nugroho S, Adi Setianto, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
66	18-Okt	Discussion on CBP 2018	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
67	23-Okt	Analyst Meeting, SSB Billing Update	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Nixon L.P
68	24-Okt	Discussion on CBP 2018, Update Progress of Subsidiary Plan	Maryono, Iman Nugroho S, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
69	25-Okt	Loan Committee Meetings - Pre Approval Line	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
	25-Okt	Loan Committee Meeting - Syndication Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
70	25-Okt	CSD Activity Update, Changes in Commercial Loan Charge Date, Update of the Company's Management Composition	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P
71	1-Nov	Update on Interest Margin Subsidy, Network Report, and Digital Banking	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
72	6-Nov	Reports related to Limits on the Acts of Directors Under the Articles of Association, Update on Collective Labor Agreements with Bank BTN Trade Union, Executive Development Program	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
73	7-Nov	Discussion on NPL, Loan	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	7-Nov	Loan Committee Meeting - KMK	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	7-Nov	Loan Committee Meeting - Restructuration	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	7-Nov	Loan Committee Meeting - Restructuration	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	7-Nov	Loan Committee Meeting - Line Facility	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
74	7-Nov	Loan Committee Meeting - KMK	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	13-Nov	Performance Review	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Nixon L.P, Budi Satria
	13-Nov	ALCO	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Nixon L.P, Budi Satria
75	13-Nov	Limit of Authority to Stop Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Nixon L.P, Budi Satria

No.	Date	Topic	Participant
74	20-Nov	Housing Loan Parade Program Update (Housing Loan Anniversary), BPKP Findings, Crash Program for Stock Certificate and Stock Opname Main Document, IT Update and General Service	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
75	21-Nov	Recovery Plan Draft, Internal Directors	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
76	5-Des	Internal Director	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
77	6-Des	Pension Fund Meeting	Maryono, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Budi Satria
78	12-Des	Loan Committee Meetings - Bank Guarantee for Financing Guarantee	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	Loan Committee Meeting - Working Capital Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	Loan Committee Meeting - Investment Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	Loan Committee Meeting - Investment Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	Investment Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	Loan Committee Meeting - KYG	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	Loan Committee Meeting - Working Capital Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
78	12-Des	Loan Committee Meeting - Working Capital Loan	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	1. Change of Vision & Mission of Bank BTN. 2. Update Status of Transformation Strategic Blueprint Project Initiative	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	12-Des	IT Report	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
79	14-Des	Performance Review	Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Budi Satria
	14-Des	ALCO	Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso, Budi Satria
80	20-Des	ALCO	Iman Nugroho S, Adi Setianto, Nixon L.P, Budi Satria
81	22-Des	Performance Prognosis December 2017	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meeting - Restructuration	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meeting - Restructuration	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meeting - Restructuration	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meeting - Restructuration	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meeting - Restructuration	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meeting - Restructuration	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meetings - Non Cash Loan Facility	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
	22-Des	Loan Committee Meeting - Investment Loan	Maryono, Iman Nugroho S, Adi Setianto, Budi Satria
82	27-Des	Performance Prognosis December 2017	Maryono, Iman Nugroho S, Adi Setianto, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	27-Des	Loan Committee Meeting - Investment Loan	Maryono, Iman Nugroho S, Adi Setianto, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
83	29-Des	Internal Director	Maryono, Iman Nugroho S, Adi Setianto, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria
	29-Des	Internal Director	Maryono, Iman Nugroho S, Adi Setianto, R. Mahelan Prabantarikso, Nixon L.P, Budi Satria

The following meetings, agenda, and meeting participants in the Joint Meeting of the Board of Directors ting with the Board of Commissioners in 2017:

No.	Date	Agenda	Participant Meeting
1	16-Jan	Working Meeting 2017	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
2	8-Feb	Discussion on Proposed Formation of Operational Risk Reserves and Completion of Audited Financial Statements as of December 31, 2016 by KAP	Maryono, Mansyur Nasution, Iman Nugroho S, Adi Setianto, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S, Handayani
3	27-Feb	Socialization of Blueprint of the Bank BTN Strategic Transformation Plan 20162020	Iman Nugroho S, Sulis Usdoko, Oni Febrero R, Catur Budi Harto S
4	3-May	Kick Off Meeting, Implementation of New Organizational Structure of Bank BTN	Maryono, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso,Nixon L.P, Budi Satria
5	2-Aug	Kick Off Implementation, Strategic Initiative of Transformation Plan of Bank BTN 2017-2018	Iman Nugroho S, Oni Febrero R, R. Mahelan Prabantarikso,Nixon L.P, Budi Satria
6	12-Sep	Socialization of Banking Holding Implementation	Maryono, Iman Nugroho S, Oni Febrero R, Handayani, R. Mahelan Prabantarikso,Nixon L.P, Budi Satria
7	11-Oct	Kick Off Implementation of PSAK 71	Maryono, Iman Nugroho S, Adi Setianto, Oni Febrero R, Handayani, R. Mahelan Prabantarikso,Nixon L.P, Budi Satria
8	31-Oct	Kick Off Meeting Audit Review Limited Review and Financial Reports Fiscal Year 2017	Iman Nugroho S, Adi Setianto, Oni Febrero R, R. Mahelan Prabantarikso,Nixon L.P, Budi Satria

The decisions made in the internal meeting of the Board of Directors and joint meeting with the Company's Commissioners have been noted and documented properly in the Minutes of Board of Directors' Meeting. The Minutes of Meeting is signed by the head of the meeting and distributed to every Board of Directors, and other parties if required. Disenting opinion that happened at the meeting has been noted in the meeting summary as well as the reasons as to why.

Board of Directors Planned Meetings

The 2018 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 2018 Board of Directors scheduled planned meetings are as follows:

No.	Day/Date	Agenda
1	Monday / January 15, 2018	ALCO & Performance Review
2	Monday / February 12, 2018	ALCO & Performance Review
3	Monday / March 12, 2018	ALCO & Performance Review
4	Monday / April 9, 2018	ALCO & Performance Review
5	Monday / May 14, 2018	ALCO & Performance Review
6	Monday / June 11, 2018	ALCO & Performance Review
7	Monday / July 16, 2018	ALCO & Performance Review
9	Monday / August 13, 2018	ALCO & Performance Review
10	Monday / September 17, 2018	ALCO & Performance Review
11	Monday / October 15, 2018	ALCO & Performance Review
12	Monday / November 12, 2018	ALCO & Performance Review
13	Monday / December 17, 2018	ALCO & Performance Review

Evaluation on the Follow Up Result of the Board of Directors' Meeting

The decision of the Board of Directors' Meeting is recorded in the Minutes of Directors' Meeting, which shall be followed up in accordance with the authority of the relevant division, and will be implemented in the Bank's operational policy level. The mechanism is as follow:

1. Corporate Secretary submitted the Directors' Meeting decisions to the related task force.
2. The working unit and other relevant task force shall implement the result of the Board of Directors' resolutions as well as possible.
3. The working unit shall report the work result to the Board of Directors.

> Diversity Policy and Succession of the Board of Commissioners and Directors

Diversity Policy for the Composition of the Board of Commissioners and Directors

Determination of the composition of the Board of Commissioners and Directors refers to the diversity policy based on the provisions of Shareholders and the provisions set forth in the Board Charter of the Board of Commissioners, which is a reference consideration in the process of nomination and succession of the Company's Board of Commissioners and Directors, with due regard to knowledge, expertise, and experience in line with the Company's needs, thus obtaining the optimal composition of the Board of Commissioners and Directors.

In addition, the scope and the balance of knowledge, skills, and experience are also considered in achieving the optimum composition of the Board of Commissioners and Directors who are expected to optimize decision-making and improve the Company's performance.

The consideration of diversity aspect of education and work experience is performed in order to face the increasingly competitive business, both to seize opportunities and to minimize risk, and to respect the rights of every citizen related to the diversity aspect of age and gender.

However, the policy still considers the priority needs related to the Company's business field.

The current composition of the Board of Commissioners and Directors have met the elements of diversity i.e. a combination of independence, expertise/education, work experience, age, and gender taking into account the Company's needs and complexity.

All members of the Board of Commissioners and Directors have 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 Company's Board of Commissioners.

Table: Diversity on the Composition of the Board of Commissioners Per December 31, 2017

No	Name & Position	Gender	Age	Last Education Degree	Work Experience	Expertise
1	I Wayan Agus Mertayasa President Commissioner/ Independent Commissioner	Male	70 years	Bachelor of Economics from Brawijaya University, 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 	<ul style="list-style-type: none"> > Finance > Banking
2	Kamaruddin Sjam Independent Commissioners	Male	70 years	Master of Management (MM) from IPWI College of Economics, Jakarta, in 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. 	<ul style="list-style-type: none"> > Audit > Finance
3	Arie Coerniadi Independent Commissioners	Male	50 years	Bachelor of Electric Engineering from the University of 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 	<ul style="list-style-type: none"> > Finance and Technology Information
4	Lucky Fathul Aziz Hadibrata Independent Commissioners	Male	61 years	<ul style="list-style-type: none"> > Master of Art (MA) in Development Economics from Boston University, Massachusetts, USA (1985) > Master of Science (MS) from the University of 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 	<ul style="list-style-type: none"> > Finance > Macro Economics and Strategy > Management

No	Name & Position	Gender	Age	Last Education Degree	Work Experience	Expertise
5	Sumiyati Commissioners	Female	56 years	Master of Financial Management (M.F.M) from Queensland University, Australia	> 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	> Public Financial Audit and Human Resources Development
6	Maurin Sitorus Commissioners	Male	61 years	Ph.D. in Monetary and International Economics from the University of Kentucky, Lexington, USA	> Director General for Housing Financing, Ministry of Public Works > Secretary of Directorate General of Debt Management, and Directorate General of Debt Management, Ministry of Finance.	> Law Economy
7	Iman Sugema Commissioners	Male	53 years	Ph.D. in Economics Department of Economics, Research School of Pacific and Asian Studies, The Australian National University.	> President Commissioner/ Independent Commissioner of PT Perusahaan Gas Negara Tbk > Senior Economist at Megawati Institute, > Lecturer – Faculty of Economics & Management, IPB.	> Economy > Finance
8	Garuda Wiko Independent Commissioners	Male	52 years	Doctorate in Law from the University of Diponegoro in 2006.	> Lecturer at the Master Management Program at Tanjungpura University > Member of Senate of Pontianak State Islamic Institute, and Professor of Sharia Department	Law

Table: Diversity on the Composition of the Board of Directors Per December 31, 2017

No	Name & Position	Gender	Age	Last Education Degree	Work Experience	Expertise
1	Maryono President Director	Male	62 years	Master degree from Sekolah Tinggi Ilmu Ekonomi IPWI (1998)	> President Director di PT Bank Mutiara Tbk > EVP/Group Head Jakarta Network PT Bank Mandiri (Persero) Tbk > Regional Office Head I/Medan PT Bank Mandiri (Persero) Tbk > Regional Office Head IX/Banjarmasin PT Bank Mandiri (Persero) Tbk	> Banking > Leadership > Strategic Management
2	Iman Nugroho Soeko Director of Finance & Treasury	Male	62 years	Master of Social Science (M. Sos. Sc) from the University of Birmingham, UK (1989)	> Chief Executive Bank Mandiri (Europe) Ltd > Group Head International Banking & Capital Market Services PT.Bank Mandiri Tbk > Senior Manager Asset Management & Disposal Department PT Bank Mandiri (Persero) Tbk > Credit Recovery II Department Head, PT Bank Mandiri (Persero) Tbk > FI Credit Risk & Product Development Department Head PT.Bank Mandiri > Correspondence Banking Department Head, PT.Bank Mandiri General Manager (Bank Mandiri Singapore Branch) > General Manager (Bapindo Hongkong Branch)	> Treasury > Accounting and Corporate Finance; > Corporate Branding
3	Adi Setianto Director of IT & Operation	Male	56 years	Master of Business Administration (MBA) Drexel University, Pennsylvania, USA 1992	> Direktur Jaringan dan Layanan, PT Bank Negara Indonesia (Persero) Tbk > Direktur Treasury dan IF, PT Bank Negara Indonesia (Persero) Tbk > Pemimpin Divisi Jasa Keuangan dan Dana Institusi > Pemimpin Divisi Jaringan, PT Bank Negara Indonesia (Persero) Tbk > Pemimpin Wilayah IV Bandung, PT Bank Negara Indonesia (Persero) Tbk > Pemimpin Cabang Tangerang, PT Bank Negara Indonesia (Persero) Tbk	> Operation > Information and Communication Technology
4	Oni Febriarto R Director of Commercial Banking	Male	47 years	Master of Management (MM) from PPM College of Economics, Jakarta, in 1996	> Small & Micro Lending Division Head, PT Bank Tabungan Negara (Persero) Tbk > Branch Manager of Ciputat Branch Office, PT Bank Tabungan Negara (Persero) Tbk	> Commercial lending; > Mortgage Banking; > Sharia Banking
5	R. Mahelan Prabantarikso Director of Strategy, Compliance, and Risk	Male	48 years	Master of Management from Gajah Mada University and Doctoral Candidate of Business Management/ Strategic Management of Agribusiness from Institut Pertanian Bogor, Bogor in 2018.	> Head of Strategic Innovation and Performance Management Division, PT Bank Tabungan Negara (Persero) Tbk > Head of Change Management Office Division PT Bank Tabungan Negara (Persero) Tbk	> Strategic Management > Corporate Governance > Risk and Compliance

No	Name & Position	Gender	Age	Last Education Degree	Work Experience	Expertise
6	Nixon L.P. Napitupulu Director of Collection, Asset Management, and Legal	Male	48 years	Bachelor of Accounting from the University of North Sumatera, Medan, in 1994	<ul style="list-style-type: none"> > President Director of PT Bank Mandiri Taspen Pos > Senior Vice President Corporate Transformation Group – Head of Priority Project, PT Bank Mandiri (Persero) Tbk > Group Head – Senior Vice President Corporate Secretary Group, PT Bank Mandiri (Persero) Tbk > PJ Group Head – Senior Vice President Strategy & Performance Management Group, PT Bank Mandiri (Persero) Tbk > Group Head – Senior Vice President Micro Network Development Group, PT Bank Mandiri (Persero) Tbk > PJ Group Head – Senior Vice President Micro Network Development Group, PT Bank Mandiri (Persero) Tbk 	<ul style="list-style-type: none"> > Mortgage Banking > Collection and Asset Management > Consumer Banking
7	Budi Satria Director of Consumer Banking	Male	54 years	Master of Management from the University of Indonesia, Jakarta, in 2001	<ul style="list-style-type: none"> > Head of Jakarta Region, PT Bank Rakyat Indonesia (Persero) Tbk > Corporate Secretary PT Bank Rakyat Indonesia (Persero) Tbk > Head of Palembang Region, PT Bank Rakyat Indonesia (Persero) Tbk > Inspector (Regional Head, Office) of Banjarmasin Inspection Office, PT Bank Rakyat Indonesia (Persero) Tbk > Deputy Head of Kepala Marketing Communication, PT Bank Rakyat Indonesia (Persero) Tbk > Chief Representative, Hong Kong Representative Office, PT Bank Rakyat Indonesia (Persero) Tbk 	<ul style="list-style-type: none"> > Marketing > Consumer Banking > Quality Service
8	Dasuki Amsir Distribution & Network	Male	55 years	Magister Management (MM) from the Gadjah Mada University, 2009	<ul style="list-style-type: none"> > President Director of Holding State-Owned Plantation of PT Perkebunan Nusantara (PT. PN) III > President Director of PT Perkebunan Nusantara (PT.PN) IV > Director of Finance of PT Perkebunan Nusantara (PT.PN) XII > CEO of Surabaya PT BNI Branch Office 	<ul style="list-style-type: none"> > Operation > Network and Electronic Channel

Succession and Nomination Policy of the Board of Commissioners and Directors

Succession Planning

Human Capital Management Division (HMCD) through Talent Management System (TMS) prepares candidates for employees as prospective Directors through several programs as follows:

1. Talent Mapping Program

The process of identifying and/or nominating members of the Board of Commissioners and Directors is initiated by implementing the process and activity of Employees' management and placement by implementing Talent Mapping program. Company believes the Employees' management and placement is the success key in improving the Bank's performance. Company sets a method and procedure to manage the Employees so the Management may place them in the appropriate position, in particular, strategic positions that determine the success of the achievement of the main targets so as to align with the strategic goals set in order to realize the Company's vision and mission.

The Talent Mapping Method is conducted with the objectives to:

- Determine management and development program for the Employees.
- Place Employee in appropriate Position.
- Perform revamping and extermination measures to maximize Bank's performance.

The Talent Mapping is a process to assess the Employee's Performance and Potential, as outlined in the '9 Boxes' as illustrated:



Based on the assessment, there are 9 (nine) Employees' categories that reflect the characteristics difference of the two aspects assessed, as follows:

- a. Talent 9: High-Performance High Potential Employees.
- b. Talent 8: High-Performance Medium Potential Employees.
- c. Talent 7: High-Performance Low Potential Employees.
- d. Talent 6: Medium Performance High Potential Employees.
- e. Talent 5: Medium Performance Medium Potential Employees.
- f. Talent 4: Medium Performance Low Potential Employees.
- g. Talent 3: Low-Performance High Potential Employees.
- h. Talent 2: Low-Performance Medium Potential Employees.
- i. Talent 1: Low-Performance Low Potential Employees.

2. Succession Program

Based on the talent mapping, Company steps further to implement the succession program. Company establishes a policy and mechanism for filling strategic positions (up to the top management level) that play a key role in aligning with the Company's strategic direction to realize the Bank's vision and mission.

The objective of succession planning, among others are: (a) To audit the Bank's talent pool to assist in the responsibilities establishment and strategies development to fill in identified talent gaps; (b) To build key talent resources from employees who share key skills, key knowledge, experience, and values that are important to the Company's future.

Company succession policy is disclosed on item E.5.3 (see attachment [cross reference]). In general, the mechanism of Company Succession Program is performed through several stages as follows:

- a. The Succession Planning Committee creates a succession plan for each of the intended positions based on the results of the selection of potential successors;
- b. The succession planning committee discusses the succession plan with the management, direct supervisors, employees, and parties involved to finalize a succession plan to be mutually agreed upon;
- c. Successors and direct supervisors or appointed mentors conduct analysis of assessment results and compile development plans for technical and behavioral competence gaps;
- d. The direct supervisor or assigned mentor recommends a specific Development Program for each successor to be discussed with the Succession Planning Committee.

The Succession Planning Committee shall periodically evaluate the succession planning program that has been implemented by:

- a. Reviewing and revising strategies and plans according to individual and organizational developments;
- b. Succession Planning Committee annually reviews and revises strategies and succession plans according to individual development and organizational needs.

3. Succession Program for Directors and Commissioners

Talent Mapping Program and Succession Program, as described above shall be the basis of Company management to determine the candidate members of the Board of Directors in coordination with the Remuneration and Nomination Committee and the Board of Commissioners. Company sets the criteria for employees based on the 'Star' talent mapping results for employees who become successors or nominees of members of the Board of Directors.

Thus, the Talent Mapping conducted by the Company management is considered as the main consideration for the Remuneration and Nomination Committee for the candidate's selection for Board of Directors that are aligned with their competence needs to realize the strategic objectives set by Company. In performing our duties and responsibilities, the Remuneration and Nomination Committee refers to the applicable regulations, including those based on the provisions of Bank Indonesia (BI)/Financial Services Authority (OJK) stipulating that any proposed replacement and/or appointment of members of the Directors and Board of Commissioners to the GMS shall take into account the recommendation of the Remuneration and Nomination Committee.

Prospecting Process of Prospective Directors

- > Based on the TMS result, HMCD shall propose the prospective Director to the Board of Directors.
- > Directors submit the prospective Director proposal to the Board of Commissioners
- > The Board of Commissioners through the Remuneration and Nomination Committee (KRN) discuss the proposed prospective Directors.
- > KRN recommends the prospective Director to the Board of Commissioners.



Proposal to the Bicolor Series A Shareholder

Based on the Minister of SOEs Regulation No. PER-03/MBU/02/2015 dated February 17, 2015, on the Requirements, Procedure for Appointment and Dismissal of SOEs Directors, it stipulates that the Candidates for SOEs Directors come from:

1. SOEs Directors;
2. SOEs Board of Commissioners/Board of Trustees;
3. SOEs Talents, that consist of:
 - a. Officers reporting directly to the Directors or officers with special performance;
 - b. Directors of SOEs subsidiaries/joint ventures.
4. Ministry of SOEs Talents;
5. Other Resources from other SOEs Officers and other sources.

Thus, the process to Propose the SOEs Talents as the Prospective Candidates of Directors to the Bicolor Series A Shareholder is as follow:

- > The Board of Commissioners submits the candidates of Directors to the Ministry of SOEs (Bicolor Series A Shareholder) as the SOEs talents from Company.
- > If the Ministry of SOEs has other candidates, the Ministry of SOEs shall ask the Board of Commissioners to assess the prospective candidates and if they meet the requirements, the Board of Commissioners proposes to the Ministry of SOEs.

Selection/Testing Process

- > The prospective Directors shall be evaluated for Formal Requirements and Other Requirements, and undergo the Fit and Proper Test (UKK) by the Ministry of SOEs.
- > Evaluation of Formal Requirements and Other Requirements is conducted by the Deputy/Deputy Technical of the Ministry of SOEs.
- > Fit and proper test is carried out by professional institution or Team from the Ministry of SOEs.
- > The evaluation of prospective candidates to be submitted to the GMS, is conducted by the Ministry of SOE Team involving the Chairman of KRN. If the Chairman of KRN is absent, he/she shall be replaced by Independent Commissioner from KRN.
- > Prospective candidates who have fulfilled the Formal Requirements and Other Requirements and passed the UKK, are set to become candidates for the Board of Directors.

GMS Appointment Process

The Power or Representation of Bicolor Series A Shareholder shall submit the proposal of the name of the candidate of Board of Directors (along with the resumes) to the Chairman of the GMS to be decided as the Board of Directors at the said GMS.

> Affiliations Between Member of Board of Directors, Board of Commissioners, and Major and/or Controlling Shareholders

Affiliations Between Member of Board of Directors, Board of Commissioners, and Major and/or Controlling Shareholders shall mean familial relationship, financial relationship, share ownership, management in other Companies (concurrent positions), that may create conflict of interests.

Board of Directors Affiliation

In 2017, the familial and financial relationship between the Directors and members of Board of Commissioners and/or Directors and Shareholders are listed in the following table:

Table: Familial and Financial Relationship of Board of Directors Per December 31, 2017

No	Name and Position	Familial Relationship with			Financial Relationship with		
		Board of Commissioners	Directors	Shareholders	Board of Commissioners	Directors	Shareholders
1	Maryono President Director	No	No	No	No	No	No
2	Iman Nugroho Soeko Chief Financial Officer	No	No	No	No	No	No
3	Adi Setianto Chief Information Officer	No	No	No	No	No	No
4	Oni Febiarto R Managing Director Commercial Banking	No	No	No	No	No	No
5	Handayani Managing Director Consumer Banking	No	No	No	No	No	No
6	R. Mahelan Prabantarikso Managing Director Strategy, Compliance & Risk	No	No	No	No	No	No
7	Nixon L.P. Napitupulu Chief Credit Officer	No	No	No	No	No	No
8	Budi Satria Managing Director Distribution & Network	No	No	No	No	No	No

Throughout 2017, the Company's Directors do not have any Familial and Financial Relationship with fellow members of Board of Commissioners, Directors, and Major and/or Controlling Shareholders.

Board of Directors' Shareholding

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. Therefore, the Company aims to improve compliance

with all prevailing regulations, and maintain the independence of each Director, among others by requiring members of the Board of Directors to disclose their shareholding, both at Company, other Banks, Non-Bank Financial Institutions, and other companies, which are located inside and outside the country.

As of December 31, 2017, members of the Board of Directors' shareholding amounts to 5% or more than 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 located inside and outside the country. The data are listed in the table below:

Board of Directors' Shareholding as of December 31, 2017

No	Name and Position	Shareholding			
		Company	Other Banks	Non-Bank Financial Institutions	Other Companies
1	Maryono President Director	98.500	None	None	None
2	Iman Nugroho Soeko Chief Financial Officer	None	None	None	None
3	Adi Setianto Chief Information Officer	None	None	None	None
4	Oni Febriarto R Managing Director Commercial Banking	None	None	None	None
5	Handayani Managing Director Consumer Banking	None	None	None	None
6	R. Mahelan Prabantarikso Managing Director Strategy, Compliance & Risk	64.000	None	None	None
7	Nixon L.P. Napitupulu Chief Credit Officer	None	None	None	None
8	Budi Satria Managing Director Distribution & Network	None	None	None	None

All members of Directors do not hold shares of 5% or more in the Company, other Banks, Non-Bank Financial Institutions, and other companies, which is in line with the POJK No.55/POJK.03 2016.

Concurrent Positions

Concurrent Positions of Directors is stipulated in the Directors' Code of Conduct, in which the Directors are prohibited from acting concurrently as:

1. A member of the Board of Directors at State-Owned Enterprises (SOEs), Regional-Owned Enterprises, and Private Owned Enterprises;
2. A member of the Board of Commissioners/Board of Trustees in SOEs;
3. Other structural and functional positions in institutions/agencies of the central and/or local government;
4. Members of management of political parties, a legislative member and/or regional/deputy regional head; and/or candidate of legislative or candidate of regional/deputy regional head;
5. Other positions in accordance with the rules and legislation, and other positions that may cause conflict of interest.
6. Holds a position as a member of Directors, Board of Commissioners, or Executive Officers in another bank, company, and/or institution.
7. Members of Directors are prohibited from having concurrent

position as a member of Board of Commissioners in another company, with the exception of:

- a. Members of the Board of Commissioners of a Subsidiary/joint venture of the respective SOE, 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) salaries of members of the respective Board of Directors in SOE. Other/additional income is transferred and considered to be the respective SOE's revenue.
- b. Members of the Board of Commissioners of another company to represent/fight for the SOE's interest, with permission of the Minister of SOEs.

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, carry 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.

Concurrent Positions of Company's Directors in 2017

No	Name and Position	Concurrent Positions
1	Maryono President Director	none
2	Iman Nugroho Soeko Chief Financial Officer	none
3	Adi Setianto Chief Information Officer	none
4	Oni Febriarto R Managing Director Commercial Banking	none
5	Handayani Managing Director Consumer Banking	none
6	R. Mahelan Prabantarikso Managing Director Strategy, Compliance & Risk	none
7	Nixon L.P. Napitupulu Chief Credit Officer	none
8	Budi Satria Managing Director Distribution & Network	none

Conflict of Interest

In the event of a Conflict of Interest, i.e. certain condition in which the economic interest of the Company conflicts with the personal economic interest, the member of Directors shall always:

- a. Prioritize the Company's interest without diminishing the Company's economic interest in the event of conflict of interest;
- b. Avoid making decisions in the event of conflict of interest;
- c. Disclose a decision needed to be taken in the event of conflict of interest.
- d. In the event of loan to the Directors, the loan shall be based on the fairness limits in accordance with the Bank's provisions without discriminating other customers (arm's length basis).

- e. Report the Company's share transactions within 3 (three) workdays.
- f. Members of Directors, either individually or jointly, are prohibited from owning more than 25% of the paid-up capital of another company,
- g. Members of Directors are prohibited from granting power of attorney to any other party that may result in the transfer of Directors' duties and responsibilities.

Board of Commissioners Affiliation

In 2017, the familial and financial relationship between the member of Board of Commissioners and fellow members of Board of Commissioners and/or Directors and Shareholders are listed in the following table

Table: Familial and Financial Relationship of Board of Commissioners

No	Name and Position	Familial Relationship with			Financial Relationship with		
		Board of Commissioners	of Directors	Shareholders	Board of Commissioners	of Directors	Shareholders
1	I Wayan Agus Mertayasa President Commissioner/Independent Commissioner	No	No	No	No	No	No
2	Kamaruddin Sjam Independent Commissioner	No	No	No	No	No	No
3	Arie Coerniadi Independent Commissioner	No	No	No	No	No	No
4	Lucky Fathul Aziz Hadibrata Independent Commissioner	No	No	No	No	No	No
5	Sumiyati Commissioner	No	No	No	No	No	No
6	Maurin Sitorus Commissioner	No	No	No	No	No	No
7	Iman Sugema Commissioner	No	No	No	No	No	No
8	Garuda Wiko Independent Commissioner	No	No	No	No	No	No

Throughout 2017, the Company's Board of Commissioners does not have any Familial and Financial Relationship with fellow members of Board of Commissioners, Directors, and Major and/or Controlling Shareholders.



Board of Commissioners' Shareholding

In accordance with Bank Indonesia provisions, members of the Board of Commissioners, either individually or jointly, are prohibited from owning more than 25% of the paid-up capital of another company. Therefore, the Company aims to improve compliance with all prevailing regulations, and

maintain the independence of each Board of Commissioners, among others by requiring members of the Board of Commissioners to disclose their shareholding, both at Company, other Banks, Non-Bank Financial Institutions, and other companies, which are located inside and outside the country.

Board of Commissioners' Shareholding in 2017

No	Name and Position	Shareholding			
		Company	Other Banks	Non-Bank Financial Institutions	Other Companies
1	I Wayan Agus Mertayasa President Commissioner/Independent Commissioner	None	None	None	None
2	Kamaruddin Sjam Independent Commissioner	None	None	None	None
3	Arie Coerniadi Independent Commissioner	None	None	None	None
4	Lucky Fathul Aziz Hadibrata Independent Commissioner	None	None	None	None
5	Sumiyati Commissioner	None	None	None	None
6	Maurin Sitorus Commissioner	None	None	None	None
7	Iman Sugema Commissioner	None	None	None	None
8	Garuda Wiko Independent Commissioner	None	None	None	None

Throughout 2017, the Company's Board of Commissioners does not own any share in the Company, other Banks, Non-Bank Financial Institutions, and other companies.

Concurrent Positions

Concurrent Positions of Board of Commissioners is stipulated in the Board of Commissioners' Code of Conduct, in which the members of Board of Commissioners shall only act concurrently as member of Board of Commissioners, Directors,

or Executive Officer at 1 (one) Non-Bank Financial Institution/ Company, and as member of Board of Commissioners, Directors, or Executive Officer who performs supervisory functions in 1 (one) non-Bank subsidiary, controlled by the Bank.

Board of Commissioners' Concurrent Position 2017

No	Name and Position	Concurrent Positions
1	I Wayan Agus Mertayasa President Commissioner/Independent Commissioner	-
2	Kamaruddin Sjam Independent Commissioner	-
3	Arie Coerniadi Independent Commissioner	-
4	Lucky Fathul Aziz Hadibrata Independent Commissioner	-
5	Sumiyati Commissioner	Inspectorate General of the Ministry of Finance
6	Maurin Sitorus Commissioner	Director General of Housing Financing of the Ministry of Public Works and Public Housing (ended on March 3, 2017)
7	Iman Sugema Commissioner	Lecturer at Bogor Agricultural University (IPB)
8	Garuda Wiko Independent Commissioner	Lecturer at Tanjungpura University

In 2017, 4 members of Board of Commissioners have concurrent positions. However, this does not violate any provisions of the Board of Commissioners' Code of Conduct and prevailing legislation



Photo Source: Company Documentation

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, 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, the Commissioners shall:

1. Prioritize the Company's interest without diminishing the Company's economic interest in the event of conflict of interest;
2. Avoid making decisions in the event of conflict of interest;
3. Disclose any familial, financial, management, ownership relationships with fellow member of Board of Commissioners and/or Directors and/or Controlling Shareholders of the Company and/or other parties in the framework of the Company's business
4. Disclose a decision needed to be taken in the event of conflict of interest.

> The Company's Remuneration Governance Implementation

The Company provides various remuneration system to support the welfare of Board of Commissioners, Directors, and its employees, both compulsory in accordance with applicable legislation, or additional in nature. The remuneration system is one of the aspects of promoting, motivating, and maintaining the best employees in order to provide quality Human Resources.

The compilation of this remuneration policy is inseparable from the company's capability and always based on competitive, fair, and risk-based manner, in line with the OJK direction and policy. To maintain competitive remuneration, the Company continually conducts benchmarking through surveys by independent parties.

Procedures and Mechanism for Establishment of the Remuneration Policy

In order to encourage the transparency regarding remuneration information and to maintain the bank's business continuity, the Company has complied with OJK Regulation No. 45/POJK.03/2015 on the Governance Implementation for Commercial Bank's Remuneration by issuing remuneration policies that have been adjusted to the OJK Regulation.

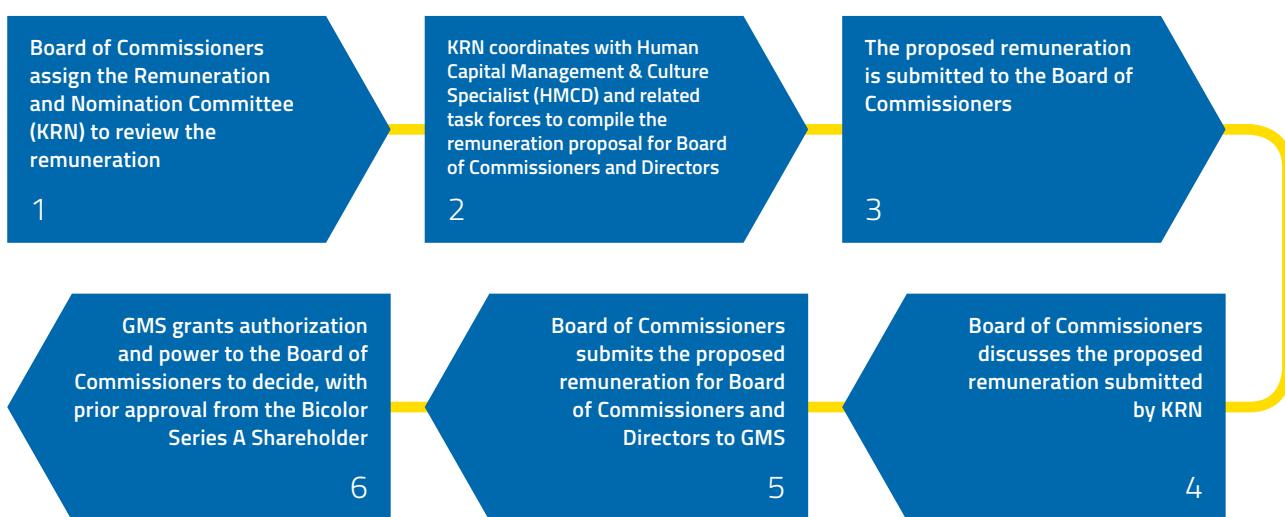
Remuneration Policy Organization Procedure for Board of Commissioners and Board of Directors

The Company has issued 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 policy aspects include among others, the objectives of implementing governance in the provision of remuneration, variable remuneration, and material risk takers.

The Company sets remuneration for Board of Commissioners and Directors based on the Minister of State-Owned Enterprise Regulation, i.e. the salary of Board of Commissioners and Directors is set on the General Meeting of the Shareholders (GMS). The policy stipulated in the GMS is to grant power and authorization to the Bicolor Series A Shareholder to determine the amount of tantiem for the fiscal year 2016, and to determine the salary/honorarium, allowances, facilities, and other incentives for members of the Board of Commissioners. The policy also grants power and authorization to the Board of Commissioners with prior written approval from the Bicolor Series A Shareholder, to determine the amount of tantiem, salary/honorarium, allowances, facilities, and other incentives for the Board of Directors.

The procedure to set remuneration of Board of Commissioners and Board of Directors is as follows:



The scope of the Bank's remuneration policy that has been adjusted to the POJK No. 45/POJK.03/2015 and OJK Circular Letter (SEOJK) No. 40/SEOJK.03/2016 on Governance Implementation on Commercial Bank's Remuneration includes:

- a. The prudence principles in remuneration are based on performance and risk.
- b. The Material Risk Taker (MRT) is categorized as follows:
 - > Material Risk Takers (MRT) can be determined by using qualitative methods in accordance with the portion of responsibilities affecting the main risk profile to be determined in accordance with the evaluation of risk profile specified by the Bank annually.
 - > MRT category can be determined quantitatively through comparison of variable remuneration between MRT and non-MRT employees, taking into consideration the performance and position risk of the employees.
- c. The application of variable remuneration is in accordance with regulatory provisions related to the remuneration for commercial banks.

Improvement of remuneration strategy includes review on performance-based and risk-based Remuneration policy, empowerment through system implementation and improvement of policies and procedures of benefit program. Assessment of remuneration system and employee welfare shall be conducted periodically and continuously, taking into account the following matters:

- a. Bank's Financial Performance
 - b. Employees' competence and performance
 - c. Remuneration practices prevailing in the market
- 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 may be awarded in the form of additional long-term rewards (long-term incentive/LTI).

Scope of Remuneration Policy and its Implementation per Business Unit, per Area, and on Subsidiary or Branch Office Located Abroad

The Company's Remuneration Policy has considered the geographic area of said Branch Office. The Company has a policy in terms of providing regional support for certain regions.

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 the provision as follows:

1. The Company applied Malus implementation in the variable remuneration, whilst considering factors such as:

- > Loss or damage to the Company's reputation
- > Employee's involvement directly or indirectly related to the act or transaction conducted

Officer who is categorized as MRT, with criteria as follow:

1. Causing significant damage to the Company's reputation or negative impact on the Company's finance or business opportunity.
2. Causing significant financial loss.
3. Conducted fraud, unethical actions, and/or falsification of records.
4. Causing material risk or providing false financial statement.
5. Conducted violation of policies, rules, and procedures deliberately.
6. Causing significant loss to the work unit related because the risk management is not conducted properly.
7. Causing negative significant impact on the bank capital which was not caused by climate change, economics, or industrial.
8. Disclose confidential information to external party deliberately.

Performance assessment and Remuneration

1. **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 stipulates the Performance Target Assessment, which includes Company's Work Target (SKP), Task Force Target (SKU), and Individual Work Target (SKI). The work target assessment is conducted by comparing the actual work achievement with the respective work target.

In the Performance Management System Policy, the Company also regulates the assessment of the corporate culture competence and leadership competence for employees who have subordinates.

3. **Descriptions of the methods used by the Company to state that the specific performance is not achieved; thus the need to adjust the remuneration and remuneration value if the condition happens**

Remuneration Adjustment Method is related to the performance achievement. The adjustment is conducted by the Company through the policy of increase of basic salary every year based on the value of Performance Management System of the previous year and Comparatio. Comparatio is a percentage calculated from the basic salary of a Permanent Employee to the midpoint of the basic salary range, category Permanent Employee.

In order to maintain qualified employees, the Company provides Production Services as a form of remuneration directly related to the employees' performance assessment, as reflected in the Performance Management System (SMK).

External Consultant Related to Remuneration Policy

Consultant: PT Mercer Indonesia

Scope of Work:

1. Analyzing the remuneration data and Market Benchmark for remuneration of Board of Directors and Board of Commissioners
2. Preparing recommendations for Salaries of Board of Directors and Board of Commissioners based on the Market Benchmark results and regulations from applicable regulators
3. Preparing recommendations of Tantiem of Board of Directors and Board of Commissioners based on the Company's performance, Market Benchmark, and regulations from applicable regulators
4. Preparing the recommendation for Long-Term Incentive (LTI) scheme.

Connection between Remuneration with Public Performance or Public Company

In the Board of Directors' Decree No. 02/PD/HDC/2017 on Board of Directors' and Board of Commissioners' Income, it is stated that remuneration type that is accepted by the Directors and Board of Commissioners are tantiem/work incentive, which is a reward for them in case of a Company's performance improvement and it does not accumulate losses.

Board of Commissioners' and Board of Directors' Indicators for Determining Remuneration

In setting the indicator, Board of Commissioners and Board

**Total
Compensation**



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.

of Directors refer to the State Ministry for State-Owned Enterprises Regulation Number: PER-01/MBU/06/2017 on Second Amendment to the Minister of State Owned Enterprises Regulation No. PER-04/MBU/2014 on Guidelines for Stipulation of Directors, Board of Commissioners, and Board of Trustees of State-Owned Enterprises. Salary/Honorarium of members of the Board of Directors, Board of Commissioners, and Board of Trustees shall be determined based on the following factors:

1. Business scale factor;
2. Business complexity factor;
3. Inflation rate;
4. Company's financial conditions and capability;
5. Other relevant factors, which must not conflict with laws and regulations;
6. The composition of Salary/Honorarium of the Board of Directors and Board of Commissioners is stipulated as follows:
 - a. The salary of the President Director is determined by using internal guidance stipulated by the Minister;
 - b. Salaries of other members of Board of Directors is 90% of the President Director's salary;
 - c. President Commissioner's Honorarium is 45% of the President Director's salary;
 - d. Members of Board of Commissioners' Honorarium is 90% of the President Commissioner.

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:

- b. Unfixed remuneration

Given in the form of cash or share or share-based instruments issued by the Company.

Written approval from the Bicolor Series A Shareholder determines the tantiem for Fiscal Year 2016, and the salary/honorarium, allowances, and facilities for the Directors and

Board of Commissioners in 2017. The description of types and facilities received by Board of Commissioners and Directors throughout 2017 are as follows:

Board of Commissioners' Remuneration

No	Type of Remuneration and Other Amenities	2016 (Amount received in 1 year)		2017 (Amount received in 1 year)	
		People	Amount (in million Rupiah)	People	Amount (in million Rupiah)
1. Remuneration					
	> Honorarium	15	6.777	10**) 8.833	
	> Regular Allowance*)	15	5.693	10**) 6.365	
	> Tantiem	15	9.579	10**) 14.331	
2. Other facilities in nature					
	a. Owned	15	-	-	-
	b. Not owned	15	-	-	-
Total			22.049		29.529

Remark

*) Leave Allowance, Income Tax Benefit, Clothing Money, Holiday Allowance, and Full Premiums Compensation;

**) Company's Board of Commissioners consists of 8 (eight) people. There are 2 (two) members of Board of Commissioners who do not serve the position but still get 2017 remuneration in the form of tantiem.

Board of Directors' Remuneration

No	Type of Remuneration and Other Amenities	2016 (Amount received in 1 year)		2017 (Amount received in 1 year)	
		People	Amount (in million Rupiah)	People	Amount (in million Rupiah)
1. Remuneration					
	> Salary	12	15.381	14***)	18.606
	> Regular Allowance*)	12	11.751	14***)	10.554
	> Tantiem	12	25.636	14***)	32.553
2. Other facilities in nature					
	a. Owned	12	2.630	14***)	4.515
	b. Not owned	12	3.896	14***)	2.582
Total					68.810

Remark:

In accordance with Bank Indonesia regulations

*) Leave Allowance, Income Tax Benefit, Clothing Money, Holiday Allowance, and Full Premiums Compensation;

**) Director may have amenities in the form of transportation, communication.

***) Company's Board of Directors consists of 8 (eight) people. There are 2 (two) members of the Board of Directors who do not serve but still get 2017 remuneration in the form of tantiem; 3 (three) members of the Directors who finished their tenure since the closing of the Annual General Meeting of Shareholders on March 17, 2017, and 1 (one) Director who ended their tenure since the closing of Extraordinary GMS dated December 28, 2017.

Board of Directors, Board of Commissioners, and Employee who receives Variable Remuneration for 1 (one) year and the nominal rate are stated in the table below:

Variable Remuneration (Total)	2016	Board of Directors		Board of Commissioners		Employee*	
		People	Amount (in millions Rupiah)	People	Amount (in million Rupiah)	People	Amount (in million Rupiah)
	12	25.636		15	9.579	9.380	297.008
2017							
	2017	Board of Directors		Board of Commissioners		Employee*	
		People	Amount (in millions Rupiah)	People	Amount (in million Rupiah)	People	Amount (in million Rupiah)
	14	32.553		10	14.331	9.516	323.230

Remark

*) 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 *)	2016		2017	
	Number of Directors	Number of Commissioners	Number of Directors	Number of Commissioners
> Rp2 billion	10	4	8	7
> Rp1 to Rp2 billion	0	6	4	0
> Rp500 million – Rp1 billion	2	1	1	2
< Rp500 million	0	4	0	1

Remark:

*) accepted in cash

Share Option Owned by Directors, Board of Commissioners, Executive Officers, and Employees

Policy to grant shares option

The Extraordinary General Meeting of Shareholders (EGMS) held on October 6, 2009 approved the issuance of new shares in the portfolio of PT Bank Tabungan Negara (Persero) Tbk as much as 30% (thirty percent) or 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.

Requirements for Eligible Employees and/or Management;
 Participants of MESA and MESOP programs are employees registered as of September 30, 2009, and Board of Directors' members, Board of Commissioners' members, Sharia Supervisory Board's members, Secretary of the Board of Commissioners, and Audit Committee members.

Amount of shares option granted

Table: Share Ownership Based on Shares Option

MESOP Phase 1

No	Remark / Name	Total Shares Outstanding (Shares)	Option			Term
			Granted (Shares)	Executed (Shares)	Option Price (Rp)	
1	Arie Coerniadi	-	-	-	-	-
2	Kamaruddin Sjam	-	-	-	-	-
3	Commissioner	Lucky Fathul Aziz Hadibrata	-	-	-	-
4		Catherinawati Hadiman	-	-	-	-
5		Fajar Harry Sampurno	-	-	-	-
6		Sumiyati	-	-	-	-
1		Maryono	-	-	-	-
2		Irman Alvian Zahiruddin	3,991,000	1,354,000	855.00	Feb 2011- Ags 2014
3	Board of Directors	Mansyur Syamsuri Nasution	-	-	-	-
4		Iman Nugroho Soeko	-	-	-	-
5		Sis Apik Wijayanto	-	-	-	-
6		Adi Setianto	-	-	-	-
7		Sulis Usdoko	-	138,500	855.00	Feb 2011- Ags 2014
8		Oni Febrianto R.	-	65,000	855.00	Feb 2011- Ags 2014
1	Executive Officers	7,430,600	6,925,500	6,925,500	855.00	Feb 2011- Ags 2014
2	Employee	-	136,751,500	136,751,500	855.00	Feb 2011- Ags 2014

MESOP Phase 2

No	Remark / Name	Total Shares Outstanding (Shares)	Option		Option Price (Rp)	Term
			Granted (Shares)	Executed (Shares)		
1	Arie Coerniadi	-	-	-	-	-
2	Kamaruddin Sjam	-	-	-	-	-
3	Commissioner	Lucky Fathul Aziz Hadibrata	-	-	-	-
4		Catherinawati Hadiman	-	-	-	-
5		Fajar Harry Sampurno	-	-	-	-
6		Sumiyati	-	-	-	-
1	Maryono	-	-	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	855.00	855.00	1,297.44	Feb 2011- Ags 2015
3	Mansyur Syamsuri Nasution	-	-	-	-	-
4	Board of Directors	Iman Nugroho Soeko	-	-	-	-
5		Sis Apik Wijayanto	-	-	-	-
6		Adi Setianto	-	-	-	-
7		Sulis Usdoko	-	109,000	109,000	1,297.44
8		Oni Febrarto R.	-	51,000	51,000	1,297.44
1	Executive Officers	7,430,600	5,467,500	5,467,500	1,297.44	Feb 2011- Ags 2015
2	Employee	-	102,442,500	102,442,500	1,297.44	Feb 2011- Ags 2015

MESOP Phase 3

No	Remark / Name	Total Shares Outstanding (Shares)	Option		Option Price (Rp)	Term
			Granted (Shares)	Executed (Shares)		
1	Arie Coerniadi	-	-	-	-	-
2	Kamaruddin Sjam	-	-	-	-	-
3	Commissioner	Lucky Fathul Aziz Hadibrata	-	-	-	-
4		Catherinawati Hadiman	-	-	-	-
5		Fajar Harry Sampurno	-	-	-	-
6		Sumiyati	-	-	-	-
1	Maryono	-	-	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	828,500	828,500	1,098.36	Feb 2011- Ags 2016
3	Mansyur Syamsuri Nasution	-	-	-	-	-
4	Board of Directors	Iman Nugroho Soeko	-	-	-	-
5		Sis Apik Wijayanto	-	-	-	-
6		Adi Setianto	-	-	-	-
7		Sulis Usdoko	-	108,500	108,500	1,098.36
8		Oni Febrarto R.	-	54,500	54,500	1,098.36
1	Executive Officers	7,430,600	5,566,500	5,566,500	1,098.36	Feb 2011- Ags 2016
2	Employee	-	102,367,500	102,367,500	1,098.36	Feb 2011- Ags 2016

MESA and MESOP programs have been completed in the 2016 period. In 2017, there is no Share Option program for Directors, Board of Commissioners, Executive Officers, and Employees.



Highest and Lowest Salary Ratio

The Company attempts to avoid too much gap related to remuneration. The ratio of highest and lowest salary during 2017 is as follows:

Highest and Lowest Salary Ratio 2017

Description	2015 Ratio	2016 Ratio	2017 Ratio
Highest and lowest Employee salary	17,15 : 1	18,85 : 1	18,64 : 1
Highest and lowest Director salary	1,1 : 1	1,11 : 1	1,1 : 1
Highest and lowest Commissioner salary	1,1 : 1	1,11 : 1	1,1 : 1
Highest Director salary and Highest Employee salary	2 : 1	2,70 : 1	2,99 : 1

Number of Employees affected by layoffs and total severance paid;

Table: PPST 2017

Severance per Person in 1 (one) year	PPST 2016	PPST 2017
Above Rp1 billion	0	1
Between Rp500 million – Rp1 billion	9	6
Below Rp500 million	7	3

Total Suspended Variable Remuneration

Suspended Variable Remuneration 2016	Suspended Variable Remuneration 2017
Cash	Cash
Shares	Shares

Total Suspended Variable Remuneration Paid in 1 year

Remuneration policy on variable remuneration that is 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 of 2015 in late December 2016.

Company for Directors, Board of Commissioners' candidate, and/or prospective Employee for 1 (one) year

The Company does not have a Variable Remuneration (RBV) and unconditional policy, as the policy on RBV is applied uniformly without considering the length of the working period.

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 of 2015 that was published in late December 2016.

Number of recipients and total amount of variable remuneration guaranteed unconditionally, granted by the

The Company is committed to implementing a competitive, fair, and balanced remuneration system, and always ensures that no employee receives compensation under the terms set by the government. The Company reviews and updates the remuneration policies to be relevant to industry developments and business strategies. The Company also adopts compliance aspects of the prevailing banking regulations regarding the gradual remuneration.

> Organs and Committees Reporting Directly to the Board of Commissioners

In order to assist the Board of Commissioners in carrying out the supervisory and advisory functions to the Directors, the Board of Commissioners established the Supporting Organs that consist of the Board of Commissioners' Secretary, Audit Committee, Remuneration and Nomination Committee, and Risk Monitoring Committee.

01

Board of Commissioners' Secretary

The Secretary of the Board of Commissioners is appointed by the Board of Commissioners and is responsible to the Company's Board of Commissioners. The responsibilities of the Board of Commissioners' Secretary, among others, are to regulate administrative affairs, assist the Board of Commissioners in performing the supervisory function of the Company's effective performance, and ensure that the Board of Commissioners has carried out the GCG principles.

In 2017, the Board of Commissioners' Secretary changed. The Board of Commissioners' Secretary was previously held by Mrs. Sandra Firmania. Currently, the position is held by Mrs. Siti Fauziah by the Board of Directors' Decree of PT Bank Tabungan Negara (Persero) Tbk No. 573/DIR/2017 dated October 1, 2017.

The Appointment of the Supervisory Board is based on educational background and work experience which can be seen in the profile of the Board of Trustees' Secretary as follows:



Siti Fauziah

Indonesian Citizen, Born in Kebumen, Age 44. Holds a Magister in Economic from UPI YAI, Jakarta, 2016. Has been a Secretary of the Board of Commissioners since November 1, 2017.

Work Experience

1. Head of Governance and Risk Management of Trading Business, Warehouse, Distribution, and Services Certification Subdivision (May 22, 2006 - October 6, 2010)
2. Head of Primary Industrial Business Ib2 Subdivision (October 7, 2010 - May 8, 2014)
3. Head of SOEs Executive Resources Training Subdivision (May 9, 2014 - December 21, 2014)
4. Head of Human Resources Services Subdivision (December 22, 2014 - July 6, 2017)
5. Head of Agro and Pharmaceutical Industry Iia.1 Subdivision (July 7, 2017 - present)

Profile of the Board of Commissioners' Secretary

Training, Workshop, and Seminar:

Business strategy (2017); Supervisory Leadership (2017); Audit for non auditor (2017); Business Judgement Rule (2017).

01

Board of Commissioners' Secretary

Organizational Structure of the Board of Commissioners' Secretary

In the organizational structure, Secretary of the Board of Commissioners reports directly to the Board of Commissioners and is assisted by 1 (one) Secretariat personnel of the Board of Commissioners.

Work Guidelines and Responsibilities of the Board of Commissioners' Secretary

Work Guidelines

The Board of Commissioners' Secretary is equipped with the Code of Conduct to support all activities. The Code of Conduct refers to the Board Charter of the Board of Commissioners. Work Guidelines of the Secretary of Board of Commissioners is reviewed at least once a year to ensure the scope of guidelines is always in line with the needs or related prevailing regulations. The Guidelines of the Secretary of the Board of Commissioners has been reviewed and was not amended considering that it is still relevant to the Company's 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 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.
3. Delivered the original minutes of meetings of the Board of Commissioners to the Board of Directors through the Corporate Secretary.
4. To compile the Work Program & Budget draft of the Board of Commissioners.
5. Compiled the Board of Commissioners' reports template.
6. To ensure that Board of Commissioners comply with legislation and implement the GCG principles.
7. Provided necessary information to the Board of Commissioners periodically and/or at any time requested
8. Coordinated the member of Committee if needed in order to facilitate the duties of Board of Commissioners.
9. Collected data or information relevant to the duties of Board of Commissioners.
10. Provided data/information necessary for Commissioner and the Committees in the Board of Commissioners' environment
11. Collected technical data from the Committees in the Board of Commissioners' environment for the Board of Commissioners' needs.
12. To be a liaison in between Board of Commissioners with Shareholders, Directors, and other related parties (stakeholder).
13. 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 Board of Commissioners' Secretary

The Board of Commissioners' Secretary performs the role as the support of the Board of Commissioners in carrying out the supervisory function and ensuring the Board of Commissioners performs GCG practices in accordance with prevailing legislation.

Throughout 2017, the Board of Commissioners' Secretary strives to optimize her role through various activities such as:

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 in preparing the meeting invitation, meeting's agenda, outcoming mails, based on the meeting's decision

01

Board of Commissioners' Secretary

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.

Training of the Board of Commissioners' Secretary

The Company always supports the Secretary of the Board of Commissioners to update knowledge through training activities and skills development.

Throughout 2017, the Secretary of the Board of Commissioners participates in training and skills development as follows:

Training & Development Program	Date
Business strategy	2017
Supervisory Leadership	2017
Audit for non auditor	2017
Business Judgement Rule	2017

02

Committees Reporting Directly to the Board of Commissioners

In line with a copy of POJK No. 55/POJK.03/2016 on the Implementation of Good Corporate Governance for Commercial Bank Article 34, in order to support the effectiveness of performance of duties and responsibilities, the Board of Commissioners has established Audit Committee, Risk Monitoring Committee, and Remuneration and Nomination Committee, described as follows:

To assist the Board of Commissioners in fulfilling its responsibilities as the Company's supervisor primarily concerning the quality and transparency of the financial statements submitted by Management, and identifying matters that require the attention of the Board of Commissioners as well as several other duties, the Board of Commissioners established Audit Committee.

Composition of the Audit Committee

The Company's Audit Committee consists of 7 (seven) members, with 1 (one) Independent Commissioner as the Chairman, 1 (one) member of the Independent Commissioner, 2 (two) members of the Commissioners, and 3 (three) members of the Independent Party.

02

Audit Committee

In 2017, the composition of the Company's Audit Committee changed, with the appointment and dismissal of the Audit Committee Members. The further explanation is as follows:

1. Appointment of Mr. Garuda Wiko as the Member of Audit Committee, based on the Directors' Decree No. 382/DIR/2017.
2. Dismissal of Mrs. Sumiyati, Mr. Maurin Sitorus, and Mr. Waldy Gutama, and the Appointment of Mr. Lucky Fathul Aziz Hadibrata as the Member of Audit Committee, based on the Directors' Decree No. 648/DIR/2017.

Thus, the Composition of Company's Audit Committee per December 31, 2017, is as follows:

Table: Composition of Audit Committee Per December 31, 2017

Nama	Position	Appointment Basis	Term of Office
Kamaruddin Sjam	Chairman/Independent Commissioner	Board of Directors' Decree of PT Bank Tabungan Negara (Persero) Tbk No. 507/DIR/2015 dated September 9, 2016.	September 9, 2015 - July 2, 2018
I Wayan Agus Mertayasa	Member/Independent Commissioner	Board of Directors' Decree of PT Bank Tabungan Negara (Persero) Tbk No. 161/DIR/2016 dated April 25, 2016	April 25, 2016 - April 24, 2019
Lucky Fathul Aziz Hadibrata	Member/Independent Commissioner	Board of Directors' Decree of PT Bank Tabungan Negara (Persero) Tbk No. 648/DIR/2016 dated November 21, 2017	November 11, 2017 - March 23, 2020
Garuda Wiko	Member/Independent Commissioner	Board of Directors' Decree of PT Bank Tabungan Negara (Persero) Tbk No. 520/DIR/2017 dated September 26, 2017.	August 15, 2017 - August 14, 2020
Sondang Gayatri	Member/Independent Party	No.390/DIR/2016 dated September 15, 2016, on the Extension of Tenure of Mr. Waldy Gutama and Mrs. Sondang Gayatri as Members of Audit Committee of PT Bank Tabungan Negara (Persero) Tbk.	September 26, 2013 - September 24, 2016 September 25, 2016 - September 25, 2018
Rachmat Supratman	Member/Independent Party	Board of Directors' Decree of PT Bank Tabungan Negara (Persero) No. 474/DIR/2016 dated November 1, 2016	November 8, 2016 - November 7, 2019
Throughout 2017, Mr. Kamaruddin Sjam is the Chairman of Audit Committee. He is the Company's Independent Commissioner, so it complies with the prevailing legislation.			

Appointment and Dismissal

The Board of Commissioners has full authority to appoint and dismiss members of the Audit Committee, since the structure of the Audit Committee is below the coordination line of the Board of Commissioners. Generally, the candidates of Audit Committee may be appointed if the relevant party has met the criteria set by the Company.

The appointment of the Company's Audit Committee refers to the Joint Decree of Directors and Board of Commissioners No. 02/DEKOM-BTN/2013 dated December 18, 2013, on Audit Committee Charter Article 7 about the Audit Committee Member Requirements paragraph 1, which stated "Have integrity, competence, knowledge, and experience in the supervising/auditing field, and can communicate properly", with explanation as follows:

**Table: Audit Committee Member Profile
(Name, Education, Work Experience, and Expertise)**



Kamaruddin Sjam

Chairman of Audit Committee

The education background, work experience, and training expertise can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise:

Audit & Finance.



I Wayan Agus Mertayasa

Member

The education background, work experience, and training can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise:

Finance & Banking.



Lucky Fathul Aziz Hadibrata

Member

The education background, work experience, and training can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise:

Finance, Macro Economy, & Management Strategy



Garuda Wiko

Member

The education background, work experience, and training can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Law, Economics

**Sondang Gayatri****Member**

Indonesian citizen, born in Tarutung, age 59. Graduate with Bachelor of Economic Management in 1983.

Expertise

Finance & Banking

Work Experience

Appointed as the member of Audit Committee since September 26, 2013, to September 26, 2018. Then it is extended to 2018. Previously she was active in BNI from 1982 until March 2013. Her last position was as Head of Regional.

Training

Training attended, include: IFC Corporate Governance East Asia and The Pacific Audit Committee Master Program in September 2017; Risk Management Competence Certification Level IV in 2012; Risk Management Certificate Level 4 and 4th International (CWMA and IBI) in 2011

**Rachmat Supratman****Member**

Indonesian citizen, born in Surabaya, Age 61, Graduated from Faculty of Law, Airlangga University in 1981, and Education from Faculty of Economics Boston University in 1987.

Expertise:

Finance & Banking

Work Experience

Previously served as Chairman of Internal Audit Team Bank Indonesia (2008-2012), Chairman of Internal Audit Research and Development Team Bank Indonesia (2004-2008), President of Monetary Statistics Chart Bank Indonesia (2002-2004).

Training

Asian Conference On Internal Audit 2007 in Beijing, China; International Statistics Conference in 2008 in Malaysia; Money and Bank in 2004, Washington, USA.

02

Audit Committee

Member of the Audit Committee shall resign or be dismissed by the Board of Commissioners based on the Audit Committee Charter in Article 6 that stated Chairman and Members of the Committee are appointed and dismissed by the Board of Commissioners.

Independence of Audit Committee Members

In carrying out its duties, the Audit Committee works professionally and independently. The Chairman of Audit Committee is an Independent Commissioner. There are 3 (three) members of Independent Commissioners and 2 (two) professional members of Independent Party.

The Audit Committee Members consist of 100% Independent Commissioners and Independent Party, which is the requirement of independence, in line with the regulation in POJK No. 55/POJK.03/2016 on the Governance Implementation for Bank Article 41 paragraph (4), that stated the Audit Committee Members must at least consist of 51% Independent Commissioners and Independent Party.

The independence of members of Audit Committee can be seen in the table with aspects as follows.

Statement of Independence of the Member of Audit Committee

Independence Aspect	Kamaruddin Sjam	I Wayan Agus Mertayasa	Lucky Fathul Aziz Hadibrata	Garuda Wiko	Sondang Gayatri	Rachmat Supratman
Does not have a financial relationship with the Board of Commissioners and Directors	✓	✓	✓	✓	✓	✓
Does not have a management relationship with the company, subsidiaries, or affiliated companies	✓	✓	✓	✓	✓	✓
Does not have any ownership relation to the company	✓	✓	✓	✓	✓	✓
Does not have any familial relationship with fellow Board of Commissioners, Directors, and/or Members of the Audit Committee	✓	✓	✓	✓	✓	✓
All Members of Company's Audit Committee from independent parties do not have any financial, management, share ownership, and/or familial relationship with fellow Board of Commissioners, Directors, and/or Controlling Shareholders, or any other relationship with the Bank that may affect his/her ability to act independently.						

02 Audit Committee

Audit Committee Concurrent Position

The Audit Committee Member shall not hold any concurrent positions, as stated in the Joint Decree of the Directors and Board of Commissioners No. 02/DEKOM-BTN/2013 dated December 18, 2013, on the Audit Committee Charter of PT Bank Tabungan Negara (Persero) Tbk. On Article 7, Audit Committee Membership Requirement paragraphs 10, 11, and 12, i.e.:

- Paragraph 10 stated 'the member shall not be an employee in the Public Accountants Firm, Legal Consultant Office, Public Appraiser Service Office, or any other party providing assurance, non-assurance, appraisers, and/or other consulting services to the Bank within the last 6 (six) months'
- Paragraph 11 stated 'the member shall not be a person who has authorities and responsibilities to plan, lead, control, or supervise the Bank's activities within the last 6 (six) months with the exception of Independent Commissioners'
- Paragraph 12 stated 'the member shall not have shares directly and indirectly in the Bank'

Audit Committee Concurrent Position

Name	Position	Concurrent Positions in the Company	Concurrent Position in other Company/Institution
Kamaruddin Sjam	Chairman	1. Independent Commissioner 2. Member of Remuneration and Nomination Committee	None
I Wayan Agus Mertayasa	Member	1. President Commissioner/ Independent Commissioner President of Nomination and Remuneration Committee 2. Member of Risk Monitoring Committee	None
Lucky Fathul Aziz Hadibrata	Member	1. Independent Commissioner 2. Member of Remuneration and Nomination Committee	None
Garuda Wiko	Member	1. Independent Commissioner 2. Member of Risk Monitoring Committee	Lecturer at Tanjungpura University
Sondang Gayatri	Member	None	None
Rachmat Supratman	Member	None	None

As of December 31, 2017, 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) Committee in the same company.

02

Audit Committee

Audit Committee's Charter, Duties, and Responsibilities

Audit Committee Charter

The Audit Committee Charter was formulated based on the prevailing regulations and legislation. It is 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 Amendment to the Board of Commissioners' Joint Decree No. 02/DEKOM-BTN/2013 and Board of Directors' Joint Decree No. SKB-02/DIR-BTN/2013.

Scope of Audit Committee Charter

- | | |
|---|---|
| 1. General Provisions; | 2. Audit Committee's Meeting; |
| 3. Functions and objectives; | 4. Committee's Report; |
| 5. Audit Committee's duties, responsibilities, and authorities; | 6. Tenure; |
| 7. Committee's obligation; | 8. Professionalism Improvement of Audit Committee Members and Supporting Personnel Utilization; |
| 9. Access and Confidentiality of Information; | 10. Committee's Budget; |
| 11. Structure, Appointment, and Dismissal of the Committee; | 12. Remuneration of Audit Committee Members; |
| 13. Requirement of Audit Committee Members; | 14. Closing. |
| 15. Guidelines and Work Procedures of the Committee; | |

The Audit Committee Charter can be accessed on the Company's website (www.btn.co.id) on the Investor Relations menu on Governance Policy.

Audit Committee's Duties and Responsibilities

In line with the Audit Committee Charter, the duties and responsibilities of the Audit Committee are as follow:

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 for improvement of the management control system and its implementation.
4. Ensuring there have 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 laws and regulations 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. Evaluating the implementation of financial report audit services by the KAP
11. Reviewing the implementation of inspections by the internal auditor and supervising the implementation of the follow-up by the Board of Directors on internal auditor findings.
12. Reviewing complaints related to accounting processes and financial reports by the Company.
13. Reviewing and providing advice to the Board of Commissioners related to potential conflicts of interest of the Company.
14. Maintaining confidentiality of documents, data, and information of the Company.

02

Audit Committee

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.

Audit Committee Activities and Performance Report

In order to clarify and be more effective in carrying out its duties and responsibilities, the Audit Committee always prepares the annual Audit Committee Work Plan. The formulation of Audit Committee Work Plan is based on the Audit Committee Charter and the input from Board of Commissioners.

Audit Committee's 2017 Work Program is:

1. Report on the Activities of the Audit Committee in evaluating the effectiveness of the Bank's internal control
2. Audit Committee's Meeting
3. Audit Committee's Training and Competence Development Program
4. Review of follow-up findings of internal and external audit
5. Submit recommendation of appointment of Public Accountants Firm that will perform the audit services of the company's financial report to the Board of Commissioners, to be subsequently submitted to the GMS for approval.
6. Evaluate the implementation of KAP's services related to the Company's financial report audit

Audit Committee Work Program Realization

Audit Committee Activity Report

The Audit Committee is required to annually submit a Report to the Board of Commissioners for each task, accompanied by recommendations, if necessary.

In 2017, Audit Committee carried out various activities in order to fulfill their duties and responsibilities, as follows:

1. Monitor and evaluate the Internal Audit Task Force implementation:
 - > Discuss and monitor the realization of Annual Audit Plan 2017.
 - > Discuss the findings of IAD audit
 - > Attend the exit meeting of audit
2. Monitor and evaluate the compliance of the Public Accountants Firm audit with the prevailing audit standards
3. Research and review the Bank's published financial report compliance with the prevailing financial report standards.
4. Monitor the implementation and completion of the Bank's commitment to the recommendations of IAD audit and External Auditor's (Bank Indonesia, OJK, KAP, BPK RI) findings.
5. Provide inputs on the strategic issues in the framework of giving advice by the Board of Commissioners.
6. Provide recommendation to the Board of Commissioners on the appointment of Public Accountants Firm to audit the Financial Report 2017, which then shall be submitted to the General Meeting of Shareholders.
7. Conduct other duties from Board of Commissioners in line with the Committee's duties
8. Attend training and education to improve the competence of the Committee's members.

02

Audit Committee

Audit Committee's Meeting

In accordance with the Audit Committee Charter and the Audit Committee Work Plan, the Audit Committee's meeting shall be conducted at least equal to the minimum requirement of the Board of Commissioners' meeting, chaired by the Chairman of the Audit Committee. Decisions in the Audit Committee Meeting are done through deliberation.

Audit Committee Meeting Frequency and Attendance

In 2017, the Audit Committee has conducted a total of 11 (eleven) meetings, and 8 (eight) of them were attended by at least 51% (fifty-one percent) of the total members, including Independent Commissioners and Independent Parties, presented by the term of service of the Audit Committee's member, as follows:

No.	Name	Position	Meetings	Attendance	% Attendance
1	Kamaruddin Sjam	Chairman	8	5	62.5
2	I Wayan Agus Mertayasa	Member	8	7	87.5
3	Lucky Fathul Aziz Hadibrata	Member	1	1	100
4	Garuda Wiko	Member	4	3	75
5	Sondang Gayatri	Member	8	7	87.5
6	Rachmat Supratman	Member	8	7	87.5

Decisions made at 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. The dissenting opinion in the meeting shall be recorded in the minutes of meeting as well as the reasons for dissenting opinion.

Audit Committee's Training and Competence Development Program

The Company has provided budget from the Company's Board of Commissioners of to improve the effectiveness of the Audit Committee's function to assist the supervisory and advisory tasks of the Board of Commissioners by having the Audit Committee continuously conducts training and development programs as a means of updating the knowledge and understanding of current issues concerning the duties and programs undertaken.

Throughout 2017, the training and competence development attended by the Audit Committee Members are as follow:

Name	Position	Date	Material
Kamaruddin Sjam	Chairman	Thursday, February 16, 2017	Cyber Security and Integrating Operational Risk With the Mitigation Factors and Digital Payment Seminar: A New Era In the Way We Do Payment
		April 22-30, 2017	International Program "Risk Culture & Leadership ERM Master Class & Benchmarking In Europe"
		September 16-23, 2017	Integration of GRC
Lucky Fathul Aziz Hadibrata	Member	Thursday, February 16, 2017	Cyber Security and Integrating Operational Risk With the Mitigation Factors and Digital Payment Seminar: A New Era In the Way We Do Payment
		March 23-24, 2017	BARA Risk Forum Seminar "Refocusing On Credit Risk Management, Credit Risk Model, Pricing & Being Prepared for Upcoming Regulations"
		October 17-19, 2017	Internal Capital Adequacy Assessment Process (ICAAP)

02

Audit Committee

Name	Position	Date	Material
I Wayan Agus Mertayasa	Member	Thursday, February 16, 2017	Cyber Security and Integrating Operational Risk With the Mitigation Factors and Digital Payment Seminar: A New Era In the Way We Do Payment
		Friday, February 10, 2017	Expand Leadership Program for BOD/BOC
		May 18-19, 2017	Deeper Understanding of IFRS 9 & BASEL IV and Progress of BASEL III Implementation
		July 22-29, 2017	IIA CONFERENCE 2017
		September 20-26, 2017	Living Wills, Planning for Bank Recovery and Resolution
Garuda Wiko	Member	Saturday, March 25, 2017	Risk Management Competence Certification Level 2 for Commissioner
		September 20-26, 2017	Living Wills, Planning for Bank Recovery and Resolution
		September 2017	Corporate Governance East Asia and The Pacific Audit Committee Master Program
Sondang Gayatri	Member	September 2017	Corporate Governance East Asia and The Pacific Audit Committee Master Program

Audit Committee's Performance Assessment

The performance of Company's Audit Committee is evaluated by the Company's Board of Commissioners every 3 (three) months. The assessment is based on the realization and completion of work program stipulated in the Audit Committee Work Plan and Budget. The assessment will be reported to the Board of Commissioners in the Audit Committee report.

The assessment result became the considerations for Board of Commissioners to reappoint and/or dismiss Audit Committee Members for the next term of office.

Audit Committee's Meeting Plan 2018

In line with the Audit Committee Work Plan 2018, the Audit Committee has held at least 12 meetings in the second week of every month. The main agenda is the monthly evaluation of the realization of Annual Audit Plan 2018 and the Evaluation of Public Accountants Firm Audit Services on the Financial Report of the Fiscal Year, which is scheduled in May 2018.

03

Risk Monitoring Committee

Risk Monitoring Committee is an organ established by the Board of Commissioners and is responsible to the Board of Commissioners in supporting the effectiveness of risk monitoring duties and responsibilities, in line with the Regulation of Financial Services on Implementation of Good Corporate Governance for Commercial Banks, and State Ministry of SOEs Regulation on the SOEs Supporting Organ of Board of Commissioners/Supervisory Agency.

Composition of the Risk Monitoring Committee

Throughout 2017, the composition of the Company's Risk Monitoring Committee changed, with the appointment and dismissal of the Risk Monitoring Committee Members. The further explanation is as follows:

1. Mr. Lucky Fathul Aziz Hadibrata from March 26, 2017, until 25 September 2017, conducted a cooling off in the framework of transfer of position as Commissioner to Independent Commissioner. Since March 26, 2017, he did not serve as a Member of Risk Monitoring Committee.
2. On August 15, 2017, the Board of Commissioners appointed Mr. Garuda Wiko (Independent Commissioner) and Mr. Iman Sugema (Commissioner) as the members of Risk Monitoring Committee. It is stipulated in the Directors' Decree No. 404/DIR/2017.

3. On October 31, 2017, the Board of Commissioners appointed Mrs. Sumiyati (Commissioner) as a member of Risk Monitoring Committee. It is stipulated in the Directors' Decree No. 649/DIR/2017.

Thus, the Composition of Company's Risk Monitoring Committee is as follows:

Table: Composition of Risk Monitoring Committee Per December 31, 2017

Name	Position	Appointment Basis	Term of Office
Arie Coerniadi	Chairman/ Independent Commissioner	Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 400/DIR/2015 dated July 2, 2015, on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.	July 3, 2015 - July 2, 2015
I Wayan Agus Mertayasa	Member/Independent Commissioner	Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 162/DIR/2015 dated April 25, 2015, on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.	April 25, 2016 - April 24, 2019
Sumiyati	Member/ Commissioner	Directors' Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 649/DIR/2017 dated November 21, 2017, on Composition Change in Risk Monitoring Committee of PT Bank Tabungan Negara (Persero) Tbk.	October 31, 2017 - April 24, 2019
Garuda Wiko	Member/Independent Commissioner	Directors' Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 404/DIR/2017 dated August 24, 2017, on Composition Change in Risk Monitoring Committee of PT Bank Tabungan Negara (Persero) Tbk.	August 15, 2017 - August 14, 2020
Iman Sugema	Member/ Commissioner	Directors' Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 649/DIR/2017 dated August 24, 2017, on Composition Change in Risk Monitoring Committee of PT Bank Tabungan Negara (Persero) Tbk.	August 15, 2017 - August 14, 2020
Heru Ratna Azimada	Member/Independent Party	Directors Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 517/DIR/2016 dated November 30, 2016, on Composition Change in Risk Monitoring Committee PT Bank Tabungan Negara (Persero) Tbk.	December 1, 2016 - November 30, 2019
Yuki Noviani Kohar	Member/Independent Party	Directors' Decree of PT. Bank Tabungan Negara (Persero) Tbk No. 475/DIR/2016 dated November 1, 2016, on Composition Change in Risk Monitoring Committee of PT Bank Tabungan Negara (Persero) Tbk.	November 8, 2016 - November 7, 2019
In 2017, Mr. Arie Coerniadi (Independent Commissioner) is the Chairman of Risk Monitoring Committee. This complies with the prevailing legislation.			

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Risk Monitoring Committee

Appointment and Dismissal

The Board of Commissioners has full authority to appoint and dismiss members of the Risk Monitoring Committee, since the structure of the Risk Monitoring Committee is below the coordination line of the Board of Commissioners. Generally, the candidates of Risk Monitoring Committee may be appointed if the relevant party has met the criteria set by the Company.

The structure and membership of the Risk Monitoring Committee is established based on the decisions of Board of Commissioners' Meeting, and formulated in the Board of Commissioners' Letter No. 147/KOM/BTN/X/2017 dated October 31, 2017, on the Change of Composition of Members of the Committee, and is stipulated in the Directors' Decree No. 649/DIR/2017 dated November 21, 2017 on Amendment to Composition of Risk Monitoring Committee of PT Bank Tabungan Negara (Persero) Tbk.

The appointment of the Company's Risk Monitoring Committee has fulfilled the requirements set forth in the Risk Monitoring Committee Charter, i.e. "Have expertise in finance, risk management, Macroeconomy, Management Strategy, Banking, and Loan", as described below:

**Table: Profile of Members of Risk Monitoring Committee
(Name, Education, Work Experience, and Expertise)**

**Arie Coerniadi****Chairman**

The education background, work experience, and training expertise can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Finance & Teknology Information

**I Wayan Agus Mertayasa****Member**

The education background, work experience, and training can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Finance and Banking

**Sumiyati****Member**

The education background, work experience, and training can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Public Financial Audit and Human Resources Development

**Garuda Wiko****Member**

The education background, work experience, and training can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Law

**Iman Sugema****Member**

The education background, work experience, and training can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Economic Finance

**Heru Ratna Azimada****Member**

Indonesian Citizen, born in Magelang, age 67. Holds a Bachelor from Gadjah Mada University in Economic Faculty, Company Major.

Expertise

Banking, Risk Management

Work Experience

Served as 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 Eksport Impor Indonesia (Persero) (1998-1999).

Training

Risk Modelling in Financial Institution Workshop, held by Indonesian Economist Association in September 2017; 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.



Yuki Noviani Kohar

Member

Indonesian Citizen, born in Bandung, age 55. Graduated from Economic Faculty, Accountancy Major, Padjajaran University in 1986.

Expertise

Banking, Loan

Work Experience

Served as Vice President - Deputy GM Commercial Loan Division PT Bank BNI (Persero) Tbk (2010-2015); Vice President, Group Head of Commercial Business Development Bank Niaga (2007-2009); Special Assignment as Commercial Banking Representative of CIMB Niaga Merger Team (2007-2009)

Training

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.

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Risk Monitoring Committee

Statement of Independence of Risk Monitoring Committee Members

Member of Risk Monitoring Committee may resign or be dismissed based on Article 6 of the Risk Monitoring Committee Charter, which stated that the Chairman and Member of Committee are appointed and dismissed by Board of Commissioners.

Independence of Risk Monitoring Committee Members

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.

There are 51% or more of Risk Monitoring Committee Members that concurrently are Independent Commissioners. This number fulfilled the independence requirements in accordance with the provisions in POJK No. 55/POJK.03/2016 on the Implementation of Good Corporate Governance for Bank Article 42 paragraph 4.

The independence of each Risk Monitoring Committee's member is reflected in the following table.

Independence Aspect	Arie Coerniadi	I Wayan Agus Mertayasa	Sumiyati	Garuda Wiko	Iman Sugema	Heru Ratna Azimada	Yuki Noviani Kohar
Does not have a financial relationship with the Board of Commissioners and Directors	✓	✓	✓	✓	✓	✓	✓
Does not have a management relationship in the company, subsidiaries, or affiliated companies.	✓	✓	✓	✓	✓	✓	✓
Does not have ownership relation in the company	✓	✓	✓	✓	✓	✓	✓
Does not have any familial relationship with the Board of Commissioners, Board of Directors, and/or fellow members of the Risk Monitoring Committee	✓	✓	✓	✓	✓	✓	✓

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Risk Monitoring Committee

Concurrent Positions

The Risk Monitoring Committee Members shall not hold any concurrent positions, as stated in the Joint Decree of the Directors and Board of Commissioners No. 02/DEKOM-BTN/2013 dated December 18, 2013, on the Risk Monitoring Committee Charter of PT Bank Tabungan Negara (Persero) Tbk. On Article 7, Risk Monitoring Committee Membership Requirement paragraphs 9 and 10, i.e.:

1. Paragraph 9 stated 'the member shall not be a person who has authorities and responsibilities to plan, lead, control, or supervise the Bank's activities within the last 6 (six) months before being appointed by the Board of Commissioners'
2. Paragraph 10 stated 'the member shall not have shares directly and indirectly in the Bank. In the event that a member of the Committee obtains shares due to a legal event, then within 6 (six) months after obtaining such shares, he/she shall transfer it to another party'

Table: Risk Monitoring Committee Concurrent Position

No	Name	Position	Concurrent Positions in the Company	Concurrent Position in other Company/Institution
1	Arie Coerniadi	Chairman	1. Independent Commissioner 2. Member of Remuneration and Nomination Committee	-
2	I Wayan Agus Mertayasa	Member	1. President Commissioner/Independent Commissioner 2. President of Nomination and Remuneration Committee 3. Audit Committee Member	-
3	Sumiyati	Member	Commissioner	Inspectorate General of the Ministry of Finance
4	Garuda Wiko	Member	1. Independent Commissioner 2. Member of Audit Committee	Lecturer at Tanjungpura University
5	Iman Sugema	Member	Commissioner	Lecturer at Bogor Agricultural University (IPB)
6	Heru Ratna Azimada	Member	-	-
7	Yuki Noviani Kohar	Member	-	-

As of December 31, 2017, 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) Committees in the same company.

Scope of Risk Monitoring Committee Charter

Work Guidelines of Risk Monitoring Committee refers to the Risk Monitoring Committee Charter. The Risk Monitoring Committee Charter is formulated based on the prevailing regulations and legislation and is periodically reviewed and has been ratified by the Board of Commissioners' Joint Decree No. SKB-01/DEKOM-BTN/XII/2013 and Directors' Joint Decree No. SKB-01/DIR-BTN/XII/2013 on Company's Risk Monitoring Committee Charter, with the contents as follow:

Scope of Risk Monitoring Committee Charter

- | | |
|--|---|
| 1. Functions and objectives; | 2. Committee' Duties, Authorities, and Responsibilities |
| 3. Committee's Responsibilities; | 4. Committee' Obligations |
| 5. Access and Confidentiality of Information; | 6. Structure; |
| 7. Appointment and Dismissal of the Committee; | 8. Requirement of Committee Members; |
| 9. Guidelines and Work Procedures of the Committee; | 10. Committee's Meetings; |
| 11. Committee's Report; | 12. Tenure; |
| 13. Professionalism Improvement of Risk Monitoring Committee Members and Supporting Personnel Utilization; | 14. Committee's Budget; |
| 15. Remuneration of Risk Monitoring Committee Members and Closing. | |

The Risk Monitoring Committee Charter can be accessed on the Company's website (www.btn.co.id) on the Investor Relations menu on Governance Policy.

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Risk Monitoring Committee

Risk Monitoring Committee Duties and Responsibilities

Based on POJK No. 55/POJK.03/2016 dated December 7, 2016, on the Governance Implementation for Commercial Banks Article 48, the Risk Monitoring Committee must conduct at least:

1. evaluation of the conformity between the Bank's risk management policy and the Bank's policy implementation; and
2. monitoring and evaluation of implementation of duties of the risk management committee and risk management task force, to provide recommendations to the Board of Commissioners

In line with the Risk Monitoring Committee Charter, the Risk Monitoring Committee duties and responsibilities are:

1. To collect data and information as well as to evaluate the Bank's risk management policy which should consist of at least: 1) LOAN RISK, 2) MARKET RISK, 3) LIQUIDITY RISK, 4) LEGAL RISK, 5) REPUTATION RISK, 6) STRATEGIC RISK, 7) COMPLIANCE RISK
2. To perform evaluation of the conformity between the Bank's risk management policy and the implementation of the policy.
3. To monitor and evaluate the Risk Management Committee's duties and Risk Management Unit.
4. To encourage the Company's risk management function.
5. To report to the Board of Commissioners in terms of likelihood of the Bank's risk as well as providing alternative solutions.
6. To conduct risk monitoring in work unit related to the risk-based decision making and cooperate with Risk Management Division.
7. To invite management and other internal parties to attend the Committee's meeting if necessary.
8. To conduct other duties from Board of Commissioners in line with the risk management duties.

Achievement Report of Risk Monitoring Committee

In order to clarify and be more effective in carrying out its duties and responsibilities, the Risk Monitoring Committee annually always prepares the Risk Management Committee Work Plan which is based on the Risk Monitoring Committee Charter and inputs from the Board of Commissioners.

Risk Monitoring Committee Work Plan in 2017 is:

1. Risk Monitoring Committee Activities Report
2. Risk Monitoring Committee's Meetings
3. Risk Monitoring Committee's Training and Competence Development Program

Risk Monitoring Committee Work Program Realization

Throughout 2017, the Risk Monitoring Committee has performed its duties to support the supervisory function of the Board of Commissioner, particularly regarding risk management. The Committee evaluates the policies and implementation of risk management to provide recommendations to the Board of Commissioners. The Committee also monitors and evaluates the Risk Management Committee and Risk Management Task Force duties, as follows:

- a. As an evaluation material for the risk management policy implementation, KOPAR in coordination with the Risk Management Task Force (RMD) conducts regular discussions and evaluations on quarterly risk profile reports
- b. Monitor and evaluate the performance of the Risk Management Committee's tasks, KOPAR obtains information and evaluates the Risk Management Committee's duties through the Risk Management Committee's minutes of meeting, i.e.:
 - > Back Testing Method Directive
 - > Loan consultation
 - > Discussion of Risk Profile Report Quarter I 2017
- c. Evaluate the suitability of Bank's risk management policies, particularly in the field of loan, with the implementation of the policy by monitoring the loan previously consulted to the Board of Commissioners.

03

Risk Monitoring Committee

- d. Encourage functional empowerment at Bank's risk management function by conducting discussions with the Credit Risk Division related to their duties in credit risk management.
- e. Report to the Board of Commissioners in the event of possible risks of the Bank and proposing alternative solutions by providing input in every internal meeting of the Board of Commissioners, especially related to performance reviews and discussions concerning the actions boundaries and criteria of the Board of Directors that do not require the approval of the Board of Commissioners.

Risk Monitoring Committee's Meetings

In line with 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 Meeting Decision is done by deliberation. In the event that deliberation is not achieved, then the decision shall be made based on the majority vote. If there is equal number of votes on those who agree and those who don't, the proposal is considered rejected.

Throughout 2017, the Risk Monitoring Committee has held 10 (ten) meetings. The frequency of attendance is as follows:

*) has served as a member of the Risk Monitoring Committee since December 31, 2017, in the period of 31 October to 31 December 2017, the Risk Monitoring Committee shall only hold 1 (one) meeting and the concerned party could not attend due to the task implementation from the Ministry of Finance.

No.	Name	Position	Meetings	Attendance	% Attendance
1	Arie Coerniadi	Chairman	10	7	70%
2	I Wayan Agus Mertayasa	Member	10	8	80%
3	Garuda Wiko	Member	4	4	100%
4	Sumiyati*)	Member	1	0	0%
5	Iman Sugema	Member	4	4	100%
6	Heru Ratna Azimada	Member	10	8	80%
7	Yuki Noviani Kohar	Member	10	8	80%

Decision in the Risk Monitoring Committee's Meeting is noted and documented in Minutes of Meetings of Risk Monitoring Committee by the task force that handles the Committee's meetings administration. The Minutes of Meeting is signed by the chairman of the meeting and distributed to every member of Risk Monitoring Committee. The dissenting opinion in the meeting shall be recorded in the minutes of meeting as well as the reasons for dissenting opinion.

Risk Monitoring Committee's Training and Competence Development Program

The Company has provided budget from the Company's Board of Commissioners to improve the effectiveness of the Risk Monitoring Committee's function to assist the supervisory and advisory tasks of the Board of Commissioners by having the Risk Monitoring Committee continuously conducts training and development programs as a means of updating the knowledge and understanding of current issues concerning the duties and programs undertaken.

Throughout 2017, the training and competence development attended by the Risk Monitoring Committee Members are as follow:

Name	Position	Time	Training/Seminar Name
Arie Coerniadi	Chairman	April 2017	Program International Risk Culture & Leadership ERM Master Class & Benchmarking in Europe
		May 2017	Deeper Understanding on IFRS 9 & Basel IV and Progress of Basel III Implementation
		October 2017	Internal Capital Adequacy Assessment Process (ICAAP)

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Risk Monitoring Committee

Name	Position	Time	Training/Seminar Name
I Wayan Agus Mertayasa	Member	February 2017	Seminar Cyber Security and Integrating Operational Risk with the Mitigation Factors and Digital Payment: A New Era In The Way We Do Payment
		May 2017	Deeper Understanding on IFRS 9 & Basel IV and Progress of Basel III Implementation
		September 2017	Living Wills, Planning for Bank Recovery and Resolution
Garuda Wiko	Member	Maret 2017	Risk Management Competence Certification Level 2 for Commissioner
		September 2017	Living Wills, Planning for Bank Recovery and Resolution
Sumiyati	Member	May 2017	Deeper Understanding on IFRS 9 & Basel IV and Progress of Basel III Implementation
		September 2017	Integration of GRC
Iman Sugema	Member	March 2017	Seminar BARa Risk Forum, Refocusing on Credit Risk Management, Credit Risk Model, Pricing & Being Prepared for Upcoming Regulations.
		May 2017	Deeper Understanding on IFRS 9 & Basel IV and Progress of Basel III Implementation
		September 2017	Integration of GRC
Heru Ratna Azimada	Member	September 2017	Workshop Risk Modelling in Financial Institution

Performance Assessment of Risk Monitoring Committee

The performance of Risk Monitoring Committee is evaluated by the Company's Board of Commissioners every 3 (three) months. The assessment is based on the realization and completion of work program stipulated in the Risk Monitoring Committee Work Plan and Budget. The assessment will be reported to the Board of Commissioners in the Risk Monitoring Committee report.

The result of assessment became considerations for Board of Commissioners to reappoint and/or dismiss Risk Monitoring Committee members for the next term of office.

Risk Monitoring Committee Meeting Plan 2018

In accordance with the Audit Committee Work Plan for 2018, the Audit Committee has planned 12 meetings in 2018, with the main agenda as follow:

- Conducting periodic evaluation and providing input to the Board of Commissioners on these matters:
 - › Risk Profile
 - › Bank Health Rate
 - › Bank's Business Plans
 - › Others, in line with the prevailing rules and legislation
- Evaluating the completeness of the tools and policies related to Credit Risk as well as the risks that become the priority of 2018, i.e. Compliance Risk, Legal Risk, Strategic Risk, and Reputation Risk
- Monitoring the policy process and comprehensiveness on targeted business activities in 2018, i.e.:
 - › Strengthening the mortgage business positioning and construction value chain
 - › Strengthening the funding structure and CASA Ratio
 - › Improving Non-Interest Income
 - › Enhancing effectiveness of Collection and Asset Recovery
- Analyzing and Evaluating the risk management implementation related to the plan to enhance Information Technology capability to support digital banking and digitalization process.

04

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. The committee is a supporting tool of the Board of Commissioners, working hand in hand with the Human Capital Management & Culture Specialist Division (HMCD) as a tool of the Board of Directors for Human Capital Improvement and preparation of future leaders who provide exemplary examples and careful attention to the implementation of the Company's Good Corporate Governance. The objectives to establish the Remuneration and Nomination Committee are:

1. Assisting and strengthening the function of the Bank's Board of Commissioners in performing the functions of determining the criteria for election of candidates for members of the Board of Commissioners and Board of Directors and their remuneration system.
2. Assisting the Board of Commissioners in performing the duties and functions of formulating selection criteria and nomination procedures for members of the Board of Commissioners, the Board of Directors. Establishing an assessment system and providing recommendations on the number of members of the Board of Commissioners and the Board of Directors, and the preparation of payroll and benefits system to members of the Board of Commissioners and Board of Directors related recommendations.

Composition of the Remuneration and Nomination Committee

There are 7 (seven) members of the Company's Remuneration and Nomination Committee in 2017. 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 2017, the composition of the Company's Remuneration and Nomination Committee changed, with the appointment and dismissal of the Remuneration and Nomination Committee Members. The further explanation is as follows:

1. Based on the Directors' Decree No. 1168/DIR/HCD/V/2017 dated May 16, 2017, since April 26, 2017, Mr. Eko Waluyo is appointed as the Head of Human Capital Management & Culture Specialist Division (HMCD), replacing Mr. Arief Pramuhanto which is appointed as Director of PT Kimia Farma (Persero) Tbk.
2. Based on the Board of Commissioners' Letter No. 33/KOM/BTN/III/2017 dated March 21, Mr. Lucky Fathul Aziz Hadibrata shall start the cooling off period as Independent Commissioner of PT Bank Tabungan Negara (Persero) Tbk, effective since March 26, 2017, to September 25, 2017. Automatically, he does not serve as the Member of Remuneration and Nomination Committee on the cooling off period. He will serve effectively on .. 2017.

Thus, the Structure and Membership of Remuneration and Nomination Committee Per December 31, 2017, is as follows:

Table: Composition of the Remuneration and Nomination Committee

Name	Position	Appointment Basis	Term of Office
I Wayan Agus Mertayasa	Chairman/ Independent Commissioner	PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 163/DIR/2016 dated 25 April 2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee	25/04/2016 – 24/04/2019
Lucky Fathul Aziz Hadibrata	Member/ Commissioner	PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 503/DIR/2015 dated 4 September 2015 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee	21/11/2017 – 23/03/2020

04

Remuneration and Nomination Committee

Name	Position	Appointment Basis	Term of Office
Arie Coerniadi	Member/ Independent Commissioner	PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 163/DIR/2015 dated 25 April 2015 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee	25/04/2016 – 24/04/2019
Kamaruddin Sjam	Member/ Independent Commissioner	PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 476/DIR/2016 dated 01 November 2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee	01/11/2016 – 30/09/2019
Maurin Sitorus	Member/ Independent Party	PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No. 476/DIR/2016 dated 01 November 2016 on the Change in the Membership Composition of PT Bank Tabungan Negara (Persero) Tbk Remuneration and Nomination Committee	01/11/2016 – 30/09/2019
I Nengah Rentaya	Member/ Independent Party	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.	08/11/2016 – 07/11/2019
Eko Waluyo	Ex-officio Member/ HR Executive Officer	PT Bank Tabungan Negara (Persero) Tbk Board of Directors' Decision Letter No.401/DIR/2017 dated 24 August 2017	06/06/2017 – 06/06/2020

From January 1, 2017, to June 30, 2017, Mr. I Wayan Agus Mertayasa (Independent Commissioner) acted as the Chairman of Remuneration and Nomination Committee. He is also an Executive Officer in charge of Human Resources, hence he has the knowledge related to remuneration and nomination provisions. Thus, the Bank's succession plan, held by Mr. Eko Waluyo is in compliance with the prevailing legislation.

Appointment and Dismissal

The structure and membership of Remuneration and Nomination Committee are established based on the Directors' Decree No. 518/DIR/2016 dated November 30, 2016, on the Appointment of Remuneration and Nomination Committee Members of PT Bank Tabungan Negara (Persero) Tbk. The appointment of Remuneration and Nomination Committee members shall be conducted by the Board of Commissioners taking into account the integrity, morality, and independence and knowledge in terms of the remuneration and/or nomination system provision, and Human Capital Management & Culture Specialist Division (HMCD) succession plan.

In line with the above matter, the candidate of Remuneration and Nomination Committee Members appointed have met the criteria established by the Company, as follows:



I Wayan Agus Mertayasa

Chariman

The education background, work experience, and training expertise can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Finance & Banking

**Lucky Fathul Aziz Hadibrata****Member**

The education background, work experience, and training expertise can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Finance, Macro Economy, Management Strategy

**Arie Coerniadi****Member**

The education background, work experience, and training expertise can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Finance & Technology Information

**Kamaruddin Sjam****Member**

The education background, work experience, and training expertise can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Audit, Finance

**Maurin Sitorus****Member**

The education background, work experience, and training expertise can be referred to in the Board of Commissioners' Profiles on this Annual Report.

Expertise

Law, Economics



I Nengah Rentaya

Member

Indonesian Citizen, Born in Tabanan Bali, Age 58. Bachelor's degree from the Faculty of Economics Gajah Mada Yogyakarta University in 1987 and Master of International Affairs in Economic Policy & Management at Columbia University, the USA in 1994.

Expertise

Banking, Human Resources

Work Experience

Served as Senior Vice President – Group Head of Learning Center PT Bank Mandiri (Persero) Tbk (2007-2014); Senior Vice President – Group Head of Human Capital Group PT Bank Mandiri (Persero) Tbk (2006-2007); Senior Vice President – Deputy Group Head of Human Capital Group PT Bank Mandiri (Persero) Tbk (2003-2006).

Training

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 PACIFIC, by INSEAD, Singapore, 2000; Achieving Performance, by INSEAD France, 2002.



Eko Waluyo

Ex-officio member

Indonesian Citizen, Born in Temanggung, Age 46. 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 the University of Kentucky USA in 2004.

Expertise

Finance

Work Experience

Head of Corporate Secretary Division (2015-2017), 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 previously the Dep. Manager of Risk Management in PT Sarana Multigriya Finansial (2006) and Junior Auditor in State Audit Board (BPK) (2006-2007).

Training

Investor Relations Masterclass, Executive Workshop the Investor Relations Society, United Kingdom (UK) (2013), 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), 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), Workshop of Directors & Manager of SOEs Human Resources, Jakarta (2017); The Second Indonesia Human Capital Summit 2017, Jakarta (2017); World-Class SOE Talent Management Workshop, Bali (2017).

04

Remuneration and Nomination Committee

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 are appointed for a term of 2 (two) years, without limiting the Board of Commissioners' rights to discharge at any time.

Independence of Remuneration and Nomination Committee Members

In carrying out their duties and responsibilities, every member of Remuneration and Nomination Committee has to be characteristically independent, objective, and professional, both in appearance and in the act.

Statement of Independence Remuneration and Nomination Committee Per December 31, 2017

There are 3 out of 7 (seven) Members of Remuneration and Nomination Committee who are Independent Commissioners. This complies with the POJK No. 55/POJK.03/2016 on Governance Implementation for Bank Article 43 paragraph 4 that stated if there are more than 3 Members of Remuneration and Nomination Committee established, at least 2 (two) of them must be Independent Commissioners.

Independence Aspect	I Wayan Agus Mertayasa	Lucky Fathul Aziz Hadibrata	Arie Coerniadi	Kamaruddin Sjam	Maurin Sitorus	I Nengah Rentaya	Eko Waluyo
Does not have a financial relationship with the Board of Commissioners and Directors	✓	✓	✓	✓	✓	✓	✓
Does not have a management relationship in the company, subsidiaries, or affiliated companies	✓	✓	✓	✓	✓	✓	✓
Does not have ownership relation 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 Remuneration and Nomination Committee do not have any financial, management, share ownership, and/or familial relationship with fellow Board of Commissioners, Directors, and/or Controlling Shareholders, or any other relationship with the Bank that may affect his/her ability to act independently.

Concurrent Positions

Concurrent positions of Company's independent party take into account and consider the competence, criteria, independence, confidentiality, code of ethics, and the duties and responsibilities. The concurrent position of Remuneration and Nomination Committee is in the following table:

Remuneration and Nomination Committee Concurrent Position

Name	Position	Concurrent Positions in the Company	Concurrent Position in other Company/Institution
I Wayan Agus Mertayasa	Chairman	1. President Commissioner/Independent Commissioner 2. Member of Audit Committee 3. Member of Risk Monitoring Committee	-
Lucky Fathul Aziz Hadibrata	Member	1. Independent Commissioner 2. Member of Risk Monitoring Committee	-
Arie Coerniadi	Member	1. Independent Commissioner 2. Chairman of Risk Monitoring Committee	-
Kamaruddin Sjam	Member	1. Independent Commissioner 2. Chairman of Audit Committee	-
Maurin Sitorus	Member	1. Commissioner 2. Member of Audit Committee	Director General for Housing Financing, Ministry of Public Works and Public Housing
I Nengah Rentaya	Member	-	-
Eko Waluyo	Member	Human Capital Management & Culture Specialist Division Head	none

As of December 31, 2017, 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) Committees in the same company.

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Remuneration and Nomination Committee

Work Guidelines, Duties and Responsibilities of the Remuneration and Nomination Committee

Work Guidelines of Remuneration and Nomination Committee refers to the Remuneration and Nomination Committee Charter. The Remuneration and Nomination Committee Charter was formulated based on the regulations and legislation in force and is periodically reviewed and has been endorsed by the Board of Commissioners Decision No. SKB-03/DEKOM/BTN/2016 and Directors' Joint Decree No. SKB-03/DIR-BTN/2016 dated July 18, 2016.

In 2017, the Remuneration and Nomination Committee has evaluated the remuneration guidelines by taking into account financial performance, individual work performance, fairness with peer groups, and long-term goals and strategies of the Bank.

Scope of Remuneration and Nomination Committee

- | | |
|--|--|
| 1. Summary | 2. Functions and objectives; |
| 3. Structure; | 4. Membership Requirement for Independent Party; |
| 5. Duties and Responsibilities; | 6. Obligations and Work Ethics; |
| 7. Rights and Authorities; | 8. Meetings; |
| 9. Professionalism Improvement and Supporting Personnel Utilization; | 10. Supportings; |
| 11. Reporting | 12. Tenure; |
| 13. And Closing | |

The Remuneration and Nomination Committee Charter can be viewed on the Company's website (www.btn.co.id) on the Investor Relations menu on Governance Policy

Duties and Responsibilities of the Remuneration and Nomination Committee

In line with the Remuneration and Nomination Committee Charter, the Duties and Responsibilities of the Remuneration and Nomination Committee are:

1. Remuneration
 - a. Provide recommendations to the Board of Commissioners related to 1) Remuneration structure; 2) Remuneration structure in the form of salaries, emoluments, incentives, and/or fixed and/or variable allowances.
 - b. Assist the Board of Commissioners in carrying out a performance assessment on the conformity of the Remuneration received by each member of Directors and/or member of the Board of Commissioners.
 - c. In carrying out the Remuneration function, the Committee shall prepare procedures for formulating the Remuneration Structure, Remuneration Policy and determining the amount for the members of the Directors/members of the Board of Commissioners.
 - d. Evaluate the 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 Company's potential revenue in the future.
 - e. Submit 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/Directors.
 - j. Establish a performance assessment system for members of the Board of Commissioners/Directors.

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Remuneration and Nomination Committee

- 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. Nomination
 - a. Provide recommendations to the Board of Commissioners on the 1) Nomination of candidates of the Directors referring to the Company's strategy; 2) Composition of members of the 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. Support 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. Provide 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 c, 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 an honorarium set through the Board of Directors Decision Letter based on the results of the Board of Commissioners meeting.

Reports and Achievement of the Remuneration and Nomination Committee

In order to clarify and be more effective in carrying out its duties and responsibilities, the Remuneration and Nomination Committee always prepares the annual Remuneration and Nomination Committee Work Plan. Preparation of Remuneration and Nomination Committee Plan based on the Remuneration and Nomination Committee Charter and input from the Board of Commissioners.

The Remuneration and Nomination Committee's Work Program 2017 include:

1. Establishing selection criteria, selection, and nomination procedures for members of the Board of Commissioners and Board of Directors, and the assessment system of Competence/Personality of the Candidates of the Company's Officers.
2. Reviewing or analyzing the Talent Pool policy system - Nomination of Prospective Executive Officer 1 (one) level under the Board of Directors, and the implementation of law enforcement.
3. Prepare and recommending the Remuneration and Benefits system for members of the Board of Commissioners and Directors, and ensuring their implementation is in compliance with applicable policies.

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4. Reviewing the Remuneration policy system for the Provision of Production Services (Tantiem) of the Board of Commissioners and Directors, and the Policy of Production Service System (Jasprod) to the Bank Employees.
5. Conducting review of Talent Pool competence development policy of Strategic Position 2 (two) levels under the Board of Directors.
6. Reviewing the implementation of Company Culture and Engagement Program that has been implemented up to 2016.
7. Reviewing the Employee Training Program and other School Programs, specifically related to mortgage competency.
8. Reviewing the policies of KPI Corporations and Board of Directors and performance appraisal system of the Board of Directors.
9. Reviewing the provisions, Strategic Human Capital policies, Provisions of Sanctions and Discipline, and GCG at the Bank
10. Provide an opinion on proposed promotions, transfers and tour of duty is for employees.

Work Plan Realization of the Remuneration and Nomination Committee

a. Report for the Remuneration and Nomination Committee activities

In 2017, the Remuneration and Nomination Committee has carried out several activities including:

1. To recommend the Board of Commissioners and/or Board of Directors candidate to be submitted on GMS
2. To review and discuss Blueprint Strategic Transformation Plan of Company 2016-2020 especially on criteria and procedure of selection of Senior Executive Vice President (SEVP).
3. To evaluate and review criteria and procedure of Official selection 1 (One) level below the Board of Directors.
4. To review the Remuneration, Tantiem, and LTI provisions for the Board of Directors and Commissioners.
5. To discuss the follow-up to the 2017 AGMS decisions, particularly those relating to the duties and responsibilities of the Remuneration and Nomination Committee.
6. To review Board Manual of the Board of Commissioners and Board of Directors, to become the Guidelines and Work Procedures of the Board of Commissioners (Board Charter), based on the Board of Commissioners' Decision No. 01/DEKOM-BTN/2017 dated August 10, 2017.
7. To review the Joint Decree on the Board Manual of the Board of Commissioners and Directors, into the Joint Decree of the Board of Commissioners and Directors No. 02/DEKOM-BTN/2017 dated November 24, 2017.
8. To review the provisions on multiple positions of Commissioners and Supporting Organs of the Board of Commissioners.
9. To review, evaluate, and provide recommendation on system refinement and Human Capital Management policy.

b. Remuneration and Nomination Committee Meeting

In line with the Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee conducts at least 4 (four) meetings in a year. The meetings shall be chaired by the Chairman of the Remuneration and Nomination Committee. The decisions of the Remuneration and Nomination Committee Meetings are based on consensus deliberations as set out in the Board Manual and the Remuneration and Nomination Committee Charter.

Frequency and Level of Attendance of Remuneration and Nomination Committee Meetings

In 2017, the Remuneration and Nomination Committee has conducted 15 (fifteen) meetings, and 11 (eleven) of the meetings were always attended by at least 51% (fifty-one percent) of the total members including the Independent Commissioners and Independent Parties

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Remuneration and Nomination Committee

provided based on the term of office of the members of the Remuneration and Nomination Committee as follows:

No.	Name	Position	Meetings	Attendance	% Attendance
1	I Wayan Agus Mertayasa	Chairman	11	11	100.00%
2	Lucky Fathul Aziz Hadibrata*)	Member	6	5	83.33%
3	Arie Coerniadi	Member	11	11	100.00%
4	Kamaruddin Sjam	Member	11	10	90.91%
5	Maurin Sitorus	Member	11	10	90.91%
6	I Nengah Rentaya	Member	11	10	90.91%
7	Arief Pramuhanto/ Eko Waluyo	Ex-officio member	11	5	45.45%

*) Carry out the cooling off period from March 25 to September 24, 2017, in order to transfer the position of the Commissioner to Independent Commissioner, effective as Independent Commissioner of TMT on November 15, 2017, and served as Remuneration and Nomination Committee on November 21, 2017, based on Directors Decree No. 650/DIR/2017 dated 21 November 2017.

Decision in the Remuneration and Nomination Committee's Meeting is noted and documented in Minutes of Remuneration and Nomination Committee Meeting. The Minutes of Meeting is signed by the head of the meeting and distributed to every member of Remuneration and Nomination Committee. Dissenting opinion in the meeting shall be recorded in the minutes of meeting as well as the reasons for dissenting opinion.

Training and Competency Development of the Remuneration and Nomination Committee
Throughout 2017, the training and competence development attended by the Remuneration and Nomination Committee Members are described in the Board of Commissioners' Profiles.

Assessment of the Remuneration and Nomination Committee

The performance of Remuneration and Nomination Committee is evaluated by the Company's Board of Commissioners at the end of the year. The assessment is based on the realization and completion of work program stipulated in the Remuneration and Nomination Committee Work Plan and Budget. The assessment will be reported to the Board of Commissioners in the Remuneration and Nomination Committee report.

The result of assessment became considerations for Board of Commissioners to reappoint and/or dismiss Remuneration and Nomination Committee members for the next term of office.

Meetings Planned for the Remuneration and Nomination Committee in 2018

In accordance with the Remuneration and Nomination Committee Work Plan for 2018, the Remuneration and Nomination Committee has planned 10 meetings in 2018, with the main agenda as follow: Establishing Selection Criteria and Procedures for Candidates of Members of Board of Commissioners and Directors; Reviewing and analyzing Talent Pool - Nomination of Candidates for Executive Officers 1 (one) level below the Board of Directors; Reviewing policy of Remuneration and Tantiem provision policy for Board of Commissioners and Directors; Reviewing the KPI composition of the Board of Commissioners and Directors; Reviewing and providing recommendation on the Acceleration Program of Promotion and Competence Development of Talent Pool participants, and other related Programs. The details of the Committee's Work Plan are as follows:

No.	Activity/Plan in 2018	Q I	Q II	Q III	Q IV
1	Establishing selection criteria, selection, and nomination procedures for members of the Board of Commissioners and Board of Directors, and the assessment system of Competence/Personality of the Candidates of the Company's Officers.				
2	Reviewing or analyzing the Talent Pool policy system - Nomination of Prospective Executive Officer 1 (one) level under the Board of Directors, and the implementation of law enforcement.				
3	Prepare and recommending the Remuneration and Benefits system for members of the Board of Commissioners and Directors, and ensuring their implementation is in compliance with applicable policies.				
4	Reviewing the Remuneration policy system for the Provision of Production Services (Tantiem) of the Board of Commissioners and Directors, and the Policy of Production Service System (Jasprod) to the Bank Employees.				
5	Conducting review of Talent Pool competence development policy of Strategic Position 2 (two) levels under the Board of Directors.				
6	Reviewing the implementation of Company Culture and Engagement Program that has been implemented up to 2016.				
7	Reviewing the Employee Training Program and other School Programs, specifically related to mortgage competency.				
8	Reviewing the policies of KPI Corporations and Board of Directors and performance appraisal system of the Board of Directors.				
9	Reviewing the provisions, Strategic Human Capital policies, Provisions of Sanctions and Discipline, and GCG at the Bank.				
10	Reviewing and providing opinion on the promotion, transfer policy, and tour of duty of employees within the framework of Competence development.				
11	Together with the Board of Directors or HMCD, the Committee conducted a working visit to the Bank's Business and Operational branches selectively to ensure that the Bank's Strategic Policy has been properly implemented.				
12	Reviewing and recommending the Special Project, Acceleration Program of Promotion and Competence Development for Employees with performance category of STAR and POTENTIAL, which then will be prepared to occupy Strategic Positions 2 (two) levels above his/her Grade.				
13	Carrying out other duties from the Board of Commissioners.				
14	Developing the competency of Committee's members through training, seminars, workshops, and certification.				

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Remuneration and Nomination Committee

Remuneration of the Remuneration and Nomination Committee Members

Remuneration for Remuneration and Nomination Committee members for the 2017 period refers to Copy of Financial Services Authority Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of Public Listed Companies Article 10 paragraphs 2 and 3.

The 2017 remuneration package received by members of the Remuneration and Nomination Committee (excluding the members of the Board of Commissioners and executive officers) are provided in the table below:

Name	Period	Remuneration
I Nengah Rentaya	January 1, 2017 - December 31, 2017	Rp433,444,844
Total Remuneration		Rp433,444,844

> Committee Reporting Directly to The Directors

The Committees that support the Directors' duties have a role in facilitating monitoring, creating effectiveness in problem-solving, and developing aspects that are considered strategic by the Company, in accordance with the prevailing legislation.

The Board of Directors has established and set the structure and membership of the Committees reporting directly to the Directors, stipulated under the Directors' Regulation. The establishment is carried out for each Committee:

1. Risk Management Committee
2. Asset and Liability Management Committee (ALCO)
3. Credit Policy Committee
4. Loan Committee*)
5. Product Committee
6. Personnel Committee
7. Information Technology Steering Committee (IT)

*) The structure, policies, and membership of the Credit Committee are in the process of the Board of Directors' Decree. The duties and functions are performed by the Board of Directors Meeting, which is responsible to discuss loan.

Risk Management Committee

Risk Management Committee plays a role in formulating risk management policies, strategy, and target, and it also plays a role in facilitating the monitoring and decision making related to the Company's risk management implementation.

Structure and Membership

Risk Management Committee has stipulated based on the Directors' Regulation No.4/PD/RMD/2016 dated April 27, 2016, on the Amendment to the Board of Directors' Regulation No. 8/PD/RMD/2015 on the Risk Management Committee.

Chairman	Managing Director Strategic, Compliance and Risk
Secretary	Head of Enterprise Risk Management Division
Permanent Members	Board of Directors <ol style="list-style-type: none"> 1. Managing Director Consumer Banking 2. Managing Director Finance & Treasury 3. Managing Director IT, Operation & Credit Risk 4. Managing Director Commercial Lending 5. Managing Director Collection, Asset Management & Legal 6. Managing Director Commercial Funding, Digital Banking & Distribution Head of Division <ol style="list-style-type: none"> 1. Internal Audit Division 2. Compliance & Governance Division
Permanent Members Non-Permanent Members	Head of Division <p>All Head of Division and Head of Desk except the Head of Enterprise Risk Management Division , Head of Compliance & Governance Division and Head of Internal Audit Division.</p>

Duties and Responsibilities

The Risk Management Committee's duties and responsibilities are to provide 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 carried out together with

the head of Operations Task Force and the Head of Risk Management Task Force.

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 Implementation

The duties of Risk Management Committee is implemented in the form of meeting. In 2017, the Risk Management Committee has conducted a number of activities including 4 (four) meetings with the following agenda:

Table: Risk Management Committee Meeting Agenda

No.	Date	Agenda
1	January 19, 2017	Self-Assessment of Risk Profile Report Q IV/2016
2	April 25, 2017	Self-Assessment of Risk Profile Report Q I/2017
3	July 18, 2017	Self-Assessment of Risk Profile Report Q II/2017
4	October 16, 2017	Self-Assessment of Risk Profile Report Q III/2017

Asset and Liability Committee (ALCO)

Asset and Liability Committee (ALCO) plays a role in formulating the policies, strategy, and target. It also plays a role in facilitating the monitoring and decision making related to the Company's Asset Liability Management (ALMA).

Structure and Membership

Asset and Liability Committee (ALCO) is established based on the Directors' Regulation No. 2/PD/TRSD/2015 dated February 5, 2015, on Company's Asset Liability Committee (ALCO). The structure and membership are as follow:

Chairman	President Director
Secretary	Head of Treasury Division
Permanent Members	<ol style="list-style-type: none"> 1. All Directors (particularly for President Director, he/she shall be a permanent member but only to provide compliance opinion) 2. Head of Division that manages funding 3. Head of Division that manages lending 4. Head of Sharia Division 5. Head of Banking Institutional Division 6. Head of Corporate & Loan Syndication Division 7. Head of Finance and Accounting Division 8. Head of Strategy and Performance Management Division 9. Head of Consumer Collection and Remedial Division 10. Head of Asset Management Division 11. Head of Risk Management Division 12. Head of Compliance Division 13. Head of Corporate Secretary Division
Permanent Members Non-Permanent Members	Other Divisions as required

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 Implementation

The duties of Asset and Liability Committee (ALCO) is implemented in the form of meeting. In 2017, the Asset and Liability Committee (ALCO) has conducted 13 (thirteen) meetings with the following agenda:

Table: Asset and Liability Committee (ALCO) Meeting Agenda

No.	Date	Agenda
1	January 13, 2017	ALCO January 2017 and Asset Performance and Liabilities December 2016
2	February 21, 2017	ALCO February 2017 and Asset Performance and Liabilities January 2017
3	March 16, 2017	ALCO March 2017 and Asset Performance and Liabilities February 2017
4	April 25, 2017	ALCO April 2017 and Asset Performance and Liabilities March 2017
5	May 17, 2017	ALCO May 2017 and Asset Performance and Liabilities April 2017
6	June 16, 2017	ALCO June 2017 and Asset Performance and Liabilities May 2017
7	July 19, 2017	ALCO July 2017 and Asset Performance and Liabilities June 2017
8	August 28, 2017	ALCO August 2017 and Asset Performance and Liabilities July 2017
9	September 18, 2017	ALCO September 2017 and Asset Performance and Liabilities August 2017
10	October 17, 2017	ALCO October 2017 and Asset Performance and Liabilities September 2017
11	November 13, 2017	ALCO November 2017 and Asset Performance and Liabilities October 2017
12	December 14, 2017	ALCO December 2017 and Asset Performance and Liabilities November 2017
13	December 20, 2017	ALCO December 2017

Credit Policy Committee

The Credit Policy Committee assists the Board of Directors in formulating policies, overseeing the policies implementation, monitoring progress and loan portfolio, and providing recommendations for improvements in the loan field.

Structure and Membership

The Credit Policy Committee is established based on the Directors' Regulation No. 12/PD/CMLD/2015 dated October 16, 2015, juncto Directors' Regulation No. 27/DIR/CMO/2011 dated October 7, 2011, on the Credit Policy Committee. The structure and membership are as follow:

Bank Coordinator	Director who supervises the Division that manages and develops credit policies
Secretary	Division managing and developing the Bank's credit policies
Permanent Members	<ul style="list-style-type: none"> 1. Head of Division managing and developing the Bank's credit policies 2. Head of Enterprise Risk Management Division 3. Head of Internal Audit Division 4. Head of Compliance & Governance Division
Non-Permanent Members	Other Directors and Other divisions as required

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 prudence principles 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 loans with high levels of risk and loan 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 loan portfolio; Community development fund; development of customer service delivery; Compliance enforcement authority decides loan, restructuring and resolution of loan; 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 loan; The settlement of non-performing loans; and the Company's efforts in meeting the adequacy of the reserve for loan losses.

Duties Implementation

The duties of Credit Policy Committee is implemented in the form of meeting. In 2017, the Credit Policy has conducted a number of activities including 3 (three) meetings with the following agenda:

Table: Credit Policy Committee Meeting Agenda

No.	Date	Agenda
1	May 10, 2017	Placement of BWMK Pre-Approval Line
2	25 Oct 2017	Changes in Commercial Loan Billing Date
3	13 November 2017	Approval of BWMK Self-Fund Loan

Product Committee

Product Committee plays a role in compiling the policies, supervising the implementation of policies, monitoring the development, and providing advice on improvement steps related to the Company's products.

Structure and Membership

The Product Committee is set based on the Directors' Regulation No. 20/PD/CMO/2011 on the Company's Product Committee. The structure and membership are as follow:

Coordinator	Director supervising the Division managing and developing the Bank's products/services
Secretary	Division managing and developing the Bank's products/services
Permanent Members	<ol style="list-style-type: none"> 1. Head of IT Strategic Planning & Development Division 2. Head of Legal Division 3. Head of Compliance & Governance Division 4. Head of Enterprise Risk Management Division
Non-Permanent Members	Other Directors and Other divisions as required

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 the suitability of 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. Monitoring and discussing:

- a. Progress in the implementation of products in accordance with the CBP associated with product development;
- b. Product development plan and implementation;
- 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 Implementation

The duties of Product Committee is implemented in the form of meeting. In 2017, the Product Committee has conducted 7 (seven) meetings with the following agenda:

Table: Product Committee Meeting Agenda

No.	Date	Agenda
1	May 29, 2017	Discussion on Savings Program
2	July 6, 2017	Discussion on Subsidized Housing Loan Business Process
3	July 11, 2017	Discussion on Subsidized Housing Loan Business Process
4	July 31, 2017	Discussion on Cost of Subsidized and Non-Subsidized Housing Loan Business Process
5	September 7, 2017	Discussion on Micro Housing Loan
6	October 16, 2017	Discussion on Simple Housing Loan
7	07 November 2017	Agreement of Micro Housing Loan Program

Personnel Committee

The Personnel Committee assists the Board of Directors in formulating policies, overseeing the implementation of policies, monitoring progress and personnel and providing recommendations for improvements in accordance with the Company's Employment regulations and the Labor Laws applicable in Indonesia.

Structure and Membership

Personnel Committee is set based on the Directors' Regulation No. 04/PD/HCD/2014 on Personnel Committee. The structure and membership are as follow:

Coordinator	President Director
Secretary	Human Capital Management & Culture Specialist Divison Head
Permanent Members	Director supervising Human Capital Management & Culture Specialist (HMCD) and other HR related Directors in units whose supervision are being discussed
Non-Permanent Members	Other Head of Division as required
Supporting Group	Department Head of Human Capital Division and Human Capital Career & Development Management Unit on the Human Capital Management & Culture Specialist Division

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.

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 Resources 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 to make 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 by 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 Implementation

The duties of Personnel Committee is implemented in the form of meeting. In 2017, the Personnel Committee has conducted 8 (eight) meetings with the following agenda:

Table: Personnel Committee Meeting Agenda

No.	Date	Agenda
1	January 9, 2017	Proposed Appointment of PO of New KC Openings
2	February 10, 2017	1. Proposed Fulfillment of Head of Division & Head of Branch that ends its working period in 2017 2. Fulfillment of Employees for TMO
3	March 6, 2017	Employees' Promotion and Mutation
4	April 25, 2017	Appointment of Division Head on HMCD
5	May 23, 2017	Appointment of L1 Employees in the New Division
6	July 26, 2017	Employees Mutation of L1 KP, RO, KC
7	September 29, 2017	Head of Division Mutation
8	October 12, 2017	Head of Division Mutation

Information Technology Steering Committee

Information Technology Steering Committee plays a role in formulating policies, strategy, targets, and facilities in monitoring and making decision-related to the Company's Information Technology management.

Structure and Membership

Information Technology Steering Committee is established based on the Directors' Regulation No. 05/PD/ICTD/2014 dated July 2, 2014, on the Amendment to the Board of Directors Regulation No. 18/PD/CMO/2011 dated July 20, 2011, on Information Technology Steering Committee (IT Steering Committee). The structure and membership are as follow:

Chairman	Director of IT & Operation (ex-officio) If the President Director attends the Information Technology Steering Committee, the President Director acts as the Information Technology Steering Committee
Secretaryy	Head of Information Technology Operation Division (ex-officio)
Permanent Members	<ol style="list-style-type: none"> Managing Director Risk, Compliance, and Strategy (ex-officio) Managing Director Distribution & Network (ex-officio) Managing Director Consumer Banking (ex-officio) Head of Enterprise Risk Management Division (ex-officio) Head of Operation and Business Support Division (ex-officio) Head of Sharia Division (ex-officio) Head of Regional Office (ex-officio)
Non-Permanent Members	Other Directors and Other divisions as required



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 is 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 roadmap to achieve the requirement of IT needs that support the Company's business strategy. The roadmap 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 upon 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 by the Board of Directors' Meeting.

Duties Implementation

The duties of Information Technology Steering Committee is implemented in the form of meeting. In 2017, the Information Technology Steering Committee has held 1 meeting with the following agenda:

Table: Information Technology Steering Committee Meeting Agenda

No.	Date	Agenda
1	April 12, 2017	1st Meeting of Information Technology Steering Committee (KPTI) 2017

> Sharia Business Unit Governance (UUS)

The community's need for sharia banking products continues to grow from year to year. In response, the Company consistently implements and improves its performance through continuous services improvement to customers and stakeholders by referring to sharia principles and based on the five basic principles of GCG, i.e. openness, accountability, responsibility, professionalism, and fairness.

Provisions on the Company's UUS management refer to among others on:

1. Law No. 21 of 2008 on Sharia Banking dated July 16, 2008.
2. Bank Indonesia Regulation No. 11/10/PBI/2009 on Sharia Business Unit as amended by Bank Indonesia Regulation No. 15/14/PBI/2013;
3. Bank Indonesia Regulation No. 11/33/PBI/2009 on Good Corporate Governance Implementation for Sharia Commercial Bank and Sharia Business Unit.
4. Directors' Decree No. 02/KD/DIR/SPMD/2015 on Head Office Organizational Structure of PT Bank Tabungan Negara (Persero) Tbk.
5. Company's Articles of Association.

UUS Vision and Mission

In the operations, Sharia Division has Vision and Mission as follow:

Vision

"To be the leading Sharia Bank in housing finance and related industries"

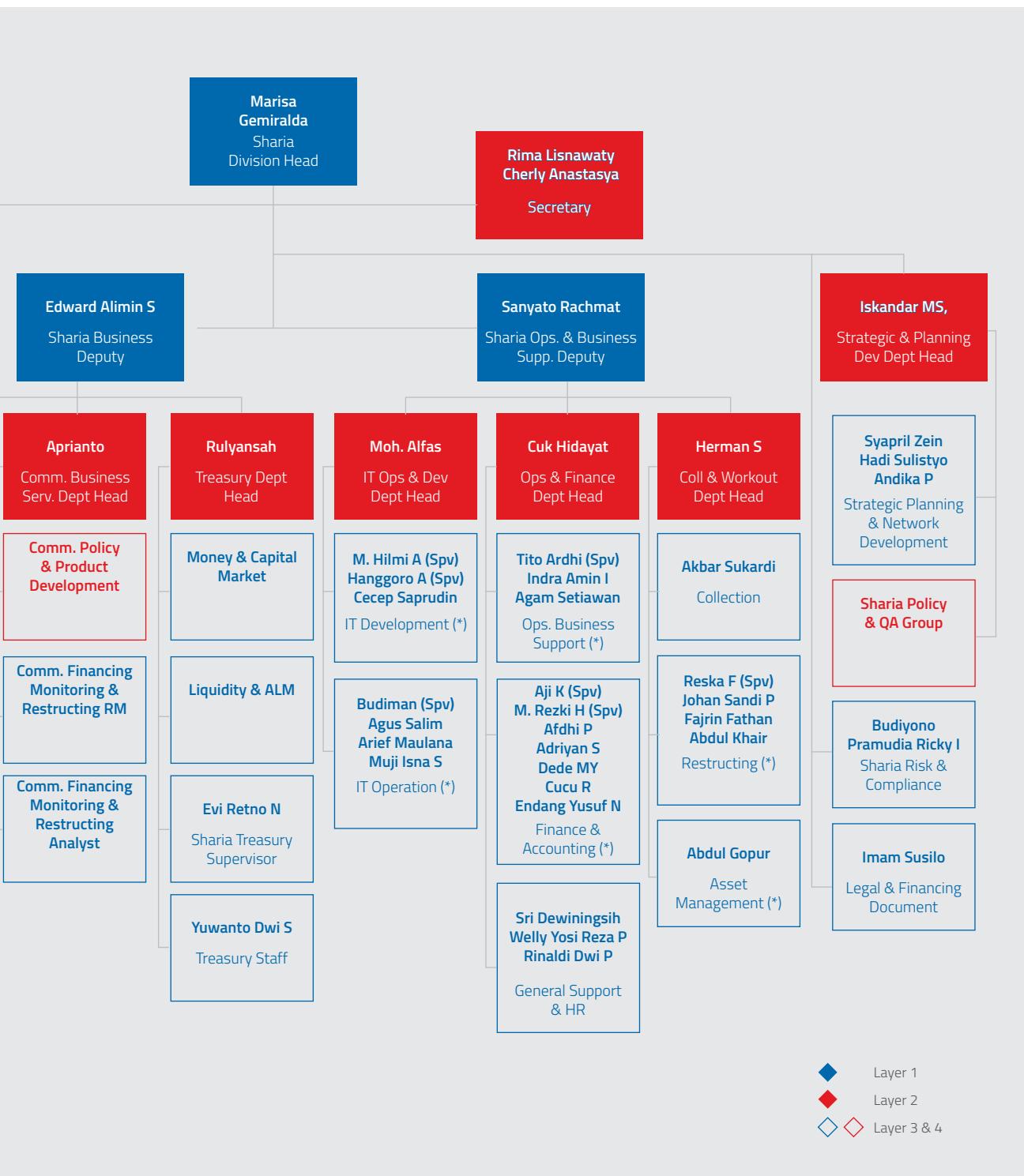
Mission

1. To provide innovative products and services, as well as superior services that focus on housing finance and related industry with low-cost funding sources.
2. To develop qualified human capital with high integrity, and to implement Good Corporate Governance and Compliance.
3. To improve the competitive edges through the latest Information Technology
4. To care for public's needs and environment

Sharia Business Unit Structure

The Sharia Business Unit Structure is as follows:





In carrying out the UUS, the Company is supervised by the Board of Trustees. The UUS is managed by Director of UUS as explained as follows:

Sharia Supervisory Board

In order to conduct UUS business, the Company is supervised by the Sharia Supervisory Board (DPS), which is the board responsible to provide advice and input to the Directors and to supervise the UUS's activities in accordance with the sharia principles as stipulated in Bank Indonesia Regulation No. 15/14/PBI/2013 on the Amendment to Bank Indonesia Regulation No. 11/10/PBI/2009 on Sharia Business Unit. All the UUS' fund products, financing, and services must be approved by DPS to ensure the suitability and compliance of the products with the sharia principles.

Number and Composition of the Sharia Supervisory Board (DPS)

Throughout 2017, there are 3 members of Company's DPS, which consists of 1 (one) Chairman of DPS and 2 (two) members of DPS. The composition of DPS is as follows:

Name	Position
Drs. H. A. Nazri Adlani	Chairman
Dr.H.Mohamad Hidayat	Member
Ir. H. Muhammad Syakir Sula, AAJ, FIIS	Member

Appointment of Company's DPS is based on the DPS requirements, in line with the Bank Indonesia Regulation No. 11/10/PBI/2009 on Sharia Business Unit as amended by Bank Indonesia Regulation No. 15/14/PBI/2013, in which the Members of DPS shall have integrity, competence, and reputation in the financial field.

Appointment and Dismissal of the DPS

The DPS is appointed and dismissed by the Sharia Financial Institution through GMS after obtaining recommendation from the National Sharia Board of Indonesian Ulema Council (DSN-MUI). The process of DPS appointment refers to the Bank Indonesia Regulation No. 11/10/PBI/2009 on Sharia Business Unit as amended by Bank Indonesia Regulation No. 15/14/PBI/2013, such as:

1. Candidates of DPS' members must obtain recommendation from National Sharia Board - Indonesian Ulema Council
2. Candidates of DPS' members must obtain approval from the Financial Services Authority;
3. Candidates of DPS' members with approval from Financial Services Authority shall be appointed by the Company in the GMS;
4. Appointment and/or resignation of DPS' members shall be reported by the UUS to the Financial Services Authority

Sharia Supervisory Board's Profiles

Brief Profiles of the Sharia Supervisory Board (DPS) is described in the Sharia Supervisory Board's Profiles chapter on this Annual Report.

Work Guidelines

In carrying out its duties and responsibilities, the DPS refers to Bank Indonesia Regulation No. 1/33/PBI/2009 on Good Corporate Governance Implementation for Sharia Commercial Bank and Sharia Business Unit.

DPS' Duties and Responsibilities

1. To assess and ensure compliance with Sharia Principles on the operational guidelines and product issued by the Bank;
2. To supervise the process of developing new products of Banks in accordance with the fatwa of the National Sharia Board - Indonesian Ulema Council;
3. To provide sharia opinion on new products and/or funding restructuration
4. To request fatwa to the National Sharia Board - Indonesian Ulema Council on the Bank's new products without fatwa yet;
5. To regularly review the compliance of Sharia Principles with the mechanism for the fund collection, fund disbursement, and Bank's services;
6. To request information and data related to sharia aspects from the Bank's task force in carrying out its duties.

Independence of DPS

Company's UUS DPS is independent and has no familial relationship, financial relationship, with the Controlling Shareholder, Director of UUS, and members of the Board of Commissioners.

The Statement of Independence of the Company's DPS in 2017 is as follows:

Independence Aspect	Drs. H. A. Nazri Adlani	Drs. H. Mohamad Hidayat, MBA, MBL	Ir. Muhammad Syakir Sula, AAJ, FIIS, QIP
Does not have a familial relationship with the Board of Commissioners, Directors, and Shareholders	✓	✓	✓
Does not have a financial relationship with the Board of Commissioners, Directors, and Shareholders	✓	✓	✓
Tidak memiliki Rangkap Jabatan baik sebagai konsultan, anggota Direksi maupun sebagai anggota DPS.	✓	✓	✓

Concurrent Positions of DPS' Members in 2017

No.	Name	Position	Concurrent Position
1	Drs. H. Ahmad Nazri Adlani	Chairman	1. DPS UUS Bank BTN 2. DPS Mega Finance 3. DPS UUS Asuransi Sinar Mas
2	Dr H. Mohamad Hidayat	Member	1. DPS UUS Bank BTN 2. DPS Bank Syariah Mandiri 3. DPS Allianz Syariah 4. DPS UUS Bringin Life 5. DPS Manulife Syariah
3	Ir. H Muhammad Syakir Sula, AAIJ, FIIS, QIP	Member	1. DPS UUS Bank BTN 2. DPS Panin Life Syariah 3. DPS Asuransi Nasional Re Syariah

Report of DPS' Duties

1. DPS' Meetings

DPS' Meeting is one of the media in implementing the DPS' functions and responsibilities to provide sharia opinion on new products, to assess and ensure the compliance with sharia principles on the operational guidelines and products, and to request information and data related to sharia aspects from the task forces.

The regulation related to DPS' Meetings refers to the Bank Indonesia Regulation No. 11/33/PBI/2009 dated December 7, 2009, on the Implementation of Good Corporate Governance for Sharia Commercial Bank and

Sharia Business Unit. The DPS' Meetings are scheduled regularly, 2 times in a month. All decisions in the Company's DPS' meetings are based on consensus deliberations. Every meeting has minutes of DPS' meeting which is signed by every member of DPS who attended and it is documented properly. The result of the DPS' meeting shall be informed of the business decisions for the Company's UUS.

Frequency and Attendance of the DPS' Meeting

Throughout 2017, the Company's DPS has held 17 (seventeen) meetings. The attendance of DPS is as follow:

No.	Name	Total Meeting	Attendance
1	Drs. H. A. Nazri Adlani	17	17
2	Dr.H.Mohamad Hidayat	17	15
3	Ir. H. Muhammad Syakir Sula, AAIJ, FIIS	17	17

2. DPS Input Related to the sharia compliance

Throughout 2017, the Company's DPS UUS has voiced their opinion 17 (seventeen) times, i.e. related to the sharia

compliance implementation with the list of opinions. The Minutes of DPS' Meetings with the Company's UUS are as follow:

No.	Date	Agenda	Activity
1	January 11, 2017	DPS Response to Financial Services Authority Findings	Bank Operational
2	January 25, 2017	Preparation of DPS Supervision Report Semester 2 2016	
3	February 8, 2017	Finalization of DPS Supervision Report Semester 2 2016	
4	March 13, 2017	KPR securitization plan BTN iB Sharia-Asset Backed Securities - Letter of Participation	Bank Activities
5	March 30, 2017	1. Amendment of Administration Saving Administration Cost BTN Prima iB with Akad Mudharabah 2. Charging of Einmalig (at once) Commercial Financing Administration Fee 3. KPR securitization plan BTN iB Sharia-Asset Backed Securities - Letter of Participation	Bank's Products Bank Activities
6	April 26, 2017	Further Discussion on Amendment of Administration Saving Administration Cost BTN Prima iB with Akad Mudharabah	Bank's Products
7	May 10, 2017	Opinion Request for Products and Activities: 1. BTN iB Emasku Financing; 2. BTN iB Property Financing	Bank's Products

No.	Date	Agenda	Activity Bank Operational
8	May 24, 2017	Finalization of Opinion on Products and Activities: 1. BTN iB Emasku Financing; 2. BTN iB Property Financing	Bank's Products
9	June 21, 2017	Preparation of DPS Supervision Report Semester 1 2017	
10	July 12, 2017	Finalization of DPS Supervision Report Semester 1 2017	
11	July 26, 2017	Request for Responses to the Materials of Internal Audit Division Findings	
12	August 23, 2017	Request Response Use of the Qardh contract for Working Capital	Bank's Products
13	September 13, 2017	Request for Opinion on Bancassurance Product Cooperation	
14	October 11, 2017	1. Opinion Request for Foreign Exchange Sale and Purchase Cooperation 2. Request for Response to Wakalah Callhaj Related to BPIH 3. Request for Information Regarding DPS Certification Obligations	Bank's Products Bank Activities
15	November 6, 2017	Meeting Preparation for DPS Bank BTN and DSN-MUI	Bank Activities
16	November 9, 2017	Follow up of Preparation of Sharia Housing Loan Securitization	Bank Activities
17	December 6, 2017	DPS Meeting with the Compliance Director	

3. Frequency, Advice and Input Method, Supervision of Practice Compliance

The Company's DPS carries out its duties by providing advice and input to the Director of UUS and supervising the

UUS activities to comply with Sharia Principles as set forth in Minutes of Meeting and Report of DPS Supervisory. The supervision of the Company's UUS operation is on the existed products, as follow:

No.	Activity DPS Supervision	Mechanism Supervision	Frequency
1	To supervise the process of developing new products of Banks in accordance with the fatwa of the National Sharia Board - Indonesian Ulema Council	1. To assess and ensure compliance with Sharia Principles on the operational guidelines and product issued by the Bank 2. To provide sharia opinion on new products and/or funding restructure	There are opinions on 4 new Products/Activities in 2017, i.e.: 1. Financing product, BTN iB Emasku (Murabahah); 2. Financing product, BTN iB Property Financing (Musyarakah Mutanaqishah/MMQ) 3. Purchase and Sale of Foreign Banknotes (Al Sharf) 4. Sharia Bancassurance (Wakalah Bil Ujroh)
2	To request fatwa to the National Sharia Board - Indonesian Ulema Council on the Bank's new products without fatwa yet;	To discuss with DSN-MUI on the sharia deed for securitization activities BTN iB Housing Loan Receivables (Murabahah)	The Meeting was held on November 9, 2017
3	To regularly review the compliance of Sharia Principles with the mechanism for the fund collection, fund disbursement, and Bank's services	1. To review the compliance of Sharia Principles with the mechanism for the fund collection, fund disbursement, and Bank's services by quotation test at Sharia Branch Offices 2. To compile the Quotation Test Result on the compliance of Sharia Principles with the mechanism for the fund collection, fund disbursement, and Bank's services by quotation test at Sharia Branch Offices 3. To compile Semester Report to the Financial Services Authority on the Supervisory Report of Sharia Principles Compliance at Company UUS 4. To hold Sharia Supervisory Board's Meeting	1. It is conducted at 8 Sharia Branch Offices 2. DPS Quotation Test Result at 8 Sharia Branch Offices 3. Semester II 2016 Report and Semester I 2017 Report 4. There are 17 DPS' Meetings throughout 2017
4	To analyze the reports submitted by and/or requested by the Board of Directors, execute internal audit function and/or compliance function to know the quality of compliance implementation of Sharia Principles on fundraising and fund disbursement activities, and Bank's services	To provide feedback on the Internal Audit Division findings on the imposition of Accelerated Repayment Fees and Ta'widh on Commercial Financing Customers	The feedback was provided in the DPS' Meeting on July 26, 2017
5	To hold Sharia Supervisory Board's Meeting	To hold Sharia Supervisory Board's Meeting at least once a month	The Sharia Supervisory Board Meetings in 2017 has been conducted 17 times

4. DPS Competence Development

DPS periodically conducts competence development for all its staffs to support the implementation of DPS

duties. Throughout 2017, members of Company's DPS have attended various training programs, workshops, conferences, seminars including:

No.	Name	Position	Program Development
1	Drs. H. Ahmad Nazri Adlani	Chairman	Ijtima' Samawi (Sharia Forum held by National Sharia Board/DSN) in Jakarta, November 2-3, 2017
2	Dr H. Mohamad Hidayat	Member	Ijtima' Samawi (Sharia Forum held by National Sharia Board/DSN) in Jakarta, November 2-3, 2017
3	Ir. H Muhammad Syakir Sula, AAIJ, FIIS, QIP	Member	Ijtima' Samawi (Sharia Forum held by National Sharia Board/DSN) in Jakarta, November 2-3, 2017

5. Supervision and Recommendation Report of the Sharia Supervisory Board

In 2017, the DPS carries out its duties by providing advice and input to the Director of UUS and supervising the UUS

activities to comply with Sharia Principles as set forth in Minutes of Meeting and Report of DPS Supervisory. The supervision of the Company's UUS operation is on the existed products, as follow:

No.	Activity DPS Supervision	Mechanism Supervision	Reporting Type
1	To supervise the process of developing new products of Banks in accordance with the fatwa of the National Sharia Board - Indonesian Ulema Council	<ul style="list-style-type: none"> > To assess and ensure compliance with Sharia Principles on the operational guidelines and product issued by the Bank > To provide sharia opinion on new products and/or funding restructuring 	There are opinions on 4 new Products/Activities in 2017, i.e.: <ol style="list-style-type: none"> 1. Financing product, BTN iB Emasku (Murabahah); 2. Financing product, BTN iB Property Financing (Musyarakah Mutanaqishah/ MMQ) 3. Purchase and Sale of Foreign Banknotes (Al Sharf) 4. Sharia Bancassurance (Wakalah Bil Ujroh)
2	To request fatwa to the National Sharia Board - Indonesian Ulema Council on the Bank's new products without fatwa yet;	To discuss with DSN-MUI on the sharia deed for securitization activities BTN iB Housing Loan Receivables (Murabahah)	Minutes of Meeting November 9, 2017
3	To regularly review the compliance of Sharia Principles with the mechanism for the fund collection, fund disbursement, and Bank's services	<ul style="list-style-type: none"> > To review the compliance of Sharia Principles with the mechanism for the fund collection, fund disbursement, and Bank's services by quotation test at Sharia Branch Offices > To compile the Quotation Test Result on the compliance of Sharia Principles with the mechanism for the fund collection, fund disbursement, and Bank's services by quotation test at Sharia Branch Offices > To compile Semesterly Report to the Financial Services Authority on the Supervisory Report of Sharia Principles Compliance at Bank BTN UUS > To hold Sharia Supervisory Board's Meeting 	It is conducted at 8 Sharia Branch Offices DPS Quotation Test Result at 8 Sharia Branch Offices Semester II 2016 Report and Semester I 2017 Report There are 17 DPS' Meetings throughout 2017
4	To analyze the reports submitted by and/or requested by the Board of Directors, execute internal audit function and/or compliance function to know the quality of compliance implementation of Sharia Principles on fundraising and fund disbursement activities, and Bank's services	To provide feedback on the Internal Audit Division findings on the imposition of Accelerated Repayment Fees and Ta'widh on Commercial Financing Customers	Minutes of Meetings on Opinions dated July 26, 2017
5	To hold Sharia Supervisory Board's Meeting	To hold Sharia Supervisory Board's Meeting at least once a month	The Minutes of Sharia Supervisory Board Meetings in 2017 has been conducted 17 times

DPS' Remuneration and Facilities

Remuneration package/policies and other facilities for DPS are as follows:

1. The remuneration package/policies and other facilities for DPS' members are stipulated by the GMS. They cover salary and bonus/tantiem.
2. Type and the total amount of the remuneration package/policy and other facilities for all members of DPS are:

Table: Remuneration and Other Facilities of the Sharia Supervisory Board

No.	Remuneration and Other Amenities	Amount received in 1 year	
		People	Million Rupiah
1	Remuneration	3	837.50
2	Other facilities	-	
	Owned	-	
	Not owned	-	

Members of DPS who received the remuneration in one year is categorized based on the income range, as follow

Table: Group of DPS Total Remuneration

Total Remuneration Amount received in 1 year	Total Members
Above Rp2 billion	-
> Rp1 to Rp2 Billion	-
Above Rp500 million - Rp1 billion	3 People
Below Rp500 million	-

Director of Sharia Business Unit (UUS)

Role of Director of UUS

The Director of UUS is responsible for ensuring the implementation of GCG principles in every business activity of the Company's UUS at all levels of the organization. Implementation of GCG principles, among others, is conducted through sharia risk management planning and following up the recommendation of supervisory results of Sharia Supervisory Board, Bank Indonesia supervision result, findings of internal audit and external auditor.

The Company's Director of UUS has fulfilled the fit and proper test as referred to in the Bank Indonesia Regulation No. 14/6/PBI/2012 on the Fit and Proper Test of Sharia Bank and Sharia Business Unit. Article 44 stated that the Director of UUS is obliged to have competence in the sharia banking field and commitment to the UUS development. Article 46 paragraph (3) stipulated that the Candidates of Director of UUS must follow the fit and proper test based on the provisions of fit and proper test for the Conventional Commercial Bank.

The focus of Director of UUS' responsibilities is the UUS management, based on the prudence and Sharia Principles, in line with the Company's Articles of Association by emphasizing the prudence, sharia, and GCG principles.

Head of Sharia Division

In conducting the UUS operations, the Director of UUS is assisted by the Head of Sharia Division. Based on Company's Guidelines, the duties and authorities of Head of Sharia Division as stated in the Job Description are:

1. To set the work plan and budget of his/her field in line with the prevailing provisions.
2. To ensure the strategic planning process for BTN Sharia Business Unit
3. To ensure the policy formulation related to the BTN Sharia Business Unit
4. To ensure the secretarial function of the Sharia Supervisory Board
5. To ensure the operation is running and the performance of Sharia Business Unit
6. To manage and control risks under his/her management
7. To implement the GCG in his/her task force

Report of DPS' Activities

1. Fund Distribution to Financing Core Customers

- a. The provision of funds by the Bank to relevant parties and or large exposures have met Bank Indonesia's provisions on the Legal Lending Limit (LLL) and takes into consideration the prudential principles and the prevailing regulations.
- b. The Director of Compliance through the compliance work unit continuously monitors the Company's compliance with the LLL's provisions and reports it to BI each semester.
- c. Pursuant to PD No. 01/PD/HCLD/2011 dated January 13, 2011, on Provision of Funds to Large Debtors (Large Funds) of PT Bank Tabungan Negara (Persero) Tbk, it is mentioned as follows:
 - i. Limit on Provision of Funds shall be set at the highest level in accordance with the limits stipulated in the Bank Indonesia Regulation, on the maximum crediting limit and the level of provision of funds shall be determined an impact analysis of the Provision of Funds on the balance sheet structure and Bank's risk profile. Analysis of the impact on the balance sheet structure and risk profile of the Bank and in accordance with the Bank's internal policies on lending.
 - ii. Provision of funds is performed, taking into account the size, type, duration, and diversification of the Provision of Funds portfolio as a whole, to prevent the Provision of Fund portfolio concentrated on a particular Borrower or Group of Borrowers.
 - iii. The determination of the Provision of Funds limits shall be made by considering the amount, type,

- duration of the Fund Provision or the impact of Provision of Funds on the Bank's overall portfolio diversification policy and strategy. Stipulation of limits on exposure to certain parties is determined based on geographic limits and certain industries.
- iv. Impact assessment of the Provision of Funds on the balance sheet structure and risk profile is conducted by measuring credit risk to pools of the provision of funds having similar characteristics, in terms of magnitude, type, or duration. The credit risk is measured based on the historical default rate of data and the transfer of the quality of the Fund (loan rating migration) during a certain period.
 - v. In addition to analyzing the concentrations of Provision of Funds to Borrowers and a set of Provision of Funds as described above, the Bank shall also undertake an analysis of the allocations assigned to each component of the Provisioning Fund portfolio.

2. Transparency of Financial and Non-Financial Condition, GCG Implementation Report, and Internal Reporting

The Company's UUS has delivered the financial and non-financial information to the public in a timely, complete, and accurate manner through adequate website and media in a transparent manner. The Company's UUS

Quarterly Published Financial Report in the fiscal year 2017 is published in several newspapers, among others:

Financial Statements Publication	Newspaper
Quarter I 2017	Bisnis Indonesia, Kompas, Kontan
Quarter II 2017	Bisnis Indonesia, Investor Daily
Quarter III 2017	Kompas, Kontan
Quarter III 2017	Kompas, Kontan, Investor Daily, Bisnis Indonesia

3. UUS Consultants and Advisors

Throughout the year 2017, the Company's UUS did not cooperate with any Consultant

4. UUS Internal Deviation Report

In order to reduce internal irregularities (Internal Fraud) conducted by the management, permanent, and non-permanent employees (honorary and outsourced) related to the Company's work processes and operational activities that significantly affect the Company's performance, the Company conducts various efforts to prevent possible internal fraud by the employees.

During 2017, deviations/fraud related to UUS work processes and operations is described in the following table:

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	0	0	2	1	0	0
Resolved	0	0	2	1	0	0
In the process of internal settlement	0	0	0	0	0	0
Resolution not finalized	0	0	0	0	0	0
Had been followed up through legal process	0	0	0	0	0	0

5. Legal issues monitoring

During 2017, there are no legal (civil or criminal) issues related to the operation of Sharia Business Unit.

Throughout 2017, the civil and criminal law issues faced by Company's UUS and have been filed through the legal process is reflected in the following table:

No.	Problem Law	Civil	Criminal
1	Finished (has permanent legal power)	-	-
2	In progress	8	16
	Total	8	16

The Company's UUS always prioritizes deliberation when facing dispute with customer in solving the legal problems faced. However, if the deliberation process cannot resolve the dispute, the Company's UUS and the customer shall agree to settle the dispute by using the arbitration line or through the judicial institution based on the prevailing laws and regulations and in accordance with the sharia principles.

6. Non-Halal Income and its Utilization

Throughout 2017, the Company's sources of non-halal revenue include danda and non-halal income such as interest services. It is stated in the following table:

Source and Utilization of Qard January 1, 2017 - December 31, 2017 (in full unit)

No.	Description	December 31, 2017
1	Initial Balance of Source of Virtue Funds	11,458,506
2	Recipient of Source of Virtue Funds	
	> Infaq	320,913
	> Donation	
	> Refund of Virtue Funds	
	> Fine; and	1,634,418
	> Non-Halal Income	46,010,243
	Total Revenue	47,969,574
3	Virtue Fund Utilization	
	> Productive Virtue Fund	
	> Contribution	
	> Other Use for the Public's Needs	27,496,281
	Total Utilization	27,496,281
4	Increase (Decrease) Fund Resources Policy on Use	20,473,293
5	Policy Fund Final Balance	31,931,799

7. The UUS conducted the GCG Self-Assessment in Fiscal Year 2017

In 2017, the Company's UUS conducted the GCG self-assessment. The scores for each criterion are as follow

The calculation of the composite score for Self-Assessment is as follows:

No.	Factor	Weight (%)	Rating	Mark
1	Implementation of duties and responsibilities of Director of UUS	0.35	1.00	0.35
2	Implementation of duties and responsibilities of Sharia Supervisory Board;	0.20	2.00	0.40
3	The Sharia Principles in the fund collection and disbursement activities and the services	0.10	2.00	0.20
4	Fund disbursements to core customer financing and deposit fund by core depositors	0.10	1.00	0.10
5	Transparency of Financial and Non-Financial Condition of Banks, Reports on the GCG Implementation, and Internal Reporting	0.25	2.00	0.50
COMPOSITE SCORE		1.00		1.55
CRITERIA			2	
PREDICATE				GOOD

Based on the Self-Assessment, the composite score of the Sharia Business Unit of PT Bank Tabungan Negara (Persero) Tbk is 1.55, the criteria are 2, and it achieved the 'Good' predicate. The composite score is the same as the previous year's composite score. This reflects the Bank's Management consistency and wellness in implementing the Good Corporate Governance. Adequate implementation of the Good Corporate Governance principles. If there is any weakness to the Good Corporate Governance principles, generally the weakness is less significant and shall be solved by normal action from the Bank's management.

8. Compliance with the Sharia Principles

Pursuant to the POJK No. 46/POJK.03/2017 dated July 12, 2017, on Bank's Compliance Function, the Company through the Director of Compliance has conducted coordination meetings with the Sharia Supervisory Board one times in month December in 2017 to ensure the implementation of the compliance function of sharia principles.



> Corporate Secretary

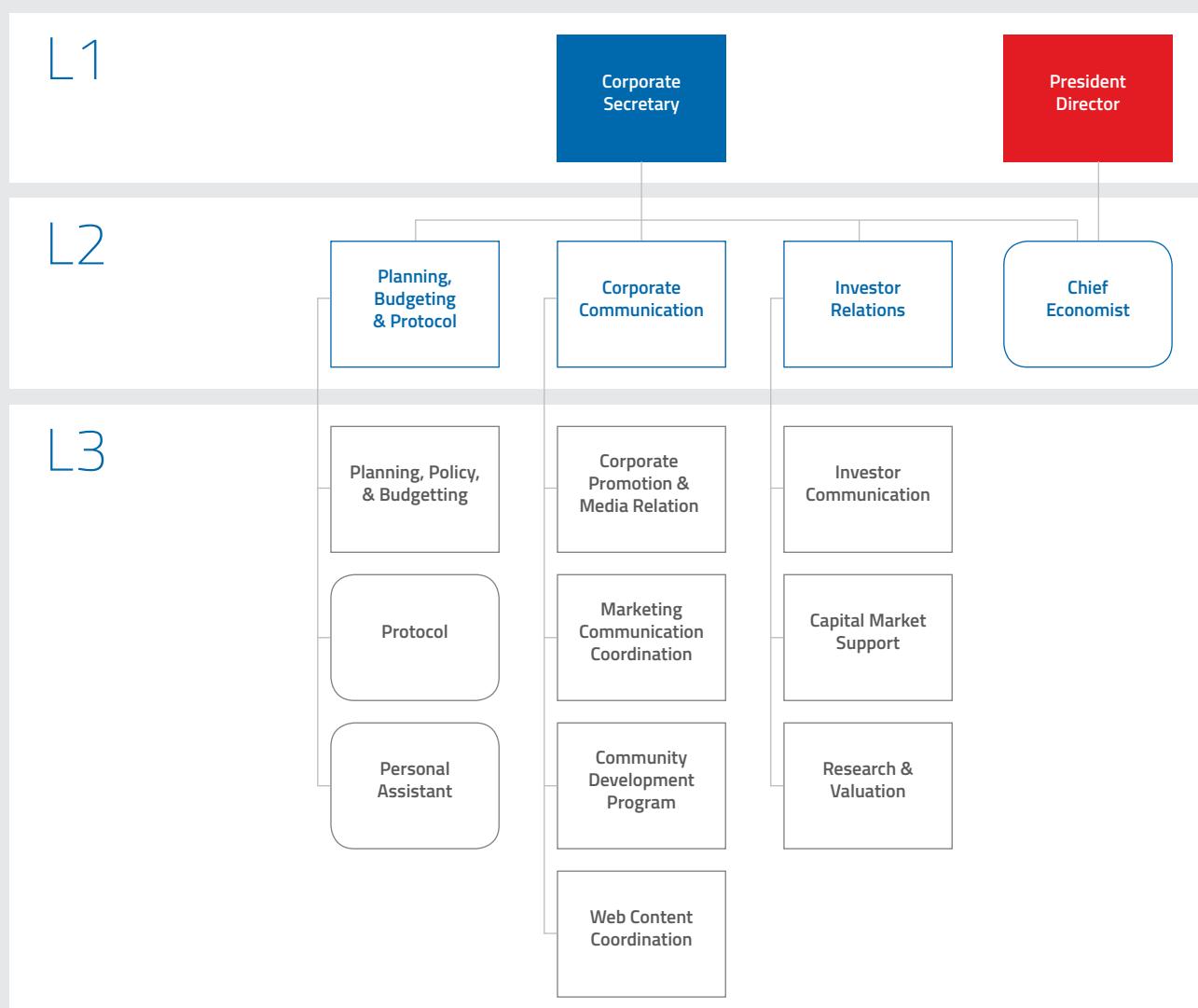
The Corporate Secretary has a role in ensuring that the Company complies with the provisions related to the openness requirement, in line with the GCG principles. The Corporate Secretary strives to provide the information required by the Board of Directors and Board of Commissioners, and to fulfill the Company's responsibilities regarding the delivery of material and relevant information to stakeholders.

As a liaison officer, the Corporate Secretary organizes, coordinates, and documents the Board of Directors' Meetings, Board of Directors and Board of Commissioners' Meetings, GMS, and other meetings with stakeholders. In addition, the

Corporate Secretary shall organize an introduction program for newly appointed members of the Board of Directors and/or Board of Commissioners.

Corporate Secretary Organizational Structure

The Corporate Secretary is assisted by Manager/Senior Manager who is responsible for each task force, such as Investor Relations, Corporate Communication and Planning, Budgeting & 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:



Profile of the Corporate Secretary

The Board of Directors of PT Bank Tabungan Negara (Persero) Tbk has appointed **Agus Susanto** as Corporate Secretary as of June 14, 2017, based on Directors' Decree No. 300/DIR/2017 dated July 3, 2017, on the Appointment of Corporate Secretary of PT Bank Tabungan Negara (Persero) Tbk, and it has obtained the approval of Board of Commissioners in the Letter No. 70/KOM/BTN/VI/2017 dated June 7, 2017, on the Approval of Corporate Secretary

Appointment, to replace Eko Waluyo (the Corporate Secretary for April 1, 2015 to June 13, 2017).

The appointment of the new Corporate Secretary has been reported to the Financial Services Authority through Letter No. 298/CSD/IR/VI/2017 dated June 15, 2017, on Information of Corporate Secretary Change. The information is also published on the website of Indonesian Stock Exchange (www.idx.co.id), Financial Services Authority (www.spe.ojk.go.id) and Company (www.btn.co.id).



Agus Susanto

Indonesian Citizen, age 55, born in Pontianak, Domiciled in Jakarta. Obtained a Bachelor of Economics from the University of Muhammadiyah, Palembang, in 1990.

Work Experience

Started his career in PT Bank Tabungan Negara (Persero) Tbk since 1991, and he was in the Division of Mortgage & Consumer Lending Regional II, Head of Mataram Branch Office (2013-2015), Head of Denpasar Branch office (2015-2016), Head of Semarang Branch Office (2016-2017) and Head of Bekasi Branch Office (2017).

Training

He has attended various training and seminar: Corporate Secretary Dialogue on POJK 51/POJK.03/2017 on Sustainable Finance in Jakarta (2017); SOEs Public Relations Forum (FH BUMN) in Makassar (2017); 2 (two) Days Workshop of Three Pillars of Corporate Secretary in Bandung (2017); Socialization of Credit Policy Implementation in Jakarta; BM Training Financial Planning in Jakarta (2016); Corporate Culture Training and Socialization in Jakarta (2015); Banking Level 3 Risk Management Certification in Jakarta (2014); and various other seminars and trainings.

Competence Development Program of the Corporate Secretary

Throughout 2017, the Corporate Secretary has attended training and seminar activities to support the implementation of duties and responsibilities as follows:

Corporate Secretary Competency Development Program 2017

Training	Organizer	Place and date
2 (two) Days Workshop of Corporate Secretary's Three Pillars	Infobank	Bandung, March 2-3, 2017
SOE Public Relations Forum Workshop (FH BUMN)	FH BUMN	Makassar, July 27-29, 2017
Corporate Secretary Dialogue on POJK 51/POJK.03/2017 on Sustainable Finance	Indonesia Corporate Secretary Association (ICSA)	Jakarta, September 27, 2017

Tasks and Responsibilities of the Corporate Secretary

Provisions relating to the Corporate Secretary's duties and responsibilities are contained in the CGC Code and Board Manual. The main task and responsibility cover the internal and external communications and the relationship of the Company's leadership. The Corporate Secretary also refers to the Financial Services Authority Regulation No. 35/POJK.04/2014 dated December 8, 2014, on Corporate Secretary of Public Listed

Company, in performing its duties and responsibilities, including:

1. To follow the development of the capital market, especially the applicable rules and legislation 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 of the report to the Financial Services Authority in a timely manner;
 - c. Management and documentation of the General Meeting of Shareholders;
 - d. Management and documentation of Board of Directors and/or Board of Commissioners Meeting; and
 - e. Orientation program for Board of Directors and/or Board of Commissioners;
4. As a liaison between the Company and the public shareholders or public listed company, Financial Services Authority, and other stakeholders.

Duties and Responsibilities of the Corporate Secretary

The realization of duties and responsibilities undertaken by the Corporate Secretary during 2017 are as follows:

1. Socializing the Capital Market Development to the Directors and Board of Commissioners which includes:
 - › New rules or regulations to be socialized or policies updated by Corporate Secretary, such as:
 - a. OJK Appeal to Use the Tax Amnesty Program through Memo No. 255/M/CSD/IR/II/2017 dated February 21, 2017.
 - b. Review of POJK No. 11/POJK.04/2017 on Shareholdings Reports or Any Changes in the Public Company Shareholdings through Memo No. 570/M/CSD/IR/IV/2017 dated April 18, 2017.
 - c. Socialization of POJK No. 10/POJK.04/2017 dated March 14, 2017, on the Amendment to the OJK Regulation No. 32/POJK.04/2014 on the Plan and Implementation of General Meeting of Shareholders of Public Company through Memo No. 585/M/CSD/IR/IV/2017 dated April 25, 2017.
 - d. Review of the Articles of Association on the Board of Directors' Actions that require approval from the Board of Commissioners and Bicolor Series A Shareholder, through Memo No. 1155/M/CSD/IR/IV/2017 dated August 8, 2017.
 - e. Socialization of POJK No. 51/POJK.03/2017 dated July 18, 2017, on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies through Memo No. 1509/M/CSD/IR/IV/2017 dated October 4, 2017.
 - f. Articles of Association Article 12 paragraph 7 related to the Board of Directors' Actions that require approval from the Board of Commissioners and Bicolor Series A Shareholder, through Memo No. 1810/M/CSD/IR/XI/2017 dated November 15, 2017.
 - › Progress of the Company's share, including unusual market activities. In 2017, the Company's Shares

Progress Reports are:

- a. BBTN Shares Performance 2016 through Memo No. 291/M/CSD/IR/II/2017 dated February 27, 2017.
- b. BBTN Shares Performance Quarter I 2017 through Memo No. 638/M/CSD/IR/IV/2017 dated April 28, 2017.
- c. BBTN Shares Movement in early July 2017 through Memo No. 1001/M/CSD/IR/IV/2017 dated July 14, 2017.
- d. BBTN Shares Performance Quarter II 2017 through Memo No. 1092/M/CSD/IR/IV/2017 dated July 31, 2017.
- e. Submission of Response from Capital Market Analyst to the Company's Performance as of June 30, 2017, through Memo No. 1100/M/CSD/IR/IV/2017 dated July 31, 2017.
- f. Report of Communication to Market Capital Community on Quarter III 2017 through Memo No. 1479/M/CSD/IR/IV/2017 dated September 29, 2017.
- g. BBTN Shares Performance Quarter III 2017 through Memo No. 1713/M/CSD/IR/XI/2017 dated November 1, 2017.
- h. Response from Capital Market Analysts to Company's Performance as of September 30, 2017, and BBTN Shares Performance in October 2017 through Memo No. 1811/M/CSD/IR/XI/2017 dated November 15, 2017.
- › Input, feedback, and expectations of investors, analysts, and other capital market community on the development of business and performance improvement of Company, through forum Investor Conference and Non-Deal Roadshow, among others, are:
 - a. Analyst's Summary and Feedback on the Company's Performance 2016 through Memo No. 327/M/CSD/IR/IV/2017 dated March 6, 2017.
 - b. Report of the Official Travel of the Board of Directors in the event of Communication to Investor through Letter No. 610/DIR/CSD/VIII/2017 dated August 24, 2017.
 - c. Report of the Official Travel of the Board of Directors in the event of Non-Deal Roadshow in Hong Kong and Kuala Lumpur, September 4-6, 2017, through Letter No. 659/DIR/CSD/VIII/2017 dated September 12, 2017.
 - d. Report of the Official Travel of the Board of Directors in the event of Non-Deal Roadshow in USA and Canada, August 22-25, 2017, through Letter No. 660/DIR/CSD/VIII/2017 dated September 12, 2017.
 - e. Report of the Official Travel of the Board of Directors in the event of Communication to Investor through Letter No. 841/DIR/CSD/VIII/2017 dated November 30, 2017.
 - f. Report of the Official Travel of the Board of Directors in the event of Communication to Investor through Letter No. 1050/DIR/CSD/XII/2016 dated December 6, 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.

b. Indirect, including Annual Report, Financial Report Publication, Press Release, Website, Broadcast Media (TV, Newspaper, Online Media), Social Media, and Emails. The capital market community communications program conducted by the Company in 2017 are:

Date	Activity	Place
February 13, 2017	Analyst Meeting for Quarter III 2016 Financial Report and Press Conference	Jakarta
February 16-17, 2017	Non-Deal Roadshow	Jakarta
March 6, 2017	UBS Indonesia Conference	Jakarta
March 9-10, 2017	CLSA ASEAN Forum	Bangkok
March 17, 2017	Annual GMS	Jakarta
April 17, 2017	Macquarie Indonesia Corporate Day	Jakarta
April 18, 2017	Analyst Meeting for the Quarter I 2017 Financial Statement and Press Conference	Jakarta
3-4 May 2017	CIMB 11th Annual Indonesia Conference	Bali
8-9 May 2017	Citi Indonesia Investor Conference	Jakarta
June 12-13, 2017	Macquarie emerging Leaders Conference	London
July 24, 2017	Analyst Meeting for Quarter II 2017 Financial Statement and Press Conference	Jakarta
August 7-8, 2017	Credit Suisse Indonesia Conference	Singapore
August 8, 2017	Public Expose (Investor Summit 2017)	Jakarta
August 9-10, 2017	Non-Deal Roadshow	Tokyo
August 22-25, 2017	Non-Deal Roadshow	USA
August 30, 2017	Public Expose (Investor Summit 2017)	Surabaya
October 23, 2017	Analyst Meeting for Quarter III 2017 Financial Statement and Press Conference	Jakarta
November 7-8, 2017	dbAccess Indonesia Conference	Jakarta
November 16-17, 2017	Morgan Stanley Asia Pacific Summit 2017	Singapore
December 28, 2017	Extraordinary GMS	Jakarta

In addition to organizing and participating in the events, in 2017, 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					
Jumlah	51	13	70		4	6	144

3. Disclosure of Information to the Public

During 2017, the Corporate Secretary has submitted information disclosure to OJK and the Exchange, totaling 268 (two hundred and sixty-eight) reports. All reports are submitted within the grace period in accordance with the applicable provisions, i.e. no later than the end of the second (2) work day after the decision or the availability of material information or facts that may

affect the value of the company's securities or investors' investment decisions. In addition to the above-mentioned 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. Throughout 2017, the Company has provided 1 (one) response to the request of the Exchange, with details as follows:

Exchange's request	Answer	Date
Indonesia Stock Exchange Letter No. S-01507/BEI.PP3/03-2017 dated March 20, 2017, on the Request of Explanation for Mass Media Reporting	Letter No. 179/DIR/CSD/III/2017 dated March 20, 2017, on the Response related to the Company's News	Monday, March 20, 2017

4. Public Information Access Improvement

Communication with the Company's stakeholders uses a one-door policy, which is coordinated by the Corporate Secretary. The Company always facilitates the stakeholders to access information. In addition to mass media publications, the public shall obtain the information about the Company through 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. The Government Regulation of the Republic of Indonesia No. 61 of 2010 dated August 23, 2010, on the Implementation of Law No. 14 of 2008, on the Public Information Openness;

b. Information Commission Regulation No. 1 of 2010 dated June 7, 2010, on Standardized Public Information Service;

c. Law of the Republic of Indonesia No. 14 of 2008 dated April 30, 2008, on Public Information Openness.

5. Relationship with Media and Access to Information

Corporate Secretary always strives to establish good relationship with the mass media in the electronic (TV, radio), printed media (newspapers, magazine), and online media. During 2017, the Corporate Secretary has issued 100 (one hundred) press releases on the Company's performance, business, and operations, 30 (thirty) of which are as follows:

No.	Date	Activity
1	January 17, 2017	Bank BTN Targets 100 MSMEs to Go Digital in 2017
2	January 27, 2017	Bank BTN Supports the Special Economic Zones Development in Mandalika
3	February 13, 2017	In 2016, Bank BTN's Net Income Skyrocketed 41.49%
4	February 24, 2017	Bank BTN Launched BTN Micro Housing Loan to target MBR Community and Informal Workers
5	March 3, 2017	In 2016, Bank BTN Disbursed Rp16.23 Trillion Loan in East Java
6	March 17, 2017	BTN Shared the Dividend of Rp523.8 Billion, GMS Appointed Three New Directors, BTN Increases its Performances Firmly
7	March 30, 2017	People's Representative Council Appreciates Bank BTN's Performance
8	April 17, 2017	Net Income and DPK BTN Grows Above 20% in Quarter I 2017
9	April 21, 2017	The President Inaugurates E-Retribution, the cooperation between Bank BTN with Solo Government at Klewer Market
10	May 2, 2017	Bank BTN Recorded EBA-SP O3 at Rp1 Trillion
11	June 13, 2017	Bank BTN Launched Mobile Application For Nadhatul Ulama Waqf Payment
12	June 16, 2017	May 2017, BTN Cheap Fund Increases 18.74%
13	July 13, 2017	Bank BTN is Committed to Disburse Subsidized Housing Loan and Success the One Million Houses Program
14	July 23, 2017	Loan Provides 2,126 Cheap Houses in Pekanbaru
15	July 24, 2017	Credit Growth of 18.81% & Profit Growth of 21.95% in Semester I 2017
16	July 28, 2017	Bank BTN Developed Independence of Islamic Boarding School through Fintech
17	August 20, 2017	Bank BTN Embraces MSMEs to Increasingly Use Online Transaction
18	August 24, 2017	BTN Achieve the Best Bank in Indonesia Award 2017
19	August 30, 2017	Printing Highest Closing Shares, BTN Increases the Loan in the Region
20	September 14, 2017	BTN Obtained 5 Awards in IBA 2017
21	September 20, 2017	BTN Won the Annual Report Award 2016

No.	Date	Activity
22	September 25, 2017	BTN Cooperates with Telkomsel to Provide Connected Financial Services
23	October 19, 2017	BTN Enters the Rank of the Best Company in Indonesia
24	October 17, 2017	Supports One Million Houses, BTN Funds 2,000 Houses in Tower Undip
25	October 20, 2017	Momentum in the Property Sector, BTN Invites Students to Become Young Entrepreneurs
26	October 23, 2017	BTN Profit Up by 24% & Reached Rp2 Trillion in Quarter III 2017
27	November 5, 2017	Serbu BTN Program Succeeded in Improving the Third-Party Funds Growth
28	December 12, 2017	Realizing Houses for the Public for 41 Years, Bank BTN Has Disbursed More Than Rp230.2 Trillion Housing Loan
29	December 19, 2017	BTN Give Housing Loan Access to Go-Jek Partners in Semarang
30	December 24, 2017	Supports One Million Houses, BTN is Ready to Disburse FLPP 2018

6. The General Meeting of the Shareholders (GMS)

The Corporate Secretary coordinates the Company's General Meeting of Shareholders (GMS), with reference to the Financial Services Authority Regulation No. 32/POJK.04/2014 dated December 8, 2014, on Planning and Implementation of Public Company GMS. In 2017, the Company has held 2 (two) GMS, consists of 1 (one) Annual GMS and Extraordinary GMS, i.e.:

a. Annual GMS on March 17, 2017

b. Extraordinary GMS on December 28, 2017

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, summoning of GMS, and the submission of the summary of the GMS.

Activity	Annual GMS Friday, March 17, 2017	Extraordinary GMS Thursday, December 28, 2017
Announcement to OJK, BEI, and KSEI	February 1, 2017	November 14, 2017
Announcements of GMS in Newspaper, OJK website, BEI website, and the Company's website	February 8, 2017	November 21, 2017
Summoning of the GMS in Newspaper, OJK website, BEI website, and the Company's website	February 23, 2017	December 6, 2017
GMS	March 17, 2017	December 28, 2017
Publication of Minutes of GMS Meeting in Newspaper, OJK website, BEI website, and the Company's website	March 20, 2017	December 29, 2017
Submission of GMS Summary to OJK and BEI	April 11, 2017	Will be submitted by January 29, 2018

7. Implementation and Documentation of the Board of Directors' Meeting and/or Joint Meeting with the Board of Commissioners;

In 2017, the Company has held 173 (one hundred seventy-three) Board of Directors' Meeting and 34 (thirty-four) Joint Meeting with Board of Commissioners. The details of the Board of Directors' meetings and joint meetings of the Directors and the Board of Commissioners, are described in the Meeting of the Board of Commissioners and Directors chapter on this Annual Report.

On December 28, 2017, the Company held an Extraordinary General Meeting of Shareholders and approved the appointment of 1 (one) Company's Director, i.e. Mr. Dasuki Amsir. Following the appointment of the new member of Director, the Corporate Secretary shall conduct an orientation program in January 2018. The purpose of this orientation program is to provide a general introduction to the Company's conditions so that members of the Board of Directors and Board of Commissioners can work together as a solid team, given their different backgrounds. The material presented in the orientation program are as follows:

- a. Reviewing the role, duties, and responsibilities of Board of Directors and Board of Commissioners
- b. Compliance and GCG implementation as well as Risk Management
- c. Company culture implementation
- d. The Company's business overview

8. The Company's General Meeting of Shareholders dated March 17, 2017, approved the appointment of 1 (one) Board of Commissioners' Member, i.e. Mr. Garuda Wiko, and 3 (three) Directors' Members, i.e. Mr. R. Mahelan Prabantarkoso, Mr. Nixon L.P Napitupulu, and Mr. Budi Satria. Following the appointment of the new members of the Board of Commissioners and Directors, the Corporate Secretary has conducted an orientation program on April 4, 2017.



Evaluation of Duties Carried Out Corporate Secretary

The duties execution of the Corporate Secretary is always evaluated, among them, based on the Key Performance Indicator (KPI). The Corporate Secretary's KPI is part of the effort to comply with the Financial Services Authority Regulation No. 35/POJK.04/2014 dated December 8, 2014, and is prepared on the basis of Balanced Scorecard principles. 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 2017 and the achievements of each perspective:

No.	KPI	Perspective	Achievement
1	Corporate Profit*	Financial	100.07%
2	Ratio of Operating Expenses to Operating Revenues	Financial	82,06%
3	Market Capitalization	Financial	447.87%
4	Cost Realization	Financial	100.00%
5	Customer Satisfaction Index	Customer	100.00%
6	Positive News on the First Tier Media	Customer	114.91%
7	Realization of Community Development	Business Process	124.91%
8	Marketing Program Implementation	Business Process	100.00%
9	Communication to the Capital Market Community (Analysts and Investors)	Business Process	100.00%
10	SLA to the Stakeholders	Business Process	100.00%
11	The Strategic Program for Media Relations, Website, and Digital Communication Channel	Business Process	559.86%
12	GRC Index	Business Process	100.00%
13	Culture Assessment Index	Learning & Growth	100.00%

Following up the Article 11 POJK No 35/POJK.04/2014, the Company's Corporate Secretary has submitted the Corporate Secretary Duties Report to the Board of Commissioners and Directors in 2017 through:

1. Memo No. 128/M/CSD/IR/I/2018 dated January 16, 2018, on the 2017 Report of the Implementation of Corporate Secretary Duties of PT Bank Tabungan Negara (Persero) Tbk.
2. Letter No: 24/CSD/IR/I/2018 dated January 16, 2018, on the 2017 Report of the Implementation of Corporate Secretary Duties of PT Bank Tabungan Negara (Persero) Tbk.

> Internal Control System

The Company implements the internal control system in line with the regulation on Standard Guidelines of Internal Control System for Commercial Banks and Best Practice of COSO Framework. The supervisory mechanism is stipulated by the Company's management on an ongoing basis to manage and secure the Bank's assets, in order to ensure the availability of accurate report, improve compliance with the prevailing regulations, reduce the impact of financial losses, deviations (including fraud), and prudential violations, improve the organization effectiveness, and improve cost efficiency.

Internal control system is stipulated by the Company's Board of Commissioners and Directors through Joint Decree (SKB) No. SKB-04 dated July 29, 2011, on the Internal Control System Guidelines. The guidelines refer to the regulation and are in accordance with the internal control framework developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Framework of the Company's Internal Control System

Joint Decree of the Company's Board of Commissioners and Directors No. SKB-04 dated July 29, 2011, on the Internal Control System Guidelines. The Decree explained the Company's internal control component, in line with the internal control framework COSO which include:

1. Control environment, which is a fundamental component in the internal control system. This component reflects the nuance and atmosphere of the awareness of staff, officials, and leaders of the importance of effective internal control. The control environment is heavily influenced by the Strong Tone at the Top.
2. Risk assessment, which is a set of employees' awareness related to the risk culture and the activities of evaluating, assessing, and mitigating risks.
3. Control activities, which includes the adequacy of policies, provisions, procedures, and the operations' compliance.
4. Information and communication, which is a condition to communicate effectively, both internal and external in line with the respective responsibilities.
5. Monitoring, which is an assessment process on the monitoring of design effectiveness, internal control structure operation, and management performance. The activity assesses that those processes are carried out accordingly and shall be improved within the circumstances.

The element of Bank Internal Control System as stated in the SKB No. SKB-04 dated July 29, 2011, refers to the Bank Indonesia (BI) and Financial Services Authority (OJK) Regulations, which include:

1. Management Supervision and Control Culture, in which the Board of Commissioners is in charge to ensure that the Directors has supervised the effectiveness of internal control system. Hence, the Board of Commissioners has an active role in ensuring the improvement of Company's problem that may reduce the effectiveness of internal control system. Directors is responsible for stipulating policies, strategies, and procedures of internal control system. Directors is also in charge of monitoring adequacy and effectiveness of internal control system. Board of Commissioners and Directors are responsible for improving work ethics and integrity, and creating organization culture that emphasizes the importance of the Company's internal control system to all Bank's employees.
2. Identification and Risk Assessment are sets of actions carried out by the Directors in order to identify, analyze, and assess the risks faced by the Company to achieve the predetermined business targets.
3. Operational Segregation of Duties and Control Activity are controlled activities to assist the Directors and Board of Commissioners in managing and controlling risks that may affect the Company's performance or cause losses to the Company. Control activity includes policies, procedures, and practices to provide confidence to the Company's officers and employees that the directives of Board of Commissioners and Directors have been carried out effectively. The objective of Segregation of Duties is to ensure that the person in their position does not have opportunity to conduct and hide mistakes or deviations in their duties on all level of the organization in every step of operations.
4. System for Accounting/Finance, Information, and Communication. The system covers the methods and records in order to identify, group, analyze, classify, record/book, and report the Company's transactions. Information System shall be able to generate report on the business activities, financial condition, risk management implementation, and provision fulfillment that support the duties of Board of Commissioners and Directors. Communication System must be able to provide information to all parties, both internal and external, such as Bank's supervisory authority, external auditor, shareholders, and customers.
5. Monitoring and Deficiencies Correction are the activities where the Company must continuously monitor the effectiveness of internal control implementation thoroughly. The Company prioritizes the monitoring of main risk. This also functions as part of Company's daily activities, including periodic evaluation, both carried out by the operation task force and the internal audit task force.

"Internal Audit Division disseminated the Internal Control (COSO Framework) in all Audit as a part of anti-fraud by strengthening the control environment of the business/ operational unit or the first line of defense."

Financial and Operational Control

The control activities cover several aspects, not limited to the establishment of control procedures and policies, as well as verification process to ensure that the procedures and policies are consistently adhered to. Control activities, specifically related to the operations and finance are applied on all functional level, in which the responsibilities are adapted to the Company's organizational structure needs.

1. Top Level Reviews

The Bank's Directors regularly holds coordination meeting to obtain the information on the Company's performance from the executives and employees. This regular meeting makes it possible to review the realization with the targets set, such as the financial report or management report, which then is compared with the predetermined budget plan. Based on the review, the Directors shall be able to detect problem such as control weakness, faulty financial report, or other deviations (fraud) as soon as possible.

2. Functional Review

The review is conducted by the Internal Audit Division monthly, quarterly, biannually, or annually, such as:

- a. Review of risk assessment (risk profile report) by the risk management task force;
- b. Analyze the operational data, both related to risk and finance, i.e. by verification of details and transactions to the output (report) by the risk management task force; and
- c. Review the realization of work program and budget, in order to:
 1. Identify the cause of significant deficiencies,
 2. Determine the action requirement and corrective action.

3. Information and Technology System Control

Information and Technology System Control is carried out by verification of accuracy and comprehensiveness of transaction and authorization procedures, in line with the internal provisions. Information system control can be categorized into two criteria as follow:

- a. General control covers the control on operation of data center, procurement system, software maintenance, access security, and application system maintenance and development. General maintenance is applied on the mainframe, server, and users' workstation, as well as internal and external networks.
- b. Application controls are applied to the Bank's program in processing the transaction. The program ensures that all transactions are true, accurate, and authorized

correctly. In addition, application control should ensure the availability of an effective audit process and accuracy of the said audit process.

4. Physical Control

Physical control is carried out to ensure physical security of the Company's assets. The activity covers assets security, limited records and access to the computer program and data file, and comparison of values of Company's assets and liabilities listed in the control records, particularly regular assets values check.

5. Documentation

The Company formalizes and documents the policies, procedures, systems, accounting standards, and audit process adequately. The documents shall be updated periodically to reflect the Company's actual operations and shall be disseminated to all officers and employees. On request, the documents must be available for the internal audit, public accountants, and Company's supervisory authority. Accuracy and availability of the documents shall be assessed by the internal audit while performing regular and non-routine audits.

6. Segregation of Duties

Segregation of Duties is a part of control activities to ensure that every person on their position does not have opportunity to conduct and hide mistakes or deviations in their duties on all level of the organization in every step of operations. The segregation of duties work as follow:

- a. Compliance with the segregation of duties, or "Dual Control";
- b. Set the procedures (authority), including the establishment of officers who can access high-risk transactions or business activities;
- c. Avoid the granting of authorization and responsibilities that may create various conflict of interest. All aspects that may arouse such conflict of interest are identified, minimized, and carefully monitored by an independent party;
- d. The Company carries out several measures of segregation of duties, among others:
 1. To determine certain functions and tasks in the Company that are separated or allocated to several persons in order to reduce the risk of manipulation of financial data or misuse of assets of the Company,
 2. The segregation of duties is not limited to front and back office activities , but also in the context of controlling approval of expenditure and realization of expenditures; the account of the customers and the Bank owner; transactions in the Company's books; Providing information to Company's customers; assessment of the adequacy of loan documentation and debtors monitoring after loan disbursement; other business activities that may cause a significant conflict of interest; and independence of risk management function in the Company.

Evaluation of the Effectiveness of Internal Control System

The Company performs the evaluation of the effectiveness of Internal Control System or known as Internal Control Assessment (ICA) through the Internal Audit Division (IAD). The assessment assessed the internal control quality from the auditee task force on 5 (five) COSO Framework internal control components, using the criteria and methodology of Internal Control Assessment (ICA) questioner rating and auditor's professional judgment through direct examination (walkthrough) on the field.

The Company took several measures to ensure the effective monitoring activities are conducted, including:

1. Ensure that monitoring functions are clearly defined and well-structured within the Company's organization;
2. Establish the task force/employees to monitor the effectiveness of internal controls;
3. Set the correct frequency for monitoring activities based on the inherent risk of the Company and the nature/frequency of changes occurring in the operational activities;
4. Integrate SPIN to the operation and provide regular report such as book journal, management review, and approval report on the exceptions/ deviations of the policies and procedures set (justification on the irregularities) which shall be reviewed;
5. Review the documentation and evaluation results of the task force/employees appointed to perform the monitoring;
6. Assign information/feedback in an appropriate and correct frequency.

Internal Control System and Performance Quality assesses the adequacy and effectiveness as follows:

1. The adequacy and effectiveness of Internal Control are assessed by using the Internal Control Assessment (ICA)

to compile the Risk Control Assessment and Audit Rating, which was retested during the field audit (walkthrough).

2. Performance is assessed based on the achievement of real performance targets with the performance specified in the Company's Work Plan and Budget (RKAP).

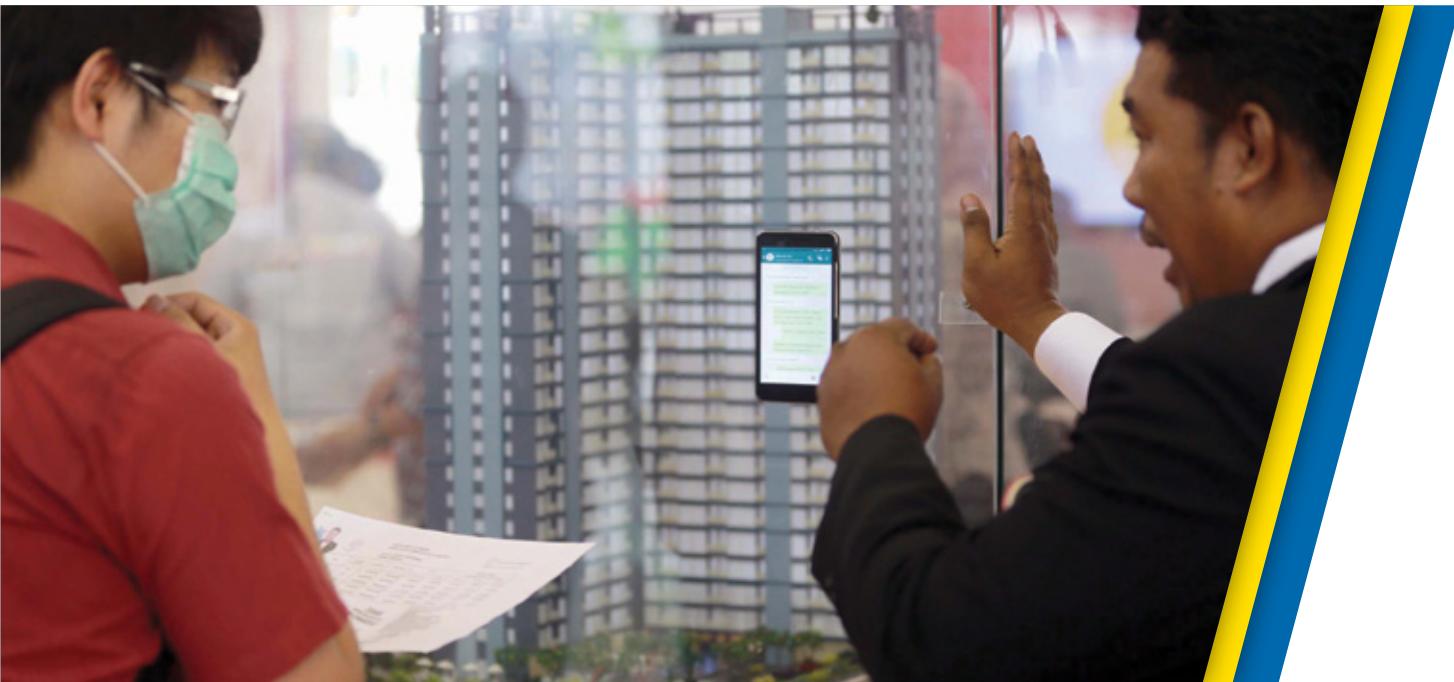
The evaluation of the effectiveness of Company's internal control system (risk control) is performed on all Head Office (division/desk) units, 75 Branch Offices, and 24 Sharia Branch Offices. Everything related to the adequacy of internal control has been reported directly to the Board of Directors through the President Director, and to the Board of Commissioners through the Audit Committee. Follow-up measures have been conducted to minimize risks and overcome emerging problems.

Statement of Internal Control Adequacy of the Board of Directors and Board of Commissioners or Audit Committee

The Board of Directors and the Board of Commissioners or the Audit Committee shall review the evaluation results on the effectiveness of the Company's internal control system, which covers five main components of control, i.e. Control Environment (Management Oversight and Control Culture), Risk Recognition and Assessment, Control Activities and Segregation of Duties, Accountancy, Information, and Communication, Monitoring Activities and Correction Deficiencies . Standard Guidelines of the Internal Control System is a guideline that contains a minimum size of the Internal Control System that must be applied and implemented by the Bank in all aspects related to the operation and implementation of the Bank's operational activities to create a common understanding and basis on the level of maintenance of interests and commitment from all parties related to the Bank.



> Internal Audit Function



Layanan Digital Bank BTN
Photo source: Hasiholan Siahaan

The internal audit function is a strategic business partner for management in optimizing the Company's GCG implementation and providing assurance and inputs independently and objectively related to the Company's internal control. The Internal Audit Division (IAD) carries out internal audit function such as by conducting risk-based audit objectively and conducting consultation services, in particular, those related to the improvement and enhancement of risk management, control, and governance processes. The function shall be achieved through proactive, enthusiastic, and dynamic approach, effective communication, business-oriented and stakeholders oriented, good understanding on the root of the problem and high-risk area, emphasizing on quality, as well as practical and workable solution recommendation.

Internal Audit Position in the Organization Structure

Internal Audit Division (IAD) as the internal audit function is under the supervision of President Director, as stipulated in the Directors' Decree No. 02/KD/DIR/SPMD/2015 dated May 5, 2015, and is updated based on the Meeting Decision of the Directors and the Board of Commissioners dated March 30, 2017, on the Organizational Structure of PT Bank Tabungan Negara (Persero) Tbk. In addition, the position of internal audit

function is stated on the Internal Audit Charter No. 03- SKB/DEKOM-DIR/BTN/IAD/VI/2011 dated June 30, 2011, on Chapter II Article 3 as follows:

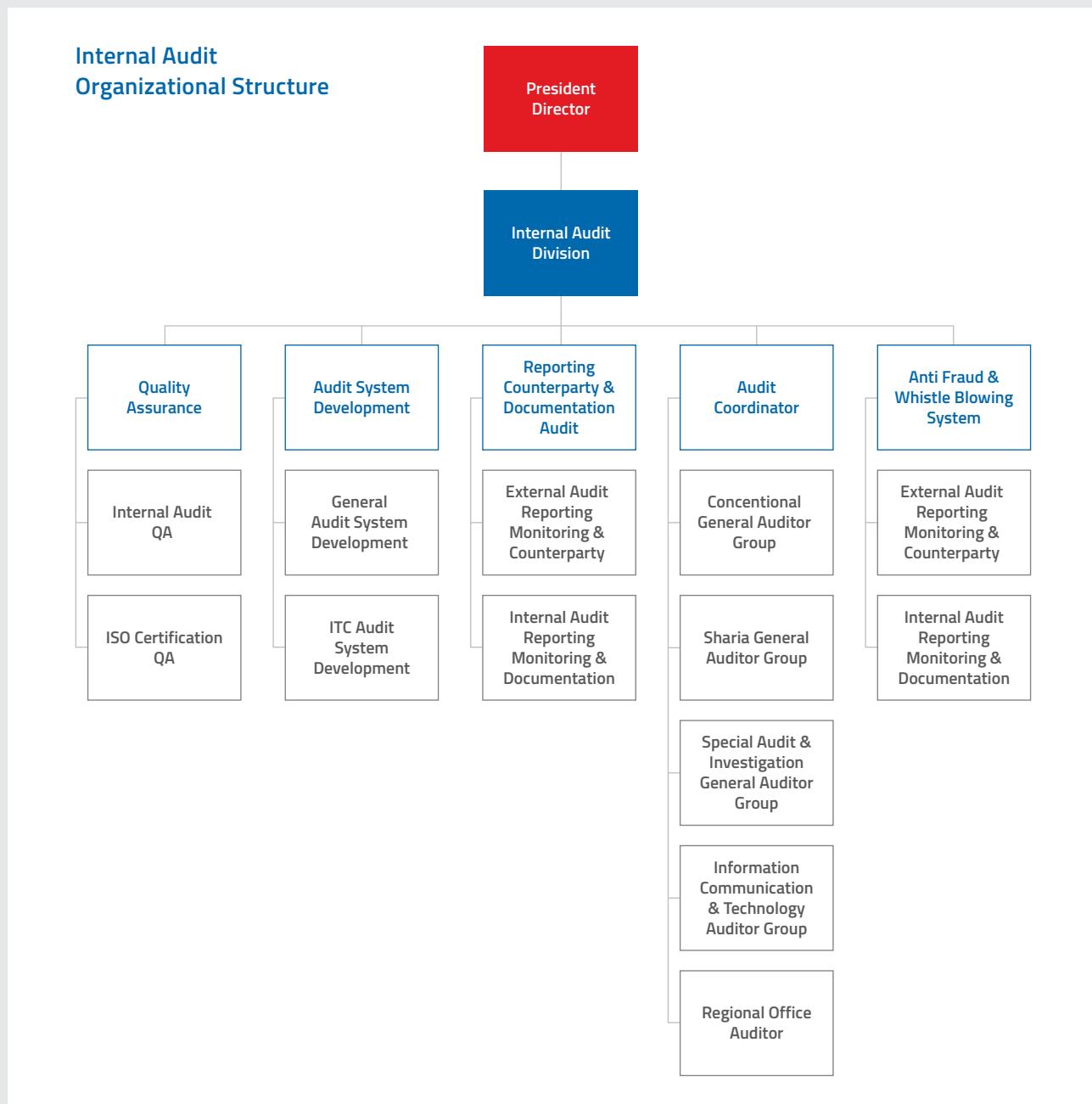
1. Article 3 Paragraph (1) states that Internal Audit Division (IAD) is Internal Audit Task Force (SKAI) in the Bank's organization who reports directly to President Director.
2. Article 3 Paragraph (2) states that IAD, as referred to in paragraph (1), shall be led by a Head of Division who reports directly 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 Institutions Supervisory Agency.
4. Article 3 Paragraph (6) states that Auditor in the IAD is responsible directly to the Head of IAD.

Parties Appointing and Dismissing Head of Internal Audit

The parties who are involved in the process of appointment/discharge of Head of Internal Audit is President Director, Board of Commissioners, and Financial Services Authority as regulator. In general, the appointment/dismissal 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 candidates of Head of Internal Audit Task Force.
2. The Board of Directors submits an application for approval of appointment/dismissal of Head of Internal Audit Task Force to the Board of Commissioners.
3. The Board of Commissioners approves or does not approve the proposed appointment/dismissal of Head of SKAI.
4. The Board of Commissioners and the Board of Directors submit a report of the appointment/dismissal of Head of SKAI to Financial Services Authority as regulator.



Profile of the Head of Internal Audit

Currently, the Head of Internal Audit is Mrs. Triani Pudjiastuti, served effectively since November 13, 2017, based on the Directors' Decree No. 612/DIR/2017 dated November 7, 2017, on the Employees Rotation/Promotion, and it has obtained approval from the Board of Commissioners on the Directors' Decree No. 614/DIR/2017



Triani Pudjiastuti

Indonesian Citizen, age 55, born in Yogyakarta

Holds a Bachelor of Economics from the University of Gadjah Mada, Yogyakarta, in 1985.

Work Experience

Started her career at PT Bank Tabungan Negara (Persero) Tbk since 1991 and she was the Head of Finance & Accounting Division (2011 - 2017), and Head of Internal Audit (2017-present).

Training

She has attended various training and seminar: Developing the Strategic Manager 2 by AGSM UNSW Business School, Australia, in 2016; Asset Accounting Training (PSAK & ISAK) by the Institute of Indonesia Chartered Accountants (IAI), Jakarta, in 2017; Workshop of Asset Accounting Implementation by PT Barka Cahaya Mediatama in Jakarta, 2017.

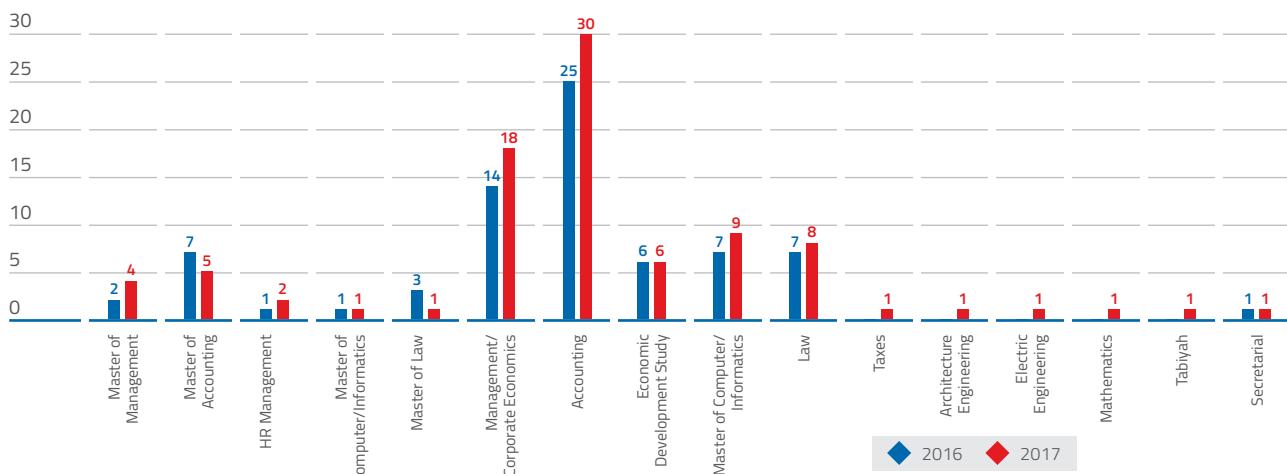
Internal Audit Personnel's Profiles

The Company puts attention on the adequacy of Internal Audit Division personnel's composition to support the duties in terms of qualification of the position to the competence. Based on the internal workload analysis calculation, the Audit Plan 2017 needs 90 IAD personnel. Internal Audit Division has 90 people that are chaired by 1 (one) Head of Division and assisted by 1 (one) Secretary, 1 (one) Head of Audit Coordination. The Division consists of 7 (seven) Quality Assurance members, 6 (six) members of Audit System Development Department, 8

(eight) members of Reporting Counterparty Documentation Audit Department, 33 Conventional General Auditors, 7 (seven) Sharia General Auditors, 7 (seven) Special & Investigation Auditors, 7 (seven) Information Communication Technology Auditors, 7 (seven) Regional Office Auditors, 3 (three) members of Anti-Fraud Strategy & Whistleblowing System, and 2 (two) members of Audit Committee's Special Assignment.

The Composition of Internal Audit Division based on their educational background can be seen on graphic as follows:

Composition of Internal Audit Division by Education



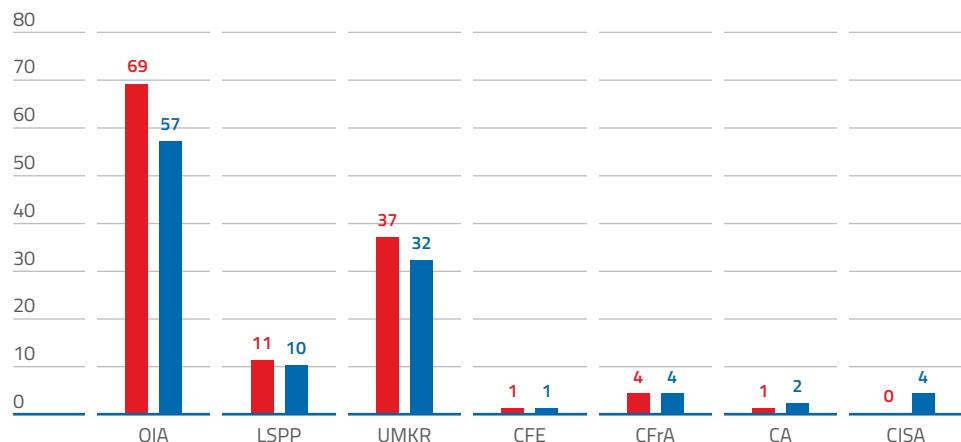
In addition, the overall number of certificates of the Internal Audit Division personnel can be seen on diagram as follows:

Certificates of the Internal Audit Division personnel

◆ 2017 ◆ 2016

Description :

QIA (Qualified Internal Audit), LSPP/ Banking Professional Certification Agency (certifies auditor competence in auditor until assessor level), UKMR (Risk Management Competence Test), CFE (Certified Fraud Examiner), CFRA (Certified Forensic Auditor), CA (Certified Accountant), CISA (Certified Information Systems Auditor).



In addition, the Company also established an audit team assigned to each business and operational unit. There are a few considerations to take into account in the preparation and determination of personnel in each audit team. Those are the results of risk assessment on 14 business processes and

ICT activity management, Auditor's 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 IAD audit budget preparation. Audit team composition assigned to each business unit is as follows:

Table: Audit Team

Business Unit	Team Leader			Team Member		
	AS	SAA	AA	SA	AG-14	AG-13
General Audit						
Head Office – Division		1		2	2	
Regional Offices		1		2	2	
Branch Office						
1. Main Class	1			2	2	
2. Class I		1		2	1	1
3. Class II			1	2	1	
4. 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	1
Special Audit						
Fraud Investigation	1	1		1	1	
Special Review		1		1	2	

Note: AS= Audit Superintendent (Set. Department Head - Grade 18), 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)

Internal Audit Competence Development in 2017

Every IAD personnel is facilitated and encouraged to develop their competence in supporting the internal audit function implementation. The competence development is conducted by knowledge sharing in between the Head of IAD, Directors,

and auditors on the Internal Policies and Procedures, certification program, education and training, workshop, and seminar. During 2017, the competence development that has been carried out in the form of internal and external training are as follows:

Table: Competence Development of Internal Audit Division Personnel

No	Education	Institution	Total
National Program			
Certification			
1	QIA Certification Training Intermediate Level 1 and 2	YPIA	1
2	QIA Certification Training Managerial Level	YPIA	1
3	CISA Preparation Examination Certification	Puslikom UI	3
4	Risk Management certificate maintenance	Bank BTN	4
5	UKMR Certification Level 2	LSPP	3
6	Risk Management Competence - Level 1	LSPP	10
7	<i>CISA Exam</i>	Puslikom UI	4
Education & Training			
1	Business Process Seminar	Bank BTN	68
2	Sharia Financing Seminar	Iqtishad Consulting	8
3	MDP Education	Prasetya Mulya & Markplus	5
4	SMDP Education	Prasetya Mulya	2
5	Digital Banking Education	Multimatic	8
6	Leadership Education	Proaktif Insani Mulia	5
7	Forensic Audit Training and Certified Auditor Certification	ACFE	2
Seminar / Workshop			
1	<i>2 Days Workshop on 'Fraud in Financial Transactions '</i>	Finansial Bisnis	1
2	<i>Workshop ACFE Indonesia Chapter 'Fraud in Banking Industry'</i>	ACFE	2
3	<i>Workshop IAIB CAEs: IT Governance, IT Security, Emerging Technologies, and IT Audit Round Table Discussion</i>	IAIB	3
4	<i>Workshop ACFE Indonesia Chapter "Digital Forensic"</i>	ACFE	2
5	<i>Workshop ACFE Indonesia Chapter "Digital Forensic" Batch 2</i>	ACFE	2
6	<i>Workshop Fraud Prevention and Detection : Forensic Data Analytics</i>	ACFE	2
7	<i>Workshop Mobile Forensic Investigation Course</i>	ACFE	4
8	<i>National Conference IX IAIB</i>	IAIB	3
9	<i>Workshop on Sharia Treasury</i>	Iqtishad	9
11	<i>IIA National Conference 2017</i>	IIA	2
12	<i>Four Eyes Principle on the Loan Business Process</i>	HMCD	4
International Program			
Seminar/ Workshop			
1	<i>IAIB-IIA International Conference Sydney, Australia</i>	IAIB	2

Guidelines for Internal Audit (Internal Audit Charter)

The Internal Audit Division is equipped with a Working Manual called Internal Audit Charter, which has been compiled since 2002, then updated, and finalized based on the Joint Decree of the Board of Commissioners and the Directors No. SKB-03/DEKOM-DIR/BTN/IAD/VI/2011 dated June 30, 2011. Internal Audit Charter also serves as the basis of existence, implementation of supervisory duties and responsibilities of the IAD. Therefore, the Internal Audit Charter is disseminated to all employees and related parties to encourage the internal audit function effectiveness. 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

The Internal Audit Division has duties and responsibilities 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 monitor the follow-up of audit results
2. Make analysis and ratings in finance, accounting, operations, and other activities through on-site and off-site monitoring audits, including the implementation of management audits for all Company's units.
3. Provide enhancement 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 effectiveness 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 legislation.
5. Perform tests and evaluation in order to improve/ enhance the effectiveness of risk management, internal control, and governance processes.

Scope of Internal Audit

The Company's Internal Audit Charter is stipulated in the Joint Decree of the Board of Commissioners and Directors No. SKB-03/DEKOM-DIR/BTN/IAD/VI/2011 dated June 30, 2011, on Internal Audit Charter of PT Bank Tabungan Negara (Persero) Tbk. Chapter III explains about the audit scope, among others:

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 risks 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 effectiveness, internal control adequacy and effectiveness, performance quality in carrying out responsibilities stated, as well as governance processes effectiveness, 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 2017

Internal Audit Division (IAD) has compiled the audit work program and executed the audit activities in line with the plan. The work program covers the 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.

Internal Audit Work Plan

Work Program of Internal Audit Division is stated in Annual Audit Plan book for a 1-year working period. Work Program of Internal Audit Division in 2017 has been submitted to the President Director, based on the IAD Memo No. 15/M/IAD/ASD/I/2017 dated January 23, 2017, on the Annual Audit Plan 2017. The Memo has been approved and signed by the President Director in January 2017. In 2017, the general audit planning (conventional and sharia), ICT audit, special and investigation audit, as well as the execution of ISO 9001:2008 audit, are scheduled as follows:

**Table: Internal Audit Work Program**

Audit Object	Total		Change	Description
	2016	2017		
General Audit (AU)	123	131	8	6.50%
1. Conventional AU	96	101	5	5.21%
2. AU. Sharia	27	30	3	11.11%
3. AU. Regional Office Auditor	0	88	88	100.00%
ICT Audit	6	14	8	133.33%
				The focus of ICT audit in 2017 is in the areas of: 1. Security Audit SKN-BI (Conventional) 2. Security Audit B1-RTGS (Conventional) 3. Security Audit B1-ETP (Conventional) 4. Security Audit B1-SSSS (Conventional) 5. Security Audit DHN Conventional 6. Security Audit SKN-BI (Sharia) 7. Security Audit B1-RTGS (Sharia) 8. Security Audit B1-ETP (Sharia) 9. Security Audit B1-SSSS (Sharia) 10. Security Audit DHN (Sharia)
General Audit & ICT Audit Objects	129	145	16	12.40%
Special & Investigation Audit				
1. C.1. Thematic Audit	1	0	-1	-100.00%
2. C.2. Special Audit Assignment/ Investigation (Incident-based)	0	0	0	0%
				There are no scheduled plans for special/ investigation audit in 2016. It will follow the assignments of stakeholders and whistleblowing system.
Certification Audit of ISO 9001:2008	17	19	2	11.76%
Total Audit Object	147	252	105	71.43%
				Obyek Audit

There are 252 audit objects scheduled for general audit, ICT audit, special & investigation audit, and certification audit of ISO 9001:2008 for 2017. This number is 105 (one hundred five) more than the plan of audit target in 2016, which was 147 audit objects.

Internal Audit Work Program Implementation

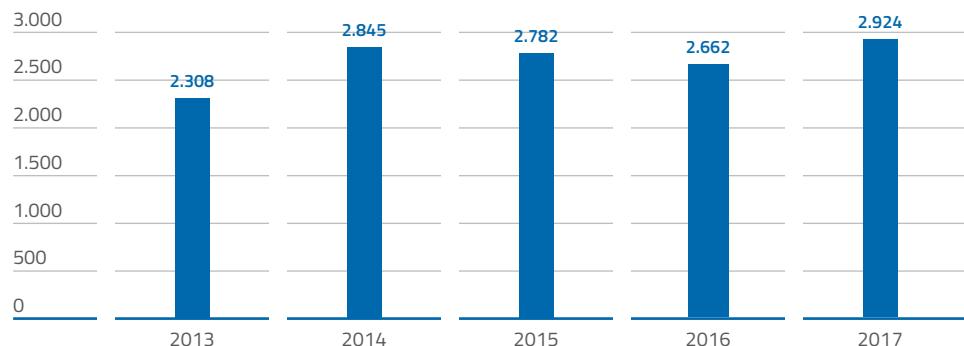
In 2017, Internal Audit carried out the audit activities. The audit objects covered General Audit (Conventional and Sharia), ICT Audit, Thematic Audit, ISO Audit, and Special Audit with details on the audit objects as follows:

Table: Internal Audit Work Program

No.	Description	Target	Realization	% Realized
1	General Audit			
	Conventional	101	99	98,02%
	Head Office – Division	23	23	100.00%
	Conventional Branch Offices	65	65	100.00%
	Regional Offices	2	2	100.00%
	BI/OJK Mandated	8	8	100.00%
	Government's Program	3	1	33.33,%
	Sharia	30	28	93.33%
	Head Office – Sharia Division	1	1	100.00%
	Sharia Branch Offices	22	22	100.00%
	BI/OJK Mandated	5	5	100.00%
	Government's Program	2	2	100.00%
	Regional Office Auditor (ROA)	88	162	184.09%
	Outlet's Thematic Audit	88	162	184.09%
	Total General Audit	219	289	131.96%
2	Information & Communication Technology (ICT) Audit			
	Head Office Division – Audit Object	4	4	100.00%
	BI/OJK Mandated	10	10	100.00%
	Total ICT (Information & Communication Technology) Audit	14	14	100.00%
3	Internal Quality Audit (AMI) for ISO 9001:2008 Certification			
	Group Surveillance Audit	10	10	100.00%
	Surveillance Department	3	3	100.00%
	Surveillance Division	2	2	100.00%
	Loan Services Audit ISO 15 1	4	6	150.00%
	Total Internal Quality Audit (AMI)	19	21	110.53%
	Total	252	346	137.30 %

The audit throughout 2017 resulted in 2,924 findings. These findings are increasing over the past two years, as presented in the audit findings graph for the last 5 (five) years as follows:

Internal Audit Findings



Audit Follow Up

The auditee shall follow-up on audit findings. The follow-up results shall be submitted to the Head of IAD and then evaluated to ensure that the follow-up is in accordance with the intended audit. Complete follow-up will be declared as 'complete' and informed to the auditee and Directors. Incomplete follow up with the status of "pending

item" shall be finished by the auditee with necessary explanations, and will be reported by the Head of IAD to Directors. Throughout 2017, there are follow-ups on audit findings from 2016 and 2017. The following table presents the follow-up summary:

Table: Audit Findings Follow-Up

No.	Audit Type	Tahun 2016			Tahun 2017		
		Findings	Finished	Not Finished	Findings	Finished	Not Finished
1.	General Audit - Head Office	212	212	0	259	208	51
2.	General Audit - Branch Office	1907	1907	0	1884	1651	233
3.	General Audit - Sharia Branch Offices	476	476	0	580	484	96
4.	ICT Audit (Information & Communication Technology Audit)	305	299	6	201	148	53
5	Internal Quality Audit (AMI)	-	-	-	-	-	-
6	Special Audit	-	-	-	-	-	-

Internal Fraud

In 2017, there were 20 cases of internal fraud with details as follows:

Table: Internal Fraud 2017

Internal Fraud	Management		Permanent Employee		Contract Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Internal Fraud	-	-	20	16	2	4
Resolved	-	-	20	16	2	2
In the process of internal settlement	-	-	-	-	-	-
Resolution not finalized	-	-	-	-	-	-
Had been followed up through legal process	-	-	2	4	-	2

Internal Audit Assurance Review

The Company's Internal Audit is reviewed annually to assess the compliance with the ISO 9001:2008 quality standard, as follows:

Table: Surveillance Audit Auditor for ISO 9001:2008 Certification

No.	External Audit	Year	Description
1.	PT SGS	2014	External Auditor, PT SGS, carried out the surveillance audit for ISO 9001:2008 certification
2.	PT SGS	2015	External Auditor, PT SGS, carried out the surveillance audit for ISO 9001:2008 certification
3.	PT SGS	2016	External Auditor, PT SGS, carried out the surveillance audit for ISO 9001:2008 certification
4.	PT SGS	2017	External Auditor, PT SGS, carried out the surveillance audit for ISO 9001:2008 certification

The assessment review is to assess the compliance with internal audit charter standard, code of conduct, efficiency and effectiveness of the Internal Audit Function in fulfilling the needs of stakeholders based on the best practices. This review is carried out by independent assessors once every 3 (three) years, as explained:

Table: Independent Assessor Related to the Audit Implementation

No.	External Audit	Year	Description
1.	PT PricewaterhouseCoopers (PWC)	2014	Review gap analysis of policies, procedures, and methodology, and audit on the SPFAIB best practices every 3 years by External Auditor
2.	PT Deloitte Touche Tohmatsu (DELOITTE)	2017	Review gap analysis of policies, procedures, and methodology, and audit on the SPFAIB best practices every 3 years by External Auditor

Internal Audit Effectiveness

The risk-based audit activities are regulated in the Company's Internal Audit Policy have been implemented since 2004 and then ratified in the Board of Directors' Regulation No. 09/PD/DAI/2008 dated April 30, 2008, on the Company's Internal Audit Policy, and amended on PD No. 08/PD/IAD/2013 dated December 5, 2013. These audit activities are any form of audit-related activities and reporting of audit results on the implementation of coordinated control structures at each

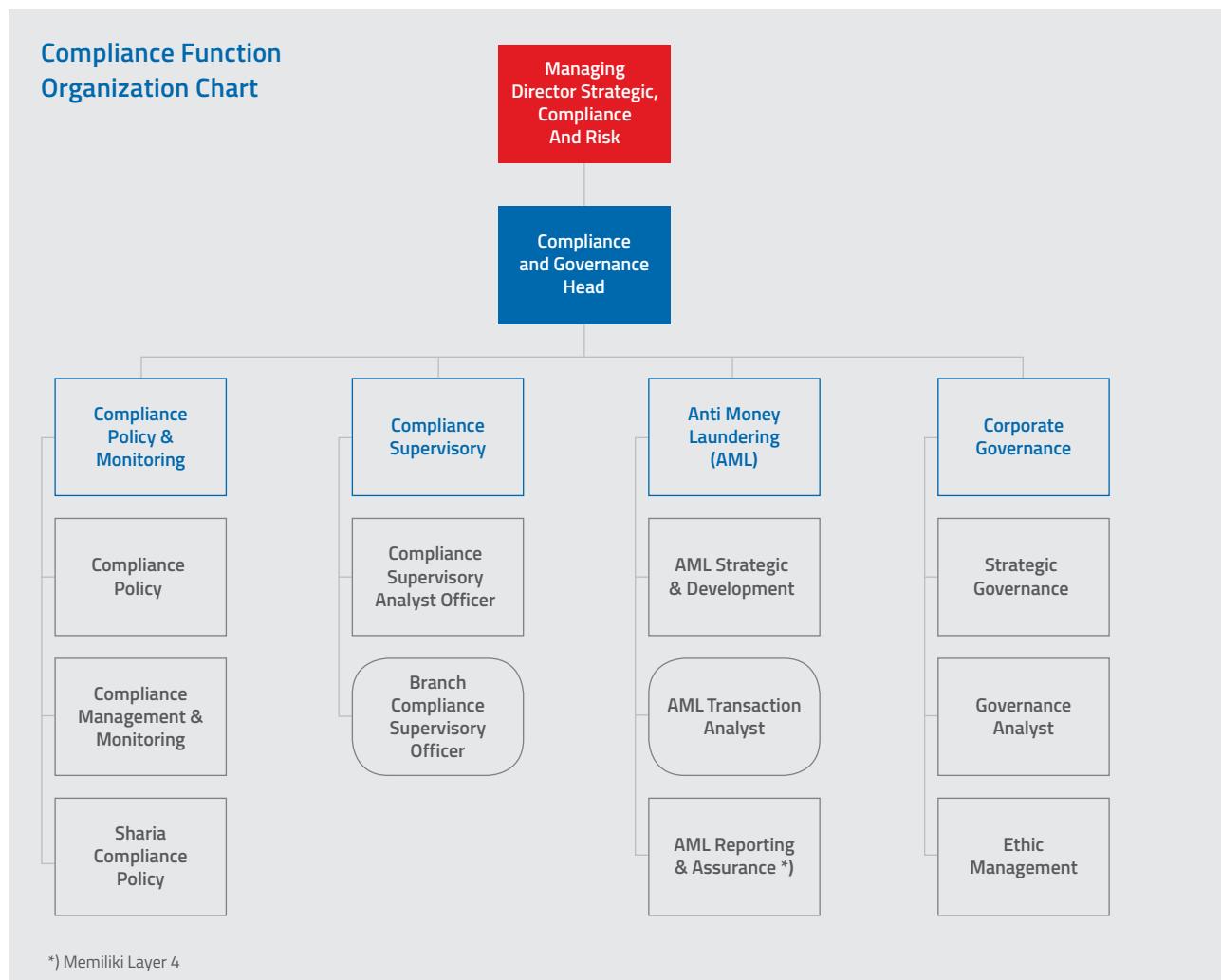
management level. In the audit activity and assessment on the internal control system, IAD provides added value and improves the quality of bank management in order to realize a healthy and developing bank, as well as the fulfillment of the bank's interest and its customer. The added value and the improvement on bank governance will show the bank's effectiveness, 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 Company in 2017.

> Compliance Function

The Company consistently performs Compliance Function, which is a series of actions or steps that are ex-ante (preventive) to:

1. Realize the implementation of Compliance Culture at all levels of organization and business activities of the Bank;
2. Manage the Compliance Risk faced by the Bank;
3. Ensure every policy, regulation, system, and procedures as well as business activity conducted by the Bank, is in accordance with Financial Services Authority provisions, and prevailing rules and legislation, including Sharia Principles;
4. To ensure the Bank's compliance with the commitment made by the Bank to Financial Services Authority and/or supervisory authority in charge;

The implementation of the Company's Compliance Function is stipulated in the internal Directors' Regulation No. 8/PD/CMPD/2017 dated Thursday, December 21, 2017, on Compliance Function Implementation at PT Bank Tabungan Negara (Persero) Tbk. The Company mandates the compliance function implementation that falls under the responsibility of the Managing Director Strategic, Compliance, and Risk, in coordination with Compliance Division, in cooperation with the Company's Compliance Task Force. This is agreed upon by the Board of Commissioners and Directors, and is stated in the Joint Decree of the Board of Commissioners and Directors No. SKB-01/DEKOM-BTN/VIII/2012 and No. SKB-01/DIR-BTN/VIII/2012 on Compliance Charter of PT Bank Tabungan Negara (Persero) Tbk.



The organizational structure of Compliance Function is stipulated in the Directors' Decree No. 03/DIR/DSP/2017 dated April 20, 2017, as amended by Directors' Decree No. 04/KD/DIR/SIPD/2017 dated May 29, 2017, on the Head Office Organizational Structure, and refers to POJK No. 46/POJK.03/2017 dated July 12, 2017, on the Compliance Function Implementation for Commercial Banks. It also stipulates the bank internal policies, which consist of:

1. Board of Commissioners has a role to actively supervise the Bank's Compliance Function.
2. Board of Directors plays a role in encouraging and realizing the Compliance Culture at all levels of the organization and Bank's business activities, and ensuring the implementation of the Bank Compliance Function
3. Compliance Director is a member of the Board of Directors who has been approved by the Financial Services Authority, to oversee the Company's Compliance Function and Compliance Task Force that are responsible for formulating strategies to encourage the Bank's Compliance Culture and the implementation of its tasks in ensuring the Bank's Compliance Function.
4. Compliance and Governance Division is a Compliance Task Force in the Head Office that has the duty to carry out the Company's Compliance Function.

Director who is responsible for Compliance Function

Director who is responsible for Company's Compliance Function is performed by the Managing Director Strategic, Compliance, and Risk. The approval, discharge, and/or resignation of the Company's Director of Compliance Function shall be conducted and regulated as follows:

1. Approval, dismissal, and/or resignation of Director of Compliance Function refers to the approval, dismissal, 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 Financial Services Authority regulations.
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 or end of tenure of Director of Compliance Function, the Company 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. To meet the independence requirement, 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 independence.

5. Every change in the Director of Compliance Function shall be reported to the Financial Services Authority.

In connection with the results of the Annual General Meeting of Shareholders of PT Bank Tabungan Negara (Persero) Tbk. dated March 17, 2017, Mr. Mansyur S. Nasution is no longer serving as the Company's Director, and simultaneously is resigning from the position of Director in charge of the Company's Compliance Function. In line with the result of the Annual General Meeting of Shareholders, to comply with PBI No. 13/2/PBI/2011 Article 9, the Company appointed and submitted Mr. R. Mahelan Prabantarikso as Director in charge of Company's Compliance Function to the Financial Services Authority with Letter No. 195/DIR/CSD/III/2017 dated March 23, 2017, on the Submission of the Company's Director of Compliance Company. dated July 19, 2017, Mr. R. Mahelan Prabantarikso to effectively become Director in charge of the Company's Compliance Function, based on the Fit and Proper Test by the Financial Services Authority.

Duties and Responsibilities of the Directors of Compliance Function

Duties and Responsibilities of the Directors of Compliance Function, include:

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 activity conducted by the Bank, is in accordance with Bank Indonesia Regulation, Financial Services Authority, and prevailing rules and legislation, including Sharia Principles;
5. Managing and minimizing Compliance Risk;
6. Conducting preventive actions so that policy and/or decisions made by the Company's Directors is not deviating from Financial Services Authority Regulation, Bank Indonesia Regulation and prevailing rules and legislation; as well as providing dissenting opinion if there is any policy and/or decision that may deviate from Bank Indonesia Regulation, Financial Services Authority Regulation, and prevailing rules and legislation; and
7. Carrying out other tasks related to Compliance Function, including monitoring and maintaining the Company's



Digital Smart Branch BTN
Photo source: Dedi Gunawan

compliance with commitments made by the Company to the Financial Services Authority, Bank Indonesia, as well as other regulatory authorities.

8. Ensuring the Company's Compliance Unit has been effective in performing the Compliance Functional duties;
9. Coordinating with Sharia Supervisory Board related to the Compliance Function implementation on Sharia Business Unit on Sharia Principles.
10. Acting as coordinator in Risk Management and Compliance Function implementation on every Bank's business activity to achieve Good Corporate Governance.

Compliance Task Force

The role of Company's Compliance Task Force as stipulated in POJK No. 46/POJK.03/2017 dated July 12, 2017 on the Compliance Function Implementation for Commercial Banks, is carried out by the Compliance and Governance Division, as stipulated in the Board of Directors' Decree No. 03/DIR/DSP/2017 dated April 20, 2017, as amended by Directors' Decree No. 04/KD/DIR/SIPD/2017 dated May 29, 2017, on Head Office Organizational Structure, the Compliance and Governance Division reports directly to the Director who functions as Director of Compliance, and is separated from business and operational units, risk management units that makes decisions on the Company's operations, treasury units,

financial and accounting units, logistics units and procurement of goods/services and units managing information technology.

Compliance and Governance Division is led by the Head of Division who have met the criteria as Head of Compliance Task Force, as stipulated in the PBI No. 46/POJK.03/2017 dated July 12, 2017, on the Compliance Function Implementation for Commercial Banks. Appointment and/or dismissal of Head of Compliance and Governance Division shall always be reported to Financial Services Authority with criteria stipulated in internal policy on compliance, which is as follows:

1. Fulfill the independence requirements as stipulated in the applicable provisions of the Financial Services Authority;
2. Masters Bank Indonesia Regulation, Financial Services Authority, and prevailing rules and legislation;
3. Does not have any duties outside the Compliance Function; and
4. Has high commitments to conduct and develop Compliance Culture.

Head of Compliance Task Force

Currently, the Head of Compliance Function is Mr. Sudaryo Bagyo Utomo, served effectively since November 1, 2012, based on the Directors' Decree No. 301/DIR/2012 dated Tuesday, October 9, 2012.



Sudaryo Bagyo Utomo

Indonesian Citizen, 53. Holds a Bachelor of Law from Diponegoro University, Semarang, in 1987.

Work Experience

Have been a Head of Compliance and Governance Division (CMPD) since November 1, 2012. Prior to being the Head of CMPD, he had a few key positions in Company, namely Head of Gresik Branch Office (2002-2008), Head of Restructuration and Loan Completion Division (2008-2010), Senior Manager Compliance Policy & Monitoring (2010-2011), Head of Compliance Policy & Monitoring Department (2011), and Head of System Development Audit Department Head (2011-2012).

Training

He had attended training and workshop in the country, such as: Internal Control Implementation (COSO-based) (2012), Integrating 11 (Eleven) Self-Assessment GCG Factors as Elements to Strengthen Bank Soundness Level (2013), training abroad is Integrated Governance, Risk Management And Compliance (2014), Training from Banking Professional Certification Agency on Risk Management Competency for Banking Profession Level 4 (2014), In addition, Holds a Risk Management Certification Level 4 (2014), Compliance, and AML Certification Level 1 (2015) and had attended training and workshop in the country, such as: Banking Industry Strategy Seminar (2015), Bara Risk Forum (2016), and 65th SESPIBANK (2016), Workshop of BTN KPKU Champion Team (2017), English Presentation For Executive (2017), Seminar on Payment System Policy Direction (2017), Workshop of ASEAN CG Scorecard ACGS Team (2017), Refreshment of UKMR Level 4, 4th Batch (LSPP) (2017), Seminar of Mutual Review Assessment of APU-PPT (2017).

Duties and Responsibilities Compliance Function Unit

Duties and responsibilities of the Compliance and Governance Division in carrying out the Compliance function are as follow:

1. To take measures 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 Financial Services Authority Regulation on Risk Management Implementation for Commercial Banks.
3. To assess and evaluate effectiveness, adequacy, and suitability of policies, regulations, systems, and procedures owned by Bank or with the prevailing rules and legislation.
4. To review and/or recommend the update and refinement of policies, regulations, systems, and procedures owned by the Company to comply with Regulations of Bank Indonesia, Financial Services Authority, and prevailing rules and legislation, including Sharia Principles.
5. To take measures to ensure that the policies, regulations, systems, and procedures, as well as the Bank's business activities, are in accordance with Regulations of Bank Indonesia, Financial Services Authority Regulation, and prevailing rules and legislation.

6. To perform other tasks related to Compliance Function, i.e.:
 - a. To ensure the Company's compliance with the commitment made by the Bank to Financial Services Authority 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 Work Program Realization in 2017

Implementation of Corporate Compliance Function throughout 2017, among others, are:

1. One of the Directors' Active Supervisions is ensuring the implementation of the Bank's Compliance Function, and fostering and realizing the Compliance Culture at all levels of the Bank's organization and business activities. In this regard, the Board of Directors has approved and determined the Company's Compliance Policy proposed by the Director in charge of the Compliance Function, which is a guideline in the business conduct and banking operations. The Board of Directors approves and stipulates the Compliance Procedures as proposed by the Director in charge of the Compliance Function, which will be used to draw up Company's internal regulations

- to maintain compliance with the regulations of Financial Services Authority, Bank Indonesia, and the prevailing laws and regulations, including the Sharia Principles.
2. The Board of Commissioners' supervisory function on the Company's Compliance Function is to provide a review and approval of the Company's Compliance Policy before it is stipulated by the Board of Directors.
 3. Implementation of Compliance Function in Corporate Governance. In every decision-making process and discussion related to the business and operations of the Company conducted in the Board of Directors forum, the Board of Directors shall always observe the opinion of the compliance aspect submitted by the Director in charge of the Compliance and/or Compliance Task Force that conveys the rules of the regulator related to the subject matter of the Directors' Meeting
 4. 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 the regulators, i.e. Bank Indonesia, Financial Services Authority, and prevailing rules and legislation, in the 2017 period, the Bank has conducted series of activities as follows:
 - a. Supporting Bank's sustainability business growth by referring to the prevailing rules and legislation. There are many steps needed to harmonize the Company's commercial needs with the compliance with external regulations, namely Bank Indonesia Regulations, Financial Services Authority Regulation, and prevailing rules and legislation, including Sharia Principles for Sharia Business Unit. In order to realize this, Bank has conducted steps as follows:
 1. Dissemination of regulator's regulation to the related work unit. The new regulatory provisions have been socialized by the Compliance and Governance Division to the operational work units, either in writing or through face-to-face media while conducting discussions with related units in order to gain a shared understanding of the newly issued regulatory provisions.
 2. Reviewing the compliance aspects of the company's internal regulatory draft and business and operational policy plan to be implemented, to ensure compliance with the regulations of the Financial Services Authority, Bank Indonesia, and prevailing rules and legislation. In the Company's provisions on Internal Procedures, it is stipulated that each draft of the internal regulation shall be subject to review on the compliance aspects by the Company's Compliance Task Force.
 3. Reviewing the compliance aspects of the plans for the development and publication of new products and/or activities, to ensure compliance with the regulations of the Financial Services Authority, Bank Indonesia, and prevailing rules and legislation.
 4. In addition to the company's internal regulation draft, the Compliance Task Force also reviews existing internal regulations in order to ensure consistency of policy adequacy. The focus of the review of existing internal regulations in 2017 is on the rules of loan and IT field, such as the improvement of the structure of loan committees, loan termination mechanism, the provisions of loan restructuring, the provision of creditors information reporting, the preparation of self assessment of loan decisions on First Line of Defense, provisions on IT risk management, and IT policy.
 - b. Conduct a compliance assessment of all units of the Company consisting of Divisions of Head Office, Regional Offices and Branch Offices. This assessment is intended to measure the level of compliance awareness in each unit as well as to know the areas that will be the focus of attention and coaching for the improvement of aspect compliance in the Company as a whole and per each unit in particular.
 5. Implementation of Anti Money Laundering Program and Prevention of Financing Of Terrorism (APU and PPT) by referring to prevailing rules and legislation. In order to implement APU and PPT program, Bank has conducted several activities described separately in the subchapter APU and PPT.
 6. Compliance Effectiveness Improvement in Branch Offices. The Bank is committed to optimizing the Compliance and Governance Division of Compliance Function in Branch Offices in order to optimize the application of the Internal Control System to Compliance Awareness, i.e. through the Branch Compliance Supervisory Officer (BCSO), which is an organ of Compliance and Governance Division in each Branch Office. The main duties and functions of BCSO are to evaluate the level of compliance and operational conformity of the Branch Office and its subordinate Offices (Conventional and Sharia), both transactional and non-transactional operations to applicable regulations. In its implementation, BCSO monitors and evaluates by sampling the implementation of Head Office policy in Branch Offices. Evaluation report will be submitted to Compliance and Governance Division and forwarded to Branch Manager and Internal Audit Task Force in the Regional Office, completed with recommendations of steps to improve in order to implement the policy effectively. The results of the evaluation and monitoring conducted by BCSO are as follows:
 - a. Evaluating the level of Branch's operational compliance by using the Compliance Control Application (CCA) system.
 - b. Monitoring the effectiveness of Bank policy implementation in Branch Offices made by Head Office.
 - c. Ensuring socialization of internal regulations to Branch Office officials and officers as a refreshment of the provisions in order to improve understanding of applicable rules and regulations.

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. One of the impacts arising from the exposure of compliance risk, is the sanctions imposed in the form of penalties from the regulators in both Conventional and Sharia units. Throughout the year 2017, the composition of the types of violations are mostly sanctions in error reporting of Debtor Information System (SID), Commercial Bank Report (LBU), and Foreign Exchange Traffic (LLD)
2. Based on the assessment of risks and historical data, the Bank still has the potential risk of compliance with a significant highest risk, i.e. related to the reporting activity of debtor information, the Bank's periodic report to the regulator and the reporting of Foreign Exchange Traffic related to foreign currency transactions.
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, LBU, and LLD from Bank Indonesia in the next period, namely:
 - a. Reporting debtor information in 2018 through the SLIK-OJK system has been centralized at the headquarters. The verification and control of data can be monitored standardly before it is sent to the regulator.
 - b. A monitoring application system has been developed to identify the completeness of customer/debtor data from each branch that becomes the object of monitoring of Head Office to the branches as the owner of the data. Data that has been confirmed by its completeness through the application system will be sent to the regulator.
 - c. Reviewing and changing the organizational structure and changes to the Job Description on the Division that manages Reporting of Debtor Information to Regulators at Head Office by adding special units with duties related to monitoring and Reporting SLIK Debtor Information to OJK.
 - d. Analyzing the adequacy of personnel in a special unit of Debtor Information Reporting at Head Office, and the fulfillment of human resources according to the sufficiency analysis result, as the report has been conducted in a centralized manner covering from all debtors in the branch office of Company
 - e. 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.
 - f. To map the completion of mandatory loan requirement data in reports to SID/LBU by the business unit and coordinated with the supporting unit.

Other Compliance Activities

1. In order to improve the business process continuously (Continuous improvement), Compliance Task Force, Risk Management Task Force, and Internal Audit Task Force have standardized business processes in accordance with international standards in order to improve and change the business processes. The Compliance Task Force, Risk Management Task Force, and Internal Audit Task Force use ISO 9001:2008 certification as the international standard. Currently, each task force has followed ISO 9001:2008 surveillance, with the result that each task force has consistently fulfilled the requirements and conditions in ISO 9001:2008 standards. In 2018, the Compliance Task Force, Risk Management Task Force, and Internal Audit Task Force are planning to participate in ISO Recertification to update ISO 9001:2008 Certification to ISO 9001:2015 Certification.
2. The Company improves the quality of Combine Assurance implementation, initiated by Control Unit (Risk Management Division, Compliance and Governance Division, and Internal Audit Division) and other task forces with the objective to improve the internal control function in all operational aspects of the Bank through the 'Zero Tolerance to Fraud and Zero Defect' program. The implementation refers to the Anti-Fraud Strategy for Commercial Banks, as stipulated in the Bank Indonesia Circular Letter No. 13/28/DNPB dated December 9, 2011. The 'Zero Tolerance to Fraud and Zero Defect' Program in 2017 is implemented through the preventive action of awareness and the socialization of the program itself on the Branch Offices and Regional Offices. Awareness or dissemination of Zero Tolerance to Fraud and Defect program in 2017 has been conducted in numerous prioritized Branch Offices, based on the operational potential risk and fraud risk (based on historical data).
3. Implementation of Integrated GRC (Governance Risk and Compliance) in the Company. In line with the Bank's transformation blueprints, i.e. achieving integrated GRC with the governance practices, risk management, and compliance practices in an integrated manner, the GRC will be implemented in 3 stages (waves):
 - › Wave 1 Initial Implementation of Integrated GRC
 - › Wave 2 Refinement of Integrated GRC
 - › Wave 3 Matured GRC

As an implementation on Wave 1 (in 2017), the Company performs:

- › Formulation and implementation of Governance, Risk, Compliance, Corporate Culture, and Anti-Fraud.
- › Joint socialization by the Compliance Task Force, Risk Management Task Force, Internal Audit Task Force, and the Human Resources management to Branch Offices.
- › Assessment of GRC Index and reassessment of the needs of context, corporate culture, and stakeholders.

In the GRC Index Assessment, the assessment will use the tools of Key Performance Indicator, Key Risk Indicator, and Key Compliance Indicator and the assessment will be performed on each task force. Each task force will have a GRC Index, which is an indicator of the implementation of integrated governance, risk management, and compliance aspects.

Human Resources Quality Improvement

Throughout 2017, the education and training to improve the management of Company's compliance functions are:

1. Workshop Business Of Conduct.
2. Refreshment of Monthly Reports of Commercial Banks and Foreign Exchange Flows
3. 3rd Verifying Staff Training at Branch Offices
4. ITP Prioritization Portfolio Workshop
5. Executive Development Program (EDP) 2017
6. Integrated GRC Implementation Workshop and Work Program Compilation of GRC Index & Awarding Assessment 2017
7. Focus Group Discussion with Indonesian Financial Transaction Reports and Analysis Center (INTRAC)
8. Workshop on PSAK 71 Implementation Plan
9. Workshop on Preparing Access Change of ID Level (SKALA)
10. Rules Regulatory and Rule Making Mechanism Workshop
11. Training to Prepare for Upgrade/Recertification of ISO 9901:2008 to ISO 9901: 2017
12. Banking Readiness Workshop In Facing Financial Technology Industry
13. Digital Bank Development Workshop
14. Seminar for young bankers a skills revolution in the human age
15. HIMBARA Logistic Workshop 2017
16. Good corporate governance and effective boards
17. Business process re-engineering workshop and loan marketing and service strategy

Anti-Money Laundering (APU) and Prevention of Financing Of Terrorism (PPT) Programs

The Company always conducts APU and PPT program in customer detection activity whilst referring to the prevailing rules and legislation. In order to anticipate the money laundering and financing of terrorism, the Company implements APU and PPT Program as to detect the customer's activity whilst referring to the prevailing rules and legislation. The Company has conducted APU and PPT Program, such as:

1. Active Directors' Supervision. One of the Directors' Active Supervisions is to ensure that the Company has a Policy and Procedure for the Implementation of Anti Money Laundering and Counter-Financing of Terrorism Program.

Along with the issuance of Financial Services Authority Regulation No. 12/POJK.01/2017 on the Implementation of Anti Money Laundering and Counter-Financing of Terrorism in the Financial Services Sector, and Financial Services Authority Circular Letter No. 32/SEOJK.03/2017 on Implementation of Anti Money Laundering and Counter-Financing of Terrorism in the Banking Sector, the Company has issued internal regulations on APU and PPT which are the Company's guidelines in implementing anti-money laundering and counter-financing of terrorism programs.

2. Active Board of Commissioners' Supervision. In order to carry out supervision, the Board of Commissioners actively participates in providing supervision, among others, by giving approval on policies and procedures for APU and PPT Programs implementation proposed by the Board of Directors.
3. In encouraging effective implementation of the APU and PPT Programs, the Company has an information system that can effectively identify, analyze, monitor, and provide reports, and will continue to improve continuously in accordance with applicable regulatory changes and the Bank's experience. In 2017, the Company has been carrying out the development and refinement of APU and PPT Management Information and Reporting System, which has been used in Branch Offices and Head Office. The application development process has started since January 2017 and it went live in April 2017 at Branch Offices and Headquarters. The Company will continue to evaluate the evaluation and develop the information system on a regular basis.
4. The Company conducts sustainable training related to APU and PPT programs by:
 - a. Face-to-face with the Branch Manager, Service Quality Unit Head/DBM Business, Sub-Branch Head, Cash Office Head, Priority Banking, Customer Service, and Teller Service at several Branch Offices.
 - b. Performing Sharing Module Implementation on Anti Money Laundering and Counter-Financing of Terrorism Programs in the Knowledge Management System (KMS) that can be accessed by all employees.
 - c. Conducting Training through E-Learning media, i.e. the Customer Due Diligence Micro Film to All Frontliner and the Person Responsible for APU and PPT at Branch Office, and conducting evaluation.
5. In order to fulfill the reporting obligations to the Indonesian Financial Transaction Reports and Analysis Center, the Company has submitted reports, among others:
 - a. Cash Transaction Report (LTKT) and Suspicious Transaction Report (LTJM).
 - b. International Fund Transfer Instruction Report (IFTI)
 - c. Reporting to Law Enforcement Officials and Regulators.

> Risk Management Function

Risk Management Function has a big role and responsibility in the Company's internal control system, in particular, related to risk assessment component in the COSO internal control framework.

In addition, there are other provisions concerning Risk Management Functions set forth in the Financial Services Authority Regulations (POJK) No. 18/POJK.03/2016 on the Implementation of Risk Management for Commercial Banks, and Financial Services Authority Circular Letter (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, i.e. the Risk Management Policy Manual (PKMR), which covers the minimum provisions required by Bank 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 manual. 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.

Company's Risk Management System

The risk management system is designed to support the Company in realizing sound business management and achieving sustainable growth, thus optimizing stakeholder value. The Company adopts a comprehensive approach to managing risks comprehensively, improving performance in managing uncertainty, minimizing threats, and maximizing opportunities without neglecting the principles of risk management that at least 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

In addition, the Company's risk management strategy is adjusted to the Company's Business strategy. 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, but also focuses on developing a risk awareness culture among 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 at 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 once a year, stress testing for Market Risks once a year and stress testing for Liquidity Risks 4 (four) times a year to measure the Company's resilience to stress/critical scenarios.

Roles of the Board of Commissioners and Directors in the Company's Risk Management System

Board of Commissioners has clear duties and responsibilities, among others:

1. Endorse the Risk Management policy, including the Risk Management strategies and framework set in accordance with the risk appetite and risk tolerance; Directors' Regulation No. 11/PD/RMD/2016 dated December 30, 2016, on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual.
2. Board of Commissioners and/or KOPAR has discussed and evaluated risk profile quarterly.
3. Evaluate the accountability of the Board of Directors and periodically providing direction for improvement in the implementation of Risk Management policies. Evaluation is conducted in order to ensure that the Board of Directors has managed the Company's risks and activities effectively.
4. Risk profile is submitted to the Board of Commissioners and Risk Monitoring Committee on a quarterly basis as an evaluation material for the implementation of risk management policies and risk management strategies.

Board of Directors has clear duties and responsibilities, among others:

1. Compile Risk Management policy, including the strategy and framework of Risk Management in writing and comprehensively. The policy shall include the risks limit and type of risks, taking into account the risk level faced and risk level tolerance on the capital adequacy. After

obtaining approval from the Board of Commissioners, the Directors stipulated policy, strategy, and framework of the said Risk Management;

- a. Directors' Circular Letter No. 33/DIR/RMD/2012 dated July 31, 2012, on Guidelines for Formulating Bank Risk Profile.
- b. The Board of Directors compiles, sets, and updates the procedures, measures the Company's soundness included in the risk profile, i.e. in the Directors' Regulation No. 06/PD/RMD/2015 dated June 1, 2015, on Self-Assessment of the Company's Soundness.
- c. Directors' Regulation No. 08/PD/RMD/2015 dated June 26, 2015, on the Risk Management Committee.
- d. Directors' Regulation No. 04/PD/RMD/2016 dated April 27, 2016, on the Amendment to the Board of Directors Regulation No. 08/PD/RMD/2015 on the Risk Management Committee.
- e. Circular Letter No. 30/DIR/RMD/2015 dated August 25, 2015, on the Guidelines for Risk Data Collection for the BTN-Loss Event Database Application (BTN-LED Tool).
- f. Directors' Circular Letter No. 48/DIR/RMD/2016 dated November 4, 2016, on the Amendment to the Board of Directors' Circular Letter No. 30/DIR/RMD/2015 dated August 25, 2015, on the Guidelines for Risk Data Collection for the BTN-Loss Event Database Application (BTN-LED Tool)
- g. Directors' Circular Letter No. 41/DIR/RMD/2015 dated October 5, 2015, on the Guidelines for Implementing the Liquidity Risk Measurement Process.
- h. Directors' Circular Letter No. 60/DIR/RMD/2015 dated December 28, 2015, on the Market Risk Measurement Guidelines.
- i. Directors' Circular Letter No. 63/DIR/RMD/2015 dated December 30, 2015, on the Interest Rate Risk Management in the Banking Book.
- j. Directors' Circular Letter No. 10/DIR/RMD/2017 dated March 27, 2017, on the Policy and Procedure for Risk Culture Implementation.
- k. Directors' Circular Letter No. 11/DIR/RMD/2017 dated March 30, 2017, on the Policy and Procedures of Risk and Control Self-Assessment (RCSA).
- l. Directors' Circular Letter No. 18/DIR/RMD/2017 dated April 3, 2017, on the Policy of Business Continuity Management (BCM) and Standard Operating Procedure (SOP) of Business Continuity Plan (BCP).
- m. Directors' Decree No. 08/SK/DIR/RMD/2017 dated May 16, 2017, on Risk Appetite and Risk Tolerance, Credit Concentration on 50 Core Debtors 2017.
- n. Directors' Circular Letter No. 45/DIR/RMD/2017 dated August 14, 2017, on Risk Profile Guidelines and Assessment at Branch Offices and Sharia Branch Offices.
- o. Monthly Credit Risk Exposure Monitoring reported by the RMD to the Directors.
- p. Weekly Liquidity Risk Monitoring reported by the RMD to the Directors.

q. Risk Operational Report (LED/Loss Event Database) reported by the RMD to Directors.

r. Directors' Circular Letter No. 03/DIR/RMD/2016 dated January 22, 2016, on the Stress Testing Implementation Guidelines.

2. Developing, establishing, and updating procedures as a tool to identify, measure, monitor and control risks;

- a. Directors' Regulation No. 11/PD/RMD/2016 dated December 30, 2016, on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual (PKMR).

3. Preparing and establishing the mechanism for approving transactions including those that exceed limits and authority for each hierarchy;

- a. Board of Directors has set risk limit and risk maximum, taking into account the experiences, risk management capabilities, human resources, Regulations of Bank Indonesia/OJK, and good prudential banking practices.

- b. Risk limit determination by the Business Task Force to then recommended to the Risk Management Task Force. This will be submitted for Directors' decision.

- c. There is a classification of authority limits in termination of loan at Branch Offices and Head Office per position level.

- d. There is a classification of authority limits in treasury transaction per position level.

- e. There is a classification of authority limits in authorizing and fiat payment at Head Office and Branch Offices per position level.

4. Evaluating and/or 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;

- a. In December 2016, Directors' Decree No. 11/PD/RMD/2016 dated December 30, 2016, on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual is stipulated.

- b. Memo RMD to PPD No. 408/M/RMD/SRM/XI/2017 dated November 29, 2017, at the Request of risk management internal policies approval.

- c. Directors' Circular Letter No. 41/DIR/RMD/2015 dated October 5, 2015, on the Guidelines for Implementing the Liquidity Risk Measurement Process.

- d. Directors' Regulation No. 10/PD/TRSD/2015 dated August 8, 2015, on the Liquidity Monitoring Manual.

- e. Directors' Circular Letter No. 48/DIR/TRSD/2015 dated November 5, 2015, on the Guidelines to Compile Contingency Funding Plan.

5. Establishing organizational structure including clear authority and responsibility of every position level related to the implementation of Risk Management;

- a. Directors' Regulation No. 11/PD/RMD/2016 dated December 30, 2016, on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual.

- b. Board of Directors has stipulated a regulation through Directors' Regulation on risk management organization, which consists of a Risk Management Committee and Divisions supporting the implementation of risk management i.e. RMD as the Risk Management Task Force, internal control by the IAD, Credit Risk Desk as an effort to improve commercial loan business process through the implementation of the four eyes principle and compliance by the CMPD as the Compliance Task Force, including the authorities and responsibilities for each unit.
- 6. Responsible for the implementation of Risk Management policy, strategy, and framework that has been approved by the Board of Commissioners, and evaluate and provide direction based on reports submitted by SKMR including risk profile report; As part of the responsibility, Board of Directors provides direction, among others, on reports submitted by 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 4 times, i.e. reported through the Risk Profile Report Quarter IV/2016, Quarter I/2017, Quarter II/2017, Quarter III/2017 jointly with the Market Risk and Credit Risk Stress Testing reported to the OJK.
 - e. The Credit Risk Stress Testing is carried out at least once a year. It has been conducted one, in December 2017 jointly with the Liquidity Risk and Market Risk Stress Testing, this was also reported to the OJK.
 - f. The Credit Risk Stress Testing is carried out at least once a year. It has been conducted once, in December 2017 jointly with the Liquidity Risk and Market Risk Stress Testing, this was also reported to the OJK.
 - g. The Branch Office operational risk monitoring report and evaluation (BTN-LED) is submitted to the Board of Directors.
- 7. Ensure that all material risks and impacts caused by the respective risk have 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;
 - a. Based on the Company's risk profile, the significant types of risks are credit risk, liquidity risk, and operational risk. With the Company's risk profile report, a position monitoring, liquidity monitoring report, and credit risk exposure monitoring report, the Board of Directors ensures that relevant task forces follow up on the recommendations in the reports so that credit risk, operational risk, and liquidity risk can better managed.
 - b. The development of significant risk profile shall be submitted to the Board of Commissioners using the Company's Quarterly Risk Profile Report.
- 8. Ensure the implementation of refinement measures for problems or deviations in business activities through:
 - a. Provide guidance on the regular Follow-up Monitoring Report of the internal/external audit findings by the IAD to Board of Directors.
 - b. Evaluate the last year follow-up on audit findings on the Audit exit meeting.
 - c. Audit Committee's Meeting.
- 9. Developing a culture of Risk Management including risk awareness at all levels of the organization, such as adequate communication to all levels of the organization on the importance of effective internal controls;
 - a. To develop the Risk Management and risk awareness culture, Directors has conducted:
 - 1. Internalization of risk management culture to all employees, in accordance with Directors' Circular Letter No. 10/DIR/RMD/2017 dated March 27, 2017, on the Policy and Procedure for Risk Culture Implementation.
 - 2. Some Employees received the questioner survey of RCMA and RMMA Implementation, that are sent through Memo No. 392/M/RMD/SRM/XI/2017 dated November 16, 2017, the RCMA and RMMA Implementation
 - 3. Deliver messages on risk culture using SMS and Email Blast.
 - 4. Socialization of Risk Culture through the body email of employee's salary statement to raise risk awareness for all Company's employees.
 - 5. Signing of Risk Culture Statement of the Board of Commissioners and Directors dated September 28, 2017, that stated the Board of Commissioners and Directors fully support and are responsible for the Risk Culture implementation.
 - b. As part of developing a risk management culture, the Board of Directors ensures the availability of:
 - 1. Risk management certification and refreshment for Company's employees and officers.
 - 2. Risk management training for new employees.
 - 10. Compiling risk awareness program that includes 6 (six) themes as follow:
 - a. Socialization by the head of task force related the Directors' Circular Letter No. 10/DIR/RMD/2017 dated March 27, 2017, on the Policy and Procedures of Risk Culture Implementation.
 - b. Incorporate risk management as a mandatory material for all training.
 - c. Delivering messages on risk awareness through SMS and corporate email
 - d. Socialization of risk management through BITNIZ bulletin/Paras magazine.
 - e. Developing risk management devices as the risk management practices by task forces.

11. Ensuring sufficient financial support/budget and infrastructure to manage and control risk through approval of CBP 2017.
- Provide directives on CBP 2017 and RBB 2017-2019, which is submitted to the Directors at the Joint Meeting of the Board of Commissioners and Directors dated November 15, 2016, and grant approval of CBP 2017, which is submitted through Board of Commissioners' Letter No. 132/KOM/BTN/XI/2016 dated November 15, 2016, on the PT Bank Tabungan Negara (Persero) Work Budget and Plan (CBP) Fiscal Year 2017.
 - Provide directives on CBP 2017 and RBP 2017-2019 to be adapted in line with the Minister of SOE Letter No. S-901/MBU/D5/11/2016 dated November 22, 2016, on the Follow-Up of Minister of SOE Letter No. S-513/MBU/08/2016. The directives are stated in the Board of Commissioners' Letter No. 134/KOM/BTN/XI/2016 dated November 22, 2016, on the Adjustment of CBP Draft of PT Bank Tabungan Negara (Persero) Tbk 2017.
 - Provide direction for the adjustment of CBP 2017 and RBB 2017-2019 at the Joint Meeting of the Board of Commissioners and Directors dated November 29, 2016, and grant approval of the CBP 2017 and RBB 2017-2019 through Board of Commissioners' Letter No. 142/KOM/BTN/XI/2016 dated November 29, 2016, on the Bank's Business Plan (RBB) 2017-2019 Approval of PT Bank Tabungan Negara (Persero) Tbk.
 - Grant approval on the CBP 2017 Revision and RBB 2017-2019 Revision through Board of Commissioners' Letter No. 76/KOM/BTN/VII/2017 dated June 13, 2017, on the Bank's Business Plan (RBB) Revision Approval 2017-2019 in the form of Company's Work Budget and Plan (CBP) Revision 2017 of PT Bank Tabungan Negara (Persero) Tbk.
12. 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.
- Directors' Regulation No. 11/PD/RMD/2016 dated December 30, 2016, on PT Bank Tabungan Negara (Persero) Tbk Risk Management Policy Manual.
 - Memo RMD to PPD No. 408/M/RMD/SRM/XI/2017 dated November 29, 2017, at the Request of risk management internal policies approval.
 - Board of Directors ensures that the risk management functions are implemented independently on the business and IAD task force. RMD as a Risk Management Task Force (SKMR) has carried out its function as Risk Manager, that identifies, measures, monitors and controls risks and business task force/unit/operational task force as the Risk Owner, must report or inform the risk exposure on their respective task force to the RMD.
- d. Directors' Decree No. 03/KD/DIR/SIPD/2017 dated April 20, 2017, on the Head Office Organizational Structure of PT Bank Tabungan Negara (Persero) Tbk.

Risk Monitoring Committee

Risk Monitoring Committee has duties and responsibilities to provide recommendation to the Board of Commissioners by evaluating Company's risk management policies, evaluating the compliance of the Company's risk management policies with the implementation, and monitoring and evaluating the Risk Management Committee. The Risk Monitoring Committee has been described on the Organs and Committees Reporting Directly to the Board of Commissioners.

Risk Management Committee

Risk Management Committee (KMR) plays an active role in providing recommendations to the President Director related to the risks attached to the policies to be stipulated by the Board of Directors, and providing an evaluation of the provisions deemed less appropriate to the latest developments and in need for adjustment. KMR is actively involved in conducting risk assessments inherent in each new product and/or service/activity so that the Company can perform the necessary mitigation measures and evaluate Risk Management Policy Manual (PKMR). The Risk Management Committee is described on the Committee Reporting to the Board of Directors chapter.

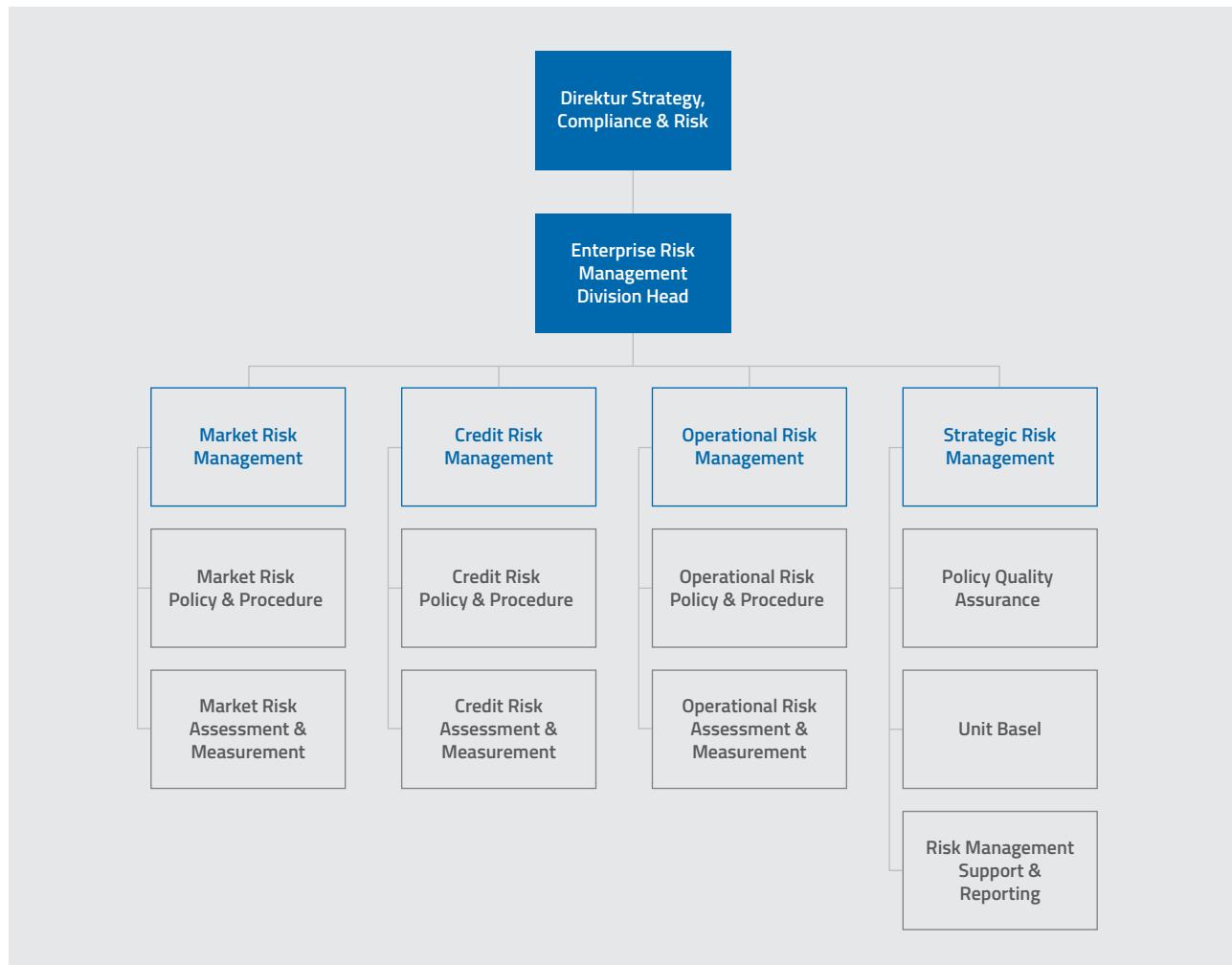
Risk Management Task Force

The Enterprise Risk Management Division (RMD) is a Risk Management Task Force (SKMR) of the Company, led by the Head of Division who directly reports to the Managing Director Strategy, Compliance, and Risk. The Enterprise Risk Management Division's Organizational Structure consists of the Market Risk Management Department, Credit Risk Management Department, Operational Risk Management Department, and Strategic Risk Management Department.

"Since February 4, 2016, the Enterprise Risk Management Division (RMD) in the implementation of management activities has implemented and achieved ISO 9001:2008 certification and is committed to upgrading the certification to ISO 9001:2015 in 2018."

Risk Management Organizational Structure

The organizational structure of Risk Management is stipulated in the Directors' Decree No. 02/KD/DIR/SPMD/2015 dated May 5, 2015, and last amended by Directors' Decree No. 03/KD/DIR/SIPD/2017 dated April 20, 2017, on the Head Office Organization Structure as follows:



The Market Risk Management Department functions to ensure Market Risk and Liquidity Risk management effectiveness. The Credit Risk Management Department serves to ensure Market Risk and Operational 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 Task Force and Assessment and Measurement Task Force.

The Strategic 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.

Profile of the Head of Risk Management

The Head of Enterprise Risk Management Division and concurrently the Risk Management Committee's Secretary is Mr. Sahat Sihombing since August 1, 2018, based on the Directors' Decree No. 353/DIR/2017 dated August 1, 2017.



Sahat Sihombing

Indonesian Citizen, age 52, born in Medan on October 23, 1966.

Has a Bachelor degree in Planning Engineering from Bandung Institute of Technology, 1990, and Magister Management of IPPM University, Jakarta, in 1992.

Work Experience

Started his career at PT Bank Tabungan Negara (Persero) Tbk since 1991. Served a few key positions, i.e. Head of Branch Office Class I Jakarta Cawang (2013-2014) and Head of Tangerang Main Branch Office (2014-2016), Head of Wealth Management Division (2016-2017) and Corporate Strategic & Performance Division (2017).

Training

He had attended various training and seminar, among others: Mandya Manager Education 16, the Best Graduate, LPPI (2002); IT Services Management as the key, LAPI-ITB (2010); Level 3 Risk Management Certification by BSMR (2011); Refreshment of Level 3 Risk Management by LSPP (2015); 66th Sespibank 66 by LPPI (2017); Level 3 General Banking Certification by LSPP (2017); etc.

Risk Management Division HR Certification Program

The Company fulfills the HR competence of Risk Management Division through training or certification in risk management as an effort to improve risk management quality. The table below lists the training and certification for Risk Management Division HR in 2017:

Table: 2017 Risk Management Division HR Certification Program

Certification Program	Organizer	Participant
UKMR Level 1	LSPP	10 people
UKMR Level 2	LSPP	5 people
UKMR Level 3	LSPP	7 people

HR Development in Risk Management Sector

The Company has carried out the HR development program for risk management officers, and the program includes all employees (in accordance with job specification) particularly RMD, in the context of risk management certification. The Company conducts in-house training and pre-tests as a preliminary screen for officers and employees who will take the risk management certification examination held by LSPP (Banking Professional Certification Agency).

The Company regularly conducts education and training and actively engages its staff and officials in seminars related to risk management. The Company also involves several employees and officials in risk management task force to attend Master's degree programs in risk management and banking and finance.

Risks Faced by the Company

There are 8 risks type faced by the Company, and they are in the inherent risk category as explained below:

Credit Risk

Credit Risk is a loss risk due to other party failure to fulfill their obligations. Credit Risk includes Credit Risk due to debtor's failure, Credit Risk due to the concentration of fund provision (Credit Concentration Risk), counterparty credit risk, settlement risk, and country risk. Credit Risk may be originated from various Company's business activities. In addition to loan, the Company faces Credit Risk from various financial instruments, such as securities, acceptances, interbank transactions, trade finance transactions, exchange and derivative transactions, and commitment and contingent liabilities.

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. Market Risk includes Interest Rate Risk, Exchange Rate Risk, Equity Risk, and Commodity Risk. Interest rate risk, exchange rate risk, and commodity risk may be originated from trading or banking book's position. Equity Risk may be originated from the trading book's 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 Company. Incapability to obtain cash flow source funding may incur Liquidity Risk, which may be caused by:

1. Incapability to generate cash flow from productive asset and asset sale including liquid assets; and/or
2. Incapability to generate cash flow from fund collection, inter-bank transactions, and received loans.

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 Company. Operational Risk may be originated from HR, internal process, system and infrastructure, and external events.

Such Risk Sources may cause events that adversely affect the Company's operations. Thus, the emergence of these types of Operational Risk events is a measure of the success or failure of Risk Management for Operational Risk. The types of Operational Risk events can be classified into several types of events, such as internal fraud, external fraud, labor and workplace safety practices, customers, business products and practices, physical asset damage, business activity and system failures, and process and execution errors, including fraud arising from money laundering and terrorism financing activities.

Legal Risk

Legal Risk is Risk due to lawsuits and/or weakness of juridical aspect. Legal risks may result from the weakness of the juridical aspect caused by the engagement weakness of the Company, the absence and/or amendment of the laws and regulations which cause a transaction to be inconsistent with the provisions, and the litigation process, either arising from a third party lawsuit against the Company or the Company against a third party.

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. Strategic

risks can result from weaknesses in the strategy formulation process and inaccuracy in the strategy formulation, inadequate management information systems, inadequate internal and external environmental analysis results, the determination of overly aggressive strategic objectives, inaccuracy in implementation strategies, and the failure to anticipate changes in the business environment.

Compliance Risk

Compliance Risk is a risk due to the failure of the Company in complying with and/or implementing the laws and regulations in force. Compliance Risk may originate from, among other things, the behavior of the law, i.e. The Company's activity or behavior that deviates from or violates the provisions and/or regulations and the organization's behavior, i.e. the Company's behavior or activities that are deviant or contradictory from the generally accepted standards.

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 Company. Reputation Risk may originate from Company's various business activities as follows:

1. events that have adversely affected the Company's reputation, such as negative publicity in the mass media, violations of business ethics, and customer complaints; or
2. other matters that may lead to Reputational Risks, such as weaknesses in corporate governance, corporate culture, and business practices.

Risk Management Efforts

As a Bank that mainly focuses in the field of providing loans or financing housing, the Company'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. The attempts to minimize the negative impact of the business are conducted 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 Bank's performance growth is sound and sustainable.

The Company is one of the Systemic Banks. As one of the efforts to prevent and handle the crisis of the financial system, especially on Systemically Important Bank issues, the Company must be able to determine the plan when experiencing the financial stress that may endanger the business continuity. The action plan is stipulated in the form of Recovery Plan, in line with POJK N. 14/POJK.03/2017 dated April 4, 2017. The Company has prepared a Document Recovery Plan, which includes the Trigger Level (for prevention, recovery, and repair purposes). Every indicator of Recovery Options in Recovery

Plan includes, among other: Indicators of Capital, Liquidity, Profitability, and Asset Quality.

Credit Risk Management

As a part of credit risk management, the Company regularly reviews and updates its Risk Management Policy Manual and Loan and Financing Policy Manual for Bank loans and financing as part of the risk assessment process. Credit Risk exposures are monitored since the loan approval process until the maturity of the loan. Credit risk monitoring and control include evaluating credit risk exposure to credit risk limit (Risk Appetite & Risk Tolerance), establishing Internal Credit Rating application, and implementing four eyes principle by establishing Credit Risk Desk (CRD) for commercial loan in analyzing from risk side loans including restructuring. CRD consists of Head Office CRD, Regional Credit Risk Head (RCRH), and Branch Credit Risk Head. In addition, a Monitoring Department was established in the Commercial Lending Division (CMLD) to specifically monitor the major debtors loan exposure (50 core debtors). Credit risk control for consumer loans is carried out through iLoan Consumer i.e. completing the application with the Credit Scoring Model (CSM). The debtor management for consumer loan (Kol-2) and non-performing loan (NPL) is carried out by Consumer Collection and Remedial Division (CCD), equipped with Desk Call unit and CCRU unit in Branch Offices. Asset Management Division (AMD) manages billing of debtors in arrears for more than 360 days (consumer & Commercial credit), debtor transfer (Novation, Cessie), and auction.

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 OJK Circular Letter No. 42/SEOJK.03/2016 dated September 28, 2016, on the Guidelines for Calculating Risk Weighted Assets (RWA) for Credit Risk by using the Standard Approach.

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 bank. In accordance with regulations and considering that 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.

In relation to market risk management, the Company has an Asset and Liabilities Committee (ALCO). ALCO regularly discusses, among others, interest rates and market risk management of the Company, especially those originated from the 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 Enterprise Risk Management Division. One of the identifications for market risk is performed for each product or activity that is included in the category of new product or activity.

In order to measure interest rate risk in the trading book and banking book positions, the Company conducted a sensitivity analysis aimed at measuring the impact of changes in market interest rates on the Company's net income (loss) and equity. In order to measure the exchange rate risk, the Company conducted a sensitivity analysis aimed at measuring the impact of exchange rate changes on the Company's profit (loss).

For the banking book position, the Company measures the interest rate risk in the banking book by using the repricing gap method as contained in Directors' Circular Letter No. 63/DIR/RMD/2015 dated December 30, 2015, on the Interest Rate Risk Management in the Banking Book. The Company has developed an IRRBB measurement/application system to conduct the measurement of interest rate risk in the banking book.

In order to measure the market risk with standard method and sensitivity analysis, the Bank conducts stress testing to assess the Company in facing extreme changes in interest rates and exchange rates, with reference to the provisions of the regulator and the Company's internal scenarios. For the Company's internal scenario, in the beginning of each year, the Enterprise 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. In addition, the Company has also set Net Open Position (NOP) limits corresponding to the maximum limit specified in PBI No. 17/5/PBI/2015 dated May 29, 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.

In order to calculate market risk for Minimum Capital Requirement (KPMM), the Company measures market risk using standard methods as regulated by the regulator. The portfolio calculated in the determination of market risk KPMM consists of trading book portfolio for interest rate risk and trading book and banking book portfolio for exchange rate risk.

Liquidity 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 Company.

For guidance in managing liquidity risk, the Company 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 Bank 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 the Company 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 Company's ability to meet the needs of liquidity in a crisis situation. In the beginning of each year, the Enterprise 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.

The Company monitors liquidity risk on a regular basis, conducted by TRSD and RMD, to manage liquidity risk. Liquidity risk monitoring by RMD shall be submitted to the Board of Directors on a weekly report.

In order to maintain the availability and sufficiency of liquid assets as well as to control or limit exposure to liquidity risk, the Company has set limits that include minimum Secondary Reserves (SR) and maturity gap limits. In measuring Liquidity Risk, the Company has provisions on Liquidity Risk measurement method which is an effort to build a Liquidity Risk Management Information System.

Operational Risk Management

The Bank has a BTN-Loss Event Database (BTN- LED) that functions as operational risk data collection in Branch Offices (KC) using the risk event criteria based on Basel II (7 risk event types) for implementing the risk management process, particularly the operational risk. BTN LED application is connected with Branch Office so in its reporting, Branch Office can send data loss event online through web-based media every month. BTN LED output is the accumulated data of Company's losses in one month, in the form of actual loss,

near miss, or potential loss from each risk event. The data will be converted into Top 10 risk. As a result, the data collected will be processed and analyzed to identify the operational risk exposure map for each Branch Office and Regional Office. This map of exposure is a reference in preventing the occurrence of similar events by taking steps to improve existing business processes or by adding other forms of risk mitigation.

The Company has developed Risk and Control Self-Assessment (RCSA) policies based on Basel II. The RCSA uses risk management process references in ISO 31000: 2009 as its approach. RCSA policies and procedures are supported by web-based RCSA applications and must be implemented in all work units, Head Office, Regional Offices, and Branch Offices as a means of identification, measurement, monitoring, and controlling operational risk of task forces.

Operational Risk mitigation will be carried out by all units at the Bank. Compliance with policies and procedures is a form of Operational Risk mitigation. The Enterprise 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 appointed Branch Compliance Supervisory Officer (BCSO) at the Branch Office with the following duties and responsibilities:

1. Evaluate the compliance level of task force with the rules and regulations and SOPs that apply in performing the operations (transactions and non-transactions) at Branch Offices (conventional and Sharia).
2. Conduct analysis and evaluation of compliance violations to subsequently submit the proposed coaching to the relevant Division, and the submission of a review of the applicable provisions.
3. Coordinate with relevant task forces and the Internal/ External Auditors in the compliance evaluation and audit implementation.
4. Monitor the follow-up of completion and/or improvement of compliance evaluation result or audit findings.
5. Provide opinion of compliance with Branch Office operations that require compliance opinion based on Branch Office request.
6. Cultivate a culture of compliance and risk awareness

The Company is currently formulating the Business Continuity Management (BCM) policy to guarantee the Company's operations in carrying out business and providing service for customers. The formulation of BCM policy aims to ensure that the Company can continue business activities and customer services in the event of disasters, including disruption to information systems technology. To further facilitate the understanding of employees related to the BCM policy, the Company has prepared socialization materials in the form of video, which contains prevention procedures, disaster response, post-disaster procedures, even the process to

return to normal condition. To support and measure the policy effectiveness, the Company have prepared a pilot or simulation plan as a continuous improvement material in order to adjust to the development of existing business processes.

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.

The Company carries out the identification of Legal Risk based on risk factors that include lawsuits and the existence of juridical aspects of weakness. Legal Risk Measurement is carried out by Enterprise Risk Management Division (RMD), Legal Division (LGD), and Credit Operation Division (COD). LGD obtained the evaluation report on the analysis of individual legal cases against contingent liabilities arising from lawsuits. COD obtained the quality of credit document engagement (LAT).

Legal risks are jointly measured by the Risk Management Division (RMD), Legal Division (LGD), and COD, based on the analysis and evaluation report on individual legal cases against the contingent 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 the Company's products to be incongruous with the existing provisions.

Legal Risks are monitored by the RMD 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 Company 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 Company, hence the progress of all cases occurring in the Branch office or the head of the can be monitored.

The Company appointed a Regional Legal Representative (RLR) in the Regional Offices, with duties and responsibilities, among others:

1. Monitor and manage potential legal issues in the operations that may harm the Company in accordance with its authority by providing legal opinion, legal consultation, and legal watch function.
2. Handle legal issues arising in the Regional Offices and Branch Offices as a result of or related to the Company's operations in all judicial bodies in Indonesia.

3. Perform monitoring function of management and completion of principal loan document at Branch Office to comply with the stipulated policy.
4. Communicate the key policies and issues related to LGD's task in risk management that arise from the legal aspects of the Company's operations.

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 Corporate Strategy and Performance Management Division (SPD) as an elaboration of the Board of Directors' General Policy (KUD).

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 Corporate Strategy & Performance Management Division (SPD) by monitoring the Key Performance Indicators (KPI) achieved and the Enterprise Risk Management Division (RMD) monitors the risk exposure compared to the Company'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 Enterprise 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 Corporate Strategy and Performance Management Division (SPD) 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 Company 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 Company. The Company has assigned a Branch Compliance Supervisory Officer (BCSO) in the Branch Office to evaluate the level of compliance with the transaction flow and the Company'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 Enterprise Risk Management Division

(RMD). The CMPD will monitor and report the Compliance Risks incurred to the Board of Directors of the Company 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 bank'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 Company's compliance track record, behavior basing the violation, and violation against the commonly applicable standards.

The RMD and CMPD control 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

All employees, including business unit management and Company's supporting activities, are part of the Risk Management implementation structure for Reputation Risk, taking into account that the result of Company's business activities is the reputation. 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 Risks are identified from the risk factors inherent in the functional activities that include transparency (disclosure requirement), customer complaints regarding Company services, behavior of Company employees in serving customers, and the Company's communication system. In order to identify reputation risk process, the Company has SPN (Customer Complaint System) application and conducts monitoring on all mass media (both local and national, printed and electronic). The Company records every Company's news, either directly (straight news) or indirectly (mention). SPN application is integrated with the Branch Offices and Contact Center. Service Quality & Network Division (SQND) 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 Company's reputation including customer complaints and negative press about the Company. The Company's Reputational Risk is managed by the Corporate Secretary Division (CSD) unit, which manages the coverage on the Company that was published in print and electronic media, and the Service Quality & Network Division (SQND) that manages customer complaints. The Service Quality & Network Division (SQND) is in charge of reporting to Bank Indonesia and Financial Services Authority.

To monitor Reputational Risk and ensure that customer satisfaction is maintained, the Company'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 Enterprise Risk Management Division (RMD) unit by reminding and providing recommendations for improvements by the CSD and SQND based on the assessment on the reputational risk profile parameter to the Reputational Risk Management Division.

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 counterproductive 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. SQND 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 Company's asset portfolio is dominated by housing loans (KPR) which are 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 Company's performance is sound and sustainable. The Company has conducted socialization of risk culture to Regional Office I, II, III, and IV by inviting Branch Offices and Sharia Branch Offices, attended by the Head of Branch Offices to improve the Risk management culture. At the end of 2017, the Company disseminated RCMA and RMMA surveys to the employees to measure the Company's risk culture maturity and risk management.

Target and Strategic Initiatives for the Implementation of Risk Management in 2017

Target and strategic initiatives related to the implementation of risk management in 2017 as follows:

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 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 at all levels.
2. Formulation of policies and procedures for risk management in 2017, as follows:
 - a. Board of Directors' Circular Letter No. 10/DIR/RMD/2017 dated March 27, 2017, on the Policies and Procedures for Risk Culture Implementation
 - b. Board of Directors' Circular Letter No. 11/DIR/RMD/2017 dated March 30, 2017, on Policy and Procedures of Risk and Control Self-Assessment (RCSA)
 - c. Board of Directors' Circular Letter No. No. 18/DIR/RMD/2017 dated April 3, 2017, on the Policies of Business Continuity Management (BCM) and Business Continuity Plan (BCP) Standard Operating Procedure (SOP)
 - d. Board of Directors' Decision No. No. 08/SK/DIR/RMD/2017 dated May 16, 2017, on Risk Appetite and Risk Tolerance of the Concentration in 50 Core Debtors 2017
 - e. Board of Directors' Circular Letter No. No. 45/DIR/RMD/2017 dated August 14, 2017, on Guidelines and Rating of Risk Profile of Branch Offices and Sharia Branch Offices
 - f. Board of Directors' Circular Letter No. 62/DIR/RMD/2017 dated November 21, 2017, on the Guidelines of CSM process implementation
 - g. Board of Directors' Circular Letter No. 77/DIR/RMD/2017 dated December 27, 2017, on the Guidelines of ICR process implementation
 - h. On Progress Review of Directors' Regulation on the Risk Management Implementation Guidelines (PPMR), including risk appetite and risk tolerance management of the Company (2018)
 - i. On Progress Review Board of Directors' Circular Letter No. 11/DIR/RMD/2017 dated March 30, 2017, on Policy and Procedures of Risk and Control Self-Assessment (RCSA) (2018)
 - j. On Progress Review Board of Directors' Circular Letter No. No. 18/DIR/RMD/2017 dated April 3, 2017, on the Policy of Business Continuity Management (BCM) and Business Continuity Plan (BCP) Standard Operating Procedure (SOP) (2018)
 - k. On Progress policy formulation of Key Risk Indicator (KRI) (2018)
 - l. On Progress formulation of Circular Letter on Integrated Risk Management (2018)
 - m. On Progress formulation of Internal Rules draft on risk model validation framework (2018)
 - n. Development of Enhancement Loss Event Database (LED) for operational risk, Development of Liquidity Monitoring Application, and Development of IRRBB Measurement Application.
 - o. Stress testing to assess the Company's resistance to stress/crisis scenario:

1. The Liquidity Risk Stress Testing has been carried out 4 times, i.e. reported through the Risk Profile Report Quarter IV/2016, Quarter I/2017, Quarter II/2017, Quarter III/2017.
2. The Credit Risk Stress Testing is carried out at least once a year. It has been conducted one, in December 2017 jointly with the Liquidity Risk and Market Risk Stress Testing, this was also reported to the OJK.
3. The Credit Risk Stress Testing is carried out at least once a year. It has been conducted once, in December 2017 jointly with the Liquidity Risk and Market Risk Stress Testing, this was also reported to the OJK.

Basel Implementation

To implement risk management and anticipate the implementation of Basel II, specifically pillar 1, the Company has implemented the following:

1. Credit risk measurement by using the Standardized Approach, in line with OJK Circular Letter No. 42/SEOJK.03/2016 dated September 28, 2016, on the Guidelines for Calculating Risk Weighted Assets (RWA) for Credit Risk by using the Standard Approach.
2. Standardized Model for market risk in accordance with OJK Circular Letter No. 38/SEOJK.03/2016 dated September 8, 2016, on Guidelines for the Use of Standard Methods in the Calculation of Minimum Capital Requirement for Commercial Banks by Calculating Market Risk.
3. Calculating the minimum capital adequacy requirement using the Basic Indicator Approach for operational risks in accordance with OJK Circular Letter No. 24/SEOJK.03/2016 dated July 14, 2016, on the Guidelines for Calculating Risk Weighted Assets (RWA) for Credit Risk by using the Standard Approach.

The Company implements the Basel III, i.e.:

1. Calculate and report Liquidity Coverage Ratio (LCR) to regulator, monthly and quarterly, in accordance with POJK No. 42/POJK.03/2015 dated December 23, 2015, on Adequacy of Liquidity Coverage Ratio for Commercial Banks.
2. Calculate and report trial of Net Stable Funding Ratio (NSFR) quarterly to regulator, in accordance with POJK No. 50/POJK.03/2017 dated July 13, 2017, on Adequacy of Net Stable Funding Ratio for Commercial Banks.
3. Calculate and report trial of Leverage Ratio (LR) quarterly to regulator, in accordance with LR Consultative Paper.
4. Calculate buffer in the calculation of minimum capital requirement, i.e.:
 - a. Conservation Buffer, in line with article 6 of POJK No. 11/POJK.03/2016 dated January 29, 2016, on Minimum Capital Requirement for Commercial Banks
 - b. Countercyclical Buffer, in accordance with PBI No. 17/22/PBI/2015 dated December 23, 2015, on the Mandatory Countercyclical Buffer Determination
 - c. Capital Surcharge for Systemic Banks, in line with POJK No. 46/POJK.03/2015 dated December 23, 2015, on the Determination of Systemically Important Bank and

Capital Surcharge, and the letter of determination for bucket for Systemic Bank, submitted by the regulator.

Risk Profile Assessment

The Company always assesses the risk profile through assessment of inherent risk ratings and quality rating of risk management implementation to determine the Company's risk rating. Inherent Risk Assessment is an assessment of the inherent Risks in the Company's business activities, both quantifiable and non-quantifiable, which may potentially

affect the Company's financial position. Quality Assessment of Risk Management Implementation is an assessment of 4 (four) interrelated aspects, which consist of risk management, risk management framework, risk management process, adequacy of human resources, and adequacy of management information system, and adequacy of risk control system.

Based on the results of the Company's self-assessment on the Company's soundness, the Company's Risk Profile is as follows:

No.	Risk Profile	Quarter IV/2017		Quarter IV/2016			
		Inherent Risk Rating	Risk Management Quality Rating	Risk Ratings	Inherent Risk Rating	Risk Management Quality Rating	Risk Ratings
1	Credit Risk	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)
2	Market Risk	Low (1)	Satisfactory (2)	Low (1)	Low (1)	Satisfactory (2)	Low (1)
3	Liquidity Risk	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)
4	Operational Risk	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)	Moderate (3)	Satisfactory (2)	Low to Moderate (2)
5	Legal Risk	Low to Moderate (2)	Strong (1)	Low (1)	Low (1)	Satisfactory (2)	Low (1)
6	Strategic Risk	Low (1)	Satisfactory (2)	Low (1)	Low (1)	Satisfactory (2)	Low (1)
7	Compliance Risk	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)
8	Reputational Risk	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)	Low (1)	Satisfactory (2)	Low (1)
Composite Rate		Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)	Low to Moderate (2)	Satisfactory (2)	Low to Moderate (2)

Evaluating the Effectiveness of the Risk Management System

Enterprise Risk Management Division, as the Risk Management Task Force, regularly evaluates the effectiveness of the risk management system through a risk profile report by using risk profile tools, which includes risk management for credit risk, market risk, liquidity risk, operational risk, compliance risk, legal risk, reputational risk and strategic risk on a quarterly basis. As stipulated in the POJK No. 18/POJK.03/2016 on the Risk Management Implementation for Commercial Banks, and OJK Circular Letter No. 34/SEOJK.03/2016 on the Risk Management Implementation for Commercial Banks, the risk profile report includes assessment of Inherent Risk and Quality Assessment on the Risk Management Implementation in the Company.

Inherent Risk Assessment is an assessment of the inherent Risks in the Company's business activities, both quantifiable and non-quantifiable, which may potentially affect the

Company's financial position. Quality Assessment of Risk Management Implementation is an assessment of 4 (four) interrelated aspects, which consist of risk management, risk management framework, risk management process, adequacy of human resources, and adequacy of management information system, and adequacy of risk control system.

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 loan 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 are carried out periodically to mitigate significant risks to the Company.

Strategy/Policy Direction of Risk Management for the next 1 (one) year

Objectives of Enterprise Risk Management:

1. Creating a system or mechanism for the company to anticipate and manage risks in order to increase and maintain the Company's value.
2. Encouraging management and employees to act proactively to reduce the risk of loss, making risk management as a competitive advantage and corporate performance advantage.
3. Developing the ability to socialize risk understanding and maintaining the Company's risk management.
4. Improving the Company's performance by providing risk level information as outlined in the risk map that is useful for management in the development of strategies and improvement of risk management process continuously and sustainably.

Bank's Risk Management Target:

1. Human resources with insight and risk culture, sustainable and planned development pattern.
2. Support the achievement of CBP 2018
3. Improve and maintain risk profile and Company's soundness at the desired level.
4. Optimize Company's KPMM and maintain it at the desired level.

To achieve these objectives, each task force needs to implement the risk management as stipulated in this provision. In order to realize the objectives of the risk management implementation, with reference to the strategic transformation blueprint 2016-2020, in particular, to strengthen the comprehensive implementation of GRC, the Bank develops strategic and work plans related to the risk management implementation with a 1-year strategy and work plan as follows:

1. Strengthen the risk capability, among others, by restaffing HR's risk management task force and increasing the RMD and the Company's HR Competence, in relation to risk management.
2. Establish a clear risk appetite & tolerance and clear strategy by developing, implementing, and disseminating

the Risk Appetite Framework (RAF). The RAF is the formal and systematic basis for formulating risk management policy, taking into account the capacity of risk (capital) owned by the Bank.

3. Improve the operational risk management capabilities, among others, by strengthening the internal provisions regulating the Loss Event Database (LED), Risk & Control Self-Assessment (RCSA), and Business Continuity Management (BCM). In addition, to expand the operational risk management capability, the Company compiles provision of Key Risk Indicator (KRI) and IT Risk Management, and implements IT application/system to support RCSA implementation.
4. Improve loan decision process and build effective risk scoring model by enriching/extending the capability of Internal Credit Rating (ICR), Credit Scoring Model (CSM), Development of Probability of Default (PD) model, Loss Given Default LGD), and EAD as part of the implementation of PSAK 71. In addition, the Company develops a risk model validation framework, including credit risk, and establishes the Limit of Authority to Terminate Credit Lending Authority.
5. Enhance the capability of liquidity and market risk management, i.e. by intensifying monitoring on Core Customer concentration, Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR).
6. Establish strong governance structures to enhance risk culture, among others, by developing internal provisions related to risk management implementation guidelines from self-assessment methodology of Bank Soundness and continuously internalizing the implementation of risk culture.
7. Establish a risk information system by developing and/or strengthening IT system applications, which cover:
 - a. Credit Risk Datamart
 - b. Enhancement of Liquidity Risk Monitoring Application
 - c. Enhancement of IRRBB Application
 - d. Bloomberg Terminal
 - e. BCM web-based application
 - f. Integration of LED, KRI, RCSA Applications
 - g. Application of Risk Management Integration:
 - > TKB: GCG, Risk Profile, Capital, Rentability
 - > Risk Profile of Task Forces (Division, Regional Office, Branch Offices)
 - > Monitoring of Recovery Plan

In order to support/optimize the implementation of the above-mentioned strategy, RMD plans to upgrade the certification from ISO 9001:2008 to digitalized ISO 9001:2015.

> External Audit Function



BTN Salurkan Dana KPR Rp 5,9 Triliun Dalam IPEX 2017
Sumber foto: Prayogi

The Company holds the accountability of management information and data in order to fulfill the reporting responsibilities to the stakeholders and as a matter of consideration to determine the appropriate strategic and policy measures to maintain the business continuity of the Company. External auditor needs to be able to provide accountable, independent, and reasonable information and data, especially related to the financial, operational, and compliance aspects of the prevailing legislation.

External Audit is performed by an independent party who has fulfilled the requirements to ensure that the Company's accounting report is compiled in accordance with the Statements of Financial Accounting Standards (SFAS). The Company's report consists of the Company's financial position and business results in a fair manner, and the business operations conducted by the Company shall not be in violation of the prevailed regulations.

External Auditor Appointment

The GMS on March 17, 2017, has appointed a Public Accountants Firm to fulfill the Financial Statement Audit of Fiscal Year 2017.

The appointment of Public Accountants and Public Accountants Firm is conducted through limited tender procurement for general audit services, and the tender participants have to meet the criteria as follow:

1. The Public Accountants Firm is ranked in the top 10 (ranking by the official association of the Public Accountants Firm).
2. Has an affiliation certificate with the International Public Accountants Firms.
3. Has experiences in performing general audit to Public Bank, and has assets of at least Rp 100 trillion.
4. The Manager has at least 3 (three) years experiences in auditing Commercial Bank and PKBL (Partnership and Community Development Program)
5. The KAP (Public Accountants Firm) is registered in BI, OJK, and the Audit Board of the Republic of Indonesia (BPK).
6. General audit services on financial statements by KAP for a maximum of 5 (five) consecutive years.
7. The same Signing Partner of the KAP for a maximum of 3 (three) consecutive fiscal year audit period.
8. Partner has experiences in Public Accounting for more than 10 years.

9. Has experiences in performing General Audit on Bank with Sharia Business Unit.
10. Has at least one CISA certified person and banking or Sharia Accounting
11. Has expertise in at least: Quality Assurance, Computer Audit Specialist, Tax Specialist.

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 2017.

The assignment legality of general audit of Financial Statement and PKBL Report of PT Bank Tabungan Negara (Persero), Tbk.

Fiscal Year 2017 is stated in Letter No. 15/KOM/BTN/II/2017 dated February 21, 2017 on "KAP Appointment to Perform General Audit for Financial Statements of Fiscal Year 2017 and Financial Statements of PKBL Implementation of Fiscal Year 2017 PT Bank Tabungan Negara (Persero) Tbk" and Letter No. 505/PGSD/PROC/II/2017 dated February 28, 2017, on "Appointment Letter" for KAP Purwantono, Sungkoro & Surja/ PSS – EY as the public accountant on Company Financial Statements 2017.

Accountant, Public Accountants Firm, and Audit Fee

Accountant and Public Accountants Firm (KAP) who conducted the audit and Audit Fee in the last 5 years (including Audit of Partnership and Community Development Program or PKBL) is presented on this table:

Fiscal Year	Accountant	Public Accounting Firm	Scope of Audit	Audit Opinion	Audit Fee
2017	Yasir License No. AP.0703	Purwantono, Sungkoro & Surja License No. 603/KM.1/2015	1. Financial Statement Audit 2. Audit of Partnership and Community Development Program (PKBL)	Unqualified Opinion	Rp2,290,000,000
2016	Danil Setiadi Handaja License No. AP.1008	Purwantono, Sungkoro & Surja License No. 603/KM.1/2015	1. Financial Statement Audit 2. Audit of Partnership and Community Development Program (PKBL)	Unqualified Opinion	Rp2,175,000,000
2015	Danil Setiadi Handaja License No. AP.1008	Purwantono, Sungkoro & Surja License No. 603/KM.1/2015	1. Financial Statement Audit 2. Audit of Partnership and Community Development Program (PKBL)	Unqualified Opinion	Rp1,967,000,000
2014	Benyanto Suherman License No. AP. 0685	Purwantono, Suherman & Surja License No. 381/KM.1.2010	1. Financial Statement Audit 2. Audit of Partnership and Community Development Program (PKBL)	Unqualified Opinion	Rp1,769,000,000
2013	Benyanto Suherman License No. AP. 0685	Purwantono, Suherman & Surja License No. 381/KM.1.2010	1. Financial Statement Audit 2. Audit of Partnership and Community Development Program (PKBL)	Unqualified Opinion	Rp 1,650,000,000

Other Services Provided

In 2017, the Company's Public Accountants and Public Accountants Firm provided other services in addition to the Financial Statement Audit and PKBL Audit Fiscal Year 2017, i.e. Compliance Audit with the Legislation and Internal Control (PSA 62), and Audit on Performance Evaluation Report (LHEK) 2017. Audit fee services include the audit fee for Financial Statements and PKBL of Fiscal Year 2017.

Other External Auditor and Services Provided

In addition to the Public Accountants and Public Accountants Firm, there were other external auditors who audited the Company in the fiscal year 2017, i.e. Bank Indonesia, Financial Services Authority,

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

Company always follows up every findings and recommendation from external audit result in order to refine the Company's governance. 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 Company in 2017 are as follows:

No.	Audit Result	Findings		Finished		Not Finished	
		Total	%	Total	Description		
1	Indonesia Financial Services Authority						
	General KHP Credit Risk per December 31, 2015	48	48	100.00	0	Finished	
	General KHP Information Technology per December 31, 2015	7	7	100.00	0	Finished	
	General KHP Customer Complaint Handling per December 31, 2015	15	14	93.33	1	On going	
	General KHP, Operational Risk, and APU-PPT, per July 30, 2016	120	120	100.00	0	Finished	
	General KHP Credit Risk per Tuesday, January 31, 2017	40	28	70.00	12	On going	
	General KHP, Operational Risk, and APU-PPT, per Monday, July 31, 2017	87	11	12.64	76	On going	
	OJK Findings	317	228	71.92	89		
2	Bank Indonesia						
	LKD Bansos (Social Aid for Digital Financial Services)	7	7	100.00	0	Finished	
	LTV	3	3	100.00	0	Finished	
	LLD	5	5	100.00	0	Finished	
	BI Findings	15	15	100.00	0		
3	The Audit Board of the Republic of Indonesia (BPK RI)						
	Internal Control System Semester I 2010	49	49	100.00	0	Finished	
	Loan Management Quarter I 2012	60	60	100.00	0	Finished	
	Micro Loan Program (KUR) Management Semester I 2014	38	29	76.32	9	On going	
	Performance on KC Efficiency Semester I 2015	36	36	100.00	0	Finished	
	Performance on Subsidized Housing Loan Management and SSB/SSA Management 2017	22	15	68.18	7	On going	
	BPK RI Findings	205	189	92.20	16		
4	Public Accounting Firm						
	Management Letter on Financial Statements per December 31, 2017	20	17	85.00	3	On going	
	KAP Findings	20	17	85.00	3		
	External Findings	557	449	80.61	108		

Effectiveness of External Audit and Bank's Compliance with Regulations on the Relations in between the Bank, 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 effectiveness of external audit implementation and to ensure that every finding can be resolved.

Audit result on the financial statement for the fiscal year ended on December 31, 2017, will be submitted to Financial Services Authority (OJK). The implementation of transparency of the financial statements for the fiscal year 2017 is based on Bank Indonesia Regulation and Financial Services Authority (OJK) regulations as follows:

- PBI No. 3/22/PBI/2001 dated December 13, 2001, as amended partly by PBI No. 7/50/PBI/2005 dated November 29, 2005, on Bank Financial Condition Transparency, and amended partly by PBI No. 14/14/2012 dated October 18, 2012, on Bank Report Publication and Transparency;

2. BI Circular Letter No. 3/31/DPNP dated December 14, 2001, on Commercial Bank Annual Report and specified annual report submitted to Bank Indonesia;
3. PBI No. PBI No. 8/4/PBI/2006 dated January 30, 2006, on Implementation of Good Corporate Governance for Commercial Banks;
4. Financial Services Authority Regulation No. 6/POJK.03/2015 dated March 31, 2015, on Transparency and Publication of Bank Report.

The audit strategies are as follow:

1. Planning
 - a. Communication with regulator.
 - b. Coordinating with BTN to develop audit planning.
 - c. Formulating strategies and detailed audit plan.
 - d. Conducting internal training for the assigned team.
2. Interim Audit
 - a. Understanding the business process, risk, and internal control.
 - b. Reviewing the process of books closing.
 - c. Identifying and resolving accounting and auditing issues.
 - d. Testing of internal control in Head Office and Branch Offices.
 - e. Review collectivity 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 book closing on December 31, 2017.
 - d. Finalization of audit conformation.
 - e. Publish the assigned report.
5. Reports
Finishing of PKBL, management letter, performance evaluation report, and PSA 62

Audit results are in accordance with the audit scope set by the Company, i.e. as follow:

1. Audit of the Financial Statements and Consolidated Financial Statements of PT Bank Tabungan Negara (Persero) Tbk for the fiscal year that ended on December 31, 2017.
2. Audit on the Financial Statement of the Partnership and Community Development Program (PKBL) for the fiscal year that ended on December 31, 2017.
3. Audit on Compliance with the Legislation and Internal Control (PSA 62) on December 31, 2017.
4. Audit on Performance Evaluation Report (LHEK) 2017.

> Code Of Conduct

The Company's noble values always accompany every business activity performed in realizing Good Corporate Citizen. As an effort to be a Good Corporate Citizen, the Company as a business entity promotes good attitude in all elements, maintains harmonic relationship with the stakeholders, and fosters social sensitivity.

In those contexts, the Company has formulated several sets of policies as the code of conduct for every element in the Company in performing the business activities. The Company strives to apply standards for ethics and conduct in performing all business activities in accordance with the vision, mission, and cultural values held through the implementation of the Code of Conduct.

Implementation of the Code of Conduct for the Board of Commissioners, Directors, and Employee

The Code of Conduct applies to all Management (Board of Commissioners, Directors) and Employees in performing Company's business activities and conducting interaction between the Commissioners, Directors, and Employees with all

stakeholders. Statement of Code of Conduct applies to all levels of the organization and is stipulated in the Directors' Regulation No. 16/PD/CMPD/2015 dated December 31, 2015, on the Code of Business Ethics and Conduct. The Company requires all Company's Personnel to sign the attitude statement of the Company's Code of Conduct called the Integrity Pact, to be carried out as well as possible. The successful implementation of Code of Conduct falls under the responsibility of all leaders in their own task force. Therefore, the Head of Units have the responsibility to provide understanding on the Code of Conduct implementation for their staff in their respective task force.

Contents of the Code of Conduct

The Code of Conduct contains ethical and behavioral standards for the Company as a business entity and all its elements in interacting both internally and externally to various related parties. Code of Conduct is expected to achieve the creation of ideal behaviors to evolve into a work culture based on the noble values instilled within the Company's ranks. The Code of Conduct is summarized into 4 Chapters outlined briefly as follows:

01

Introduction

The Code of Conduct is a codification or compilation of policies, employee regulations, and agreements that have 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.

The implementation of the Code of Conduct, either its 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 shows that Company is a Bank that upholds the business values and ethics in carrying out business, as well as the GCG principles.

02

Standard Business Ethics

1. Bank Ethics with Employees

Fair treatment of employees, employee discipline, as well as prohibiting employees from being involved in the Bank's securities business activities

2. Bank Ethics with Customers

The Bank prioritizes the customer's satisfaction and trust, hence employees are required to support the Bank in an effort to achieve customer satisfaction.



02

Standard Business Ethics

3. Bank 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.
4. Bank Ethics with Competitors
Bank places competitors as a driver to continuously improve performance.
5. Bank Ethics with Partners
The Bank upholds mutual trust and respect, and upholds communalities with partners in accordance with the applicable business norms.
6. Bank Ethics with the Government
The Bank is committed to obey all prevailing regulations.
7. Bank Ethics with the Community
The Bank is committed to give a positive contribution for sustainable economic development by focusing on the balance between the economic, social and environmental aspects.
8. Bank Ethics with the Mass Media
The Bank considers the mass media as partners and media for promotion to build a good image.
9. Bank Ethics with Professional Organizations
The Bank 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.

03

Standards of Conduct Policy

1. Employees should always avoid conditions, situations or the appearance of conflicts of interest and malfeasance.
2. 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.
3. The bodies and employees of the Bank shall implement the Bank's legislation and regulations.

04

Implementation and Enforcement

All Bank employees shall report all deviations of 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.

Corporate Culture Disclosure

Information on Corporate Culture has been provided in the Company Profile section of this Annual Report.

Code of Conduct Dissemination

The Code of Conduct is disseminated to all Company's personnel and Stakeholders through the Company's internet media called Access Internal Management Standard (AIMS) and websites that are easily accessible at any time. The Company has also conducted socialization to representatives of Most Valuable Player (MVP) of all task forces in the Head Office and Branch Offices.

The Code of Conduct is socialized to all employees through anti-fraud dissemination activities conducted at Head Office and Regional Offices. The Company has also conducted Code of Conduct and Gratification Control awareness program through compliance quiz for all Company's employees.

Code of Conduct Implementation and Enforcement

The Company requests and requires the employee's willingness to report any action of another employee or co-worker believed to constitute a violation of the Code of Conduct and submit any known fact of irregularities.

The Company imposes firm and consistent sanctions for violations against the Code of Conduct Guidelines. The enforcement and sanctions imposed carried out by the Board of Commissioners and Directors refer to the Articles of Associations and GMS resolution. On the other hand, sanctions imposed on employees are based on the applicable staff regulations.

In 2017, the Company has carried out the following efforts:

1. All employees have filled in the Integrity Pact in line with the Code of Conduct values;
2. Socialization of the Code of Conduct and Gratification Control through Anti-Fraud activities;

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. A "Say No to Gratitudes" pin wore by the entire BTN staff;
7. Micro-learning program development of gratification control through the Company's Smartshare media;
8. Implementing the Whistleblowing System (WBS) program;
9. Punishment of employees who violate the business ethics.

Sanctions Type and Total Violations against the Code of Conduct

There are two types of violation against Code of Conduct, i.e.:

1. Administrative sanctions
 - a. Light, i.e.: verbal reprimands; written warning, and dissatisfaction statement. The employee guidance sanction period is 3 (three) months.
 - b. Medium, i.e.: no leave money; no periodic salary adjustment and Person Grade decrease by 1 (one) grade (salary adjustment). The employee guidance sanction period is 1 (one) year.
 - c. Heavy, i.e.: Person Grade decrease by at least 2 grades (basic salary adjustment); employment termination and report to the authorities. The employee guidance sanction period is 2 (two) years.
2. Financial sanctions
Financial sanctions, i.e. to replace any financial losses that may arise as a result of violations of discipline that a person did.

In 2017, there are 256 sanctions because of the Code of Conduct violations, i.e.: light sanctions for 124 persons, medium sanctions for 67 persons, and heavy sanctions for 65 persons. There are 3 cases in the process of imposing sanctions.



> Gratification Control



Ingat Rumah Ingat Bank BTN
Sumber foto: Hasiholan Siahaan

The Company emphasizes that any of its element does not give or accept any gift or reward from customers, debtors, vendors, partners, and other third-parties on the service provided by the Employees in carrying out their duties, especially gift or reward that may create a conflict of interest. This is done, among other times, in days approaching a religious holiday (Eid Mubarak, Christmas/New Year). The Company always makes an announcement in a widely distributed national newspaper, stating that the Board of Commissioners, Directors, and the Employees of Company are fully committed not to receive and/or request any gift or present in any form from/to customers, debtors, partners/vendors, and other third-parties.

In addition, the Company also asked all the customers, debtors, partners/vendors, and other parties, who are or will be in a business relationship with the Company to support this commitment by not giving any form of gift or present, directly or indirectly. This announcement is also distributed by the Company in a written letter to their customers, debtors, vendors, partners, and other third-parties who are involved in a business relationship with the Company.

Gratification Control Policy

Gratification Control is a part of the national anti-corruption program. As an initiative to support Gratification Control, the

Company adopted a policy as the guideline in implementing Company's gratification control through Directors' Circular Letter No. 68/DIR/CMPD/2017. In addition, regulations related to gratification control are stipulated in Code of Conduct.

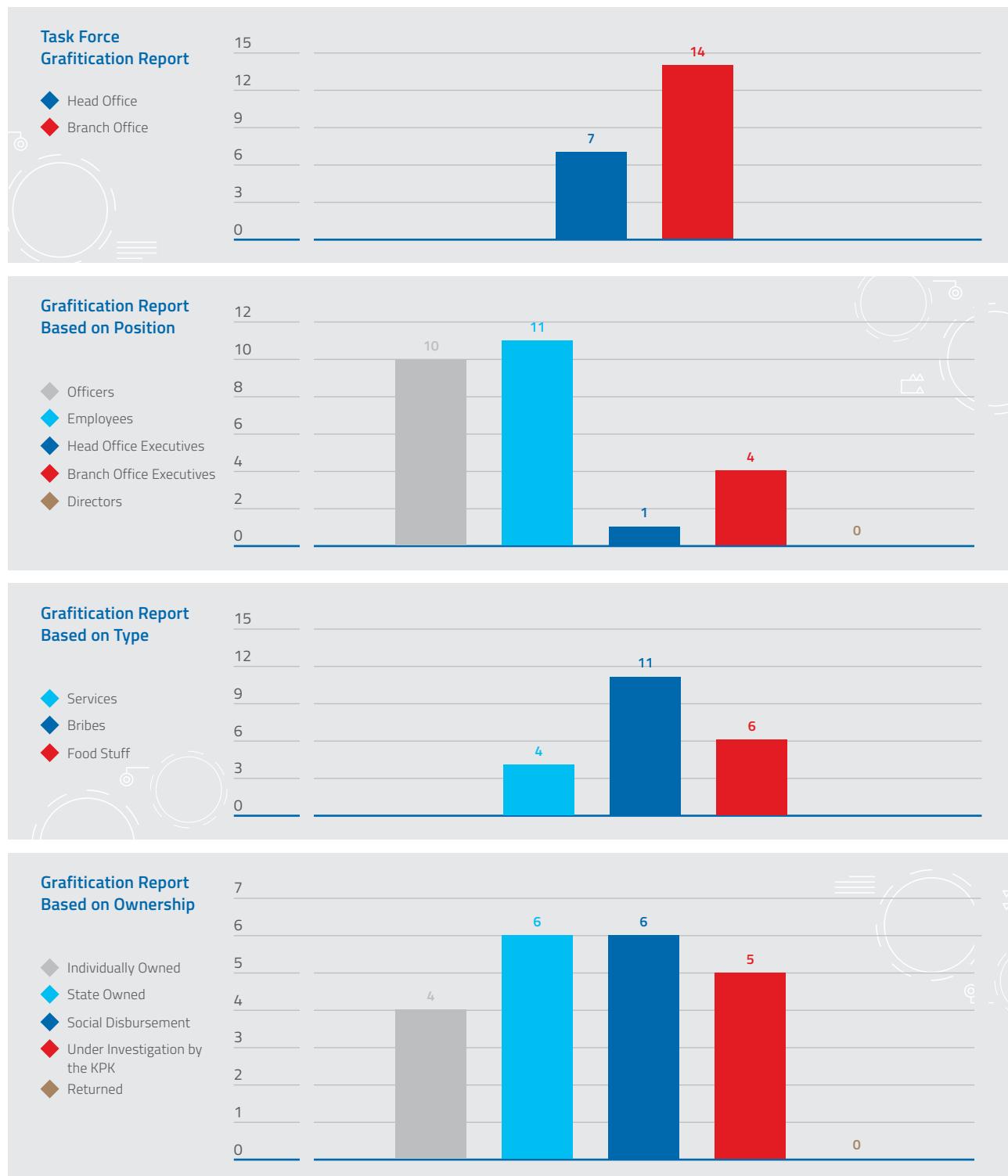
Awareness of Gratification Control Program

The Company conducts Awareness on Gratification Control as a form of gratification policy implementation and anti-corruption programs through several activities such as:

1. A "Say No to Gratuities" pin wore by the entire BTN staff;
2. Information dissemination for the Control Gratification Program through Anti-Fraud activity to all the Company's personnel in the head office and branch offices;
3. Publishing a Program to Control Gratification Handbook;
4. Improvement on internal regulation related to Gratification Control Program, in line with the recommendation of Corruption Eradication Commission (KPK).
5. Compliance quiz fillings by all Company's personnel, in which the Gratification Control is included;
6. Announcement in national newspaper about the Company's gratification control program; and
7. Submission of the Clean Declaration to BTN Partners/Stakeholders, in Head Office or Branch Offices.
8. Gratification Control Program by micro-learning through Smartshare media, accessible to all the Company's personnel.

Gratification Acceptance Report

Throughout 2017, the total number of gratuities report received originated from the head office and the branch offices is 21 reports, which consist of reports of gratuities in the form of bribes, services, or gratuities in form of foodstuff in days leading to a religious holiday.



> Whistleblowing System (WBS)

The Company's internal control system is supported by sets of policies and reporting infrastructures on the ethical violations or any other actions that may harm and violates the Company's interests. Company's Whistleblowing System (WBS) Policy is based on Bank Indonesia Regulation (PBI) No. 5/8/PBI/2003 which was amended to PBI No. 11/23/PBI/2009 and Bank Indonesia Circular Letter No. 13/28/DPNP on Anti-Fraud Policies. The WBS is a part of the internal control system to prevent irregular practices and aims to:

1. Early detection and prevention of irregularities or violations;
2. Gradually creating an open, sincere, honest, and responsible working environment in the Company.

Type of Violations to be Reported

Violations or deviation is any form of action that significantly interferes with the business continuity or threatens the personal safety of the Company. Several examples of the violations and irregular practices to be reported based on the WBS policy include:

1. All criminal violations (such as theft, fraud, drug use, etc.);
2. Authority abuse in serving customers, vendors, or suppliers (e.g. unwarranted payment delays, extortion, etc.);
3. Violations of tax regulations or corporate financial reporting provisions that are not in compliance with PSAK;
4. Actions that endanger occupational health and safety;
5. Actions that may harm the Company, both financial and non-financial, including damaging the Company's image;
6. Actions of serious violation of the Code of Conduct for Employees;
7. Violations of Banking regulations regulated in Law No. 10/1998 jo Law No. 7/1992, among others, not implementing the prudence principle, disclosing customers' personal data to unauthorized persons, making incorrect logging, asking for money for banking services performed, etc.;
8. Violations of internal rules (SOP), which can hurt the integrity of corporate reporting, both in the finance field and any other fields.

WBS Information Dissemination

WBS internalization within the Company is carried out by distributing guidelines on the Whistleblowing System (WBS) stipulated by Directors' Circular Letter and sharing session presentation directly to all of the Company's leaders and employees. In addition, to reach all of the Company's stakeholders, the Whistleblowing System socialization is also

conducted through the Company's website and various media, such as internal newsletters, posters, live presentations of WBS ethics and policy guidelines.

Report Submission Mechanism and WBS Channels

In order to submit violation reports, the mechanism is to have the informant submit a report/disclosure and send it based on the indications of committed violations and the suspects, 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 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.

In addition, the Company also builds supporting infrastructure in implementing WBS policies whereby the reporter shall submit reports through the media:

1. Letter sent directly to the WBS Team or President Director of PT Bank Tabungan Negara (Persero) Tbk. Menara 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. Using channel:
 - > PO Box Whistleblowing System (WBS) BTN Jakarta 10000
 - > E-mail to wbs.btn@btn.co.id
 - > Phone/Text to 0811-92-45678

Whistleblower Protection

The Company guarantees the protections of Whistleblower with good faith that reported the violations at risk of harming the Company. The protections are:

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).

Management Team and Complaint Handling Mechanism Through WBS

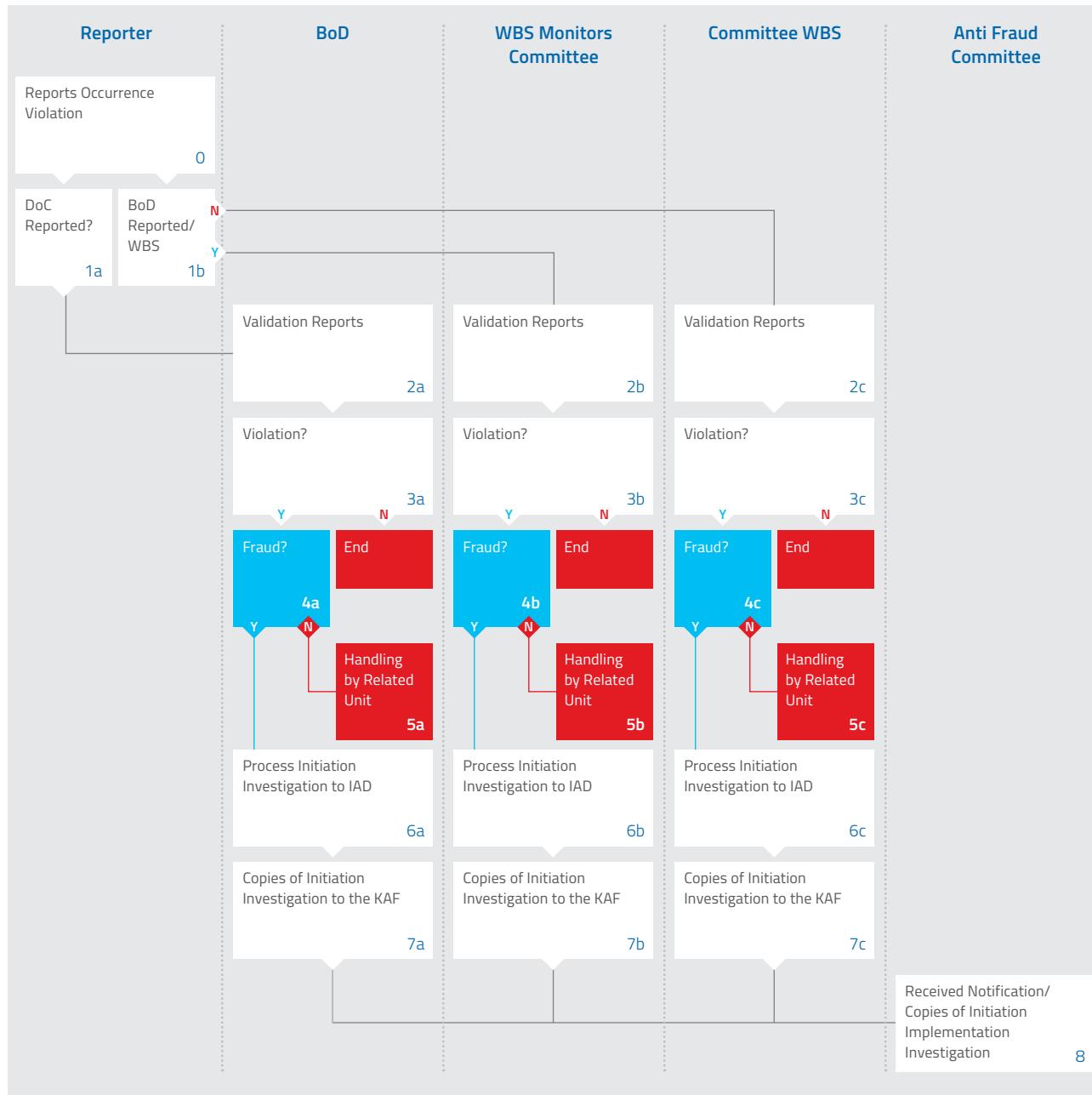
The Company's WBS is managed by WBS Team, which consists of: (1) Head of Internal Audit Division (Chairman concurrently Member), (2) WBS Management Unit (Secretary), (3) Head of Compliance Division (Member), (4) Head of Human Capital Division (Member) and (5) Head of Risk Management Division (Member).

WBS Team shall follow up every incoming complaint with the following mechanism:

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 decides 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 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 with 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 are 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.

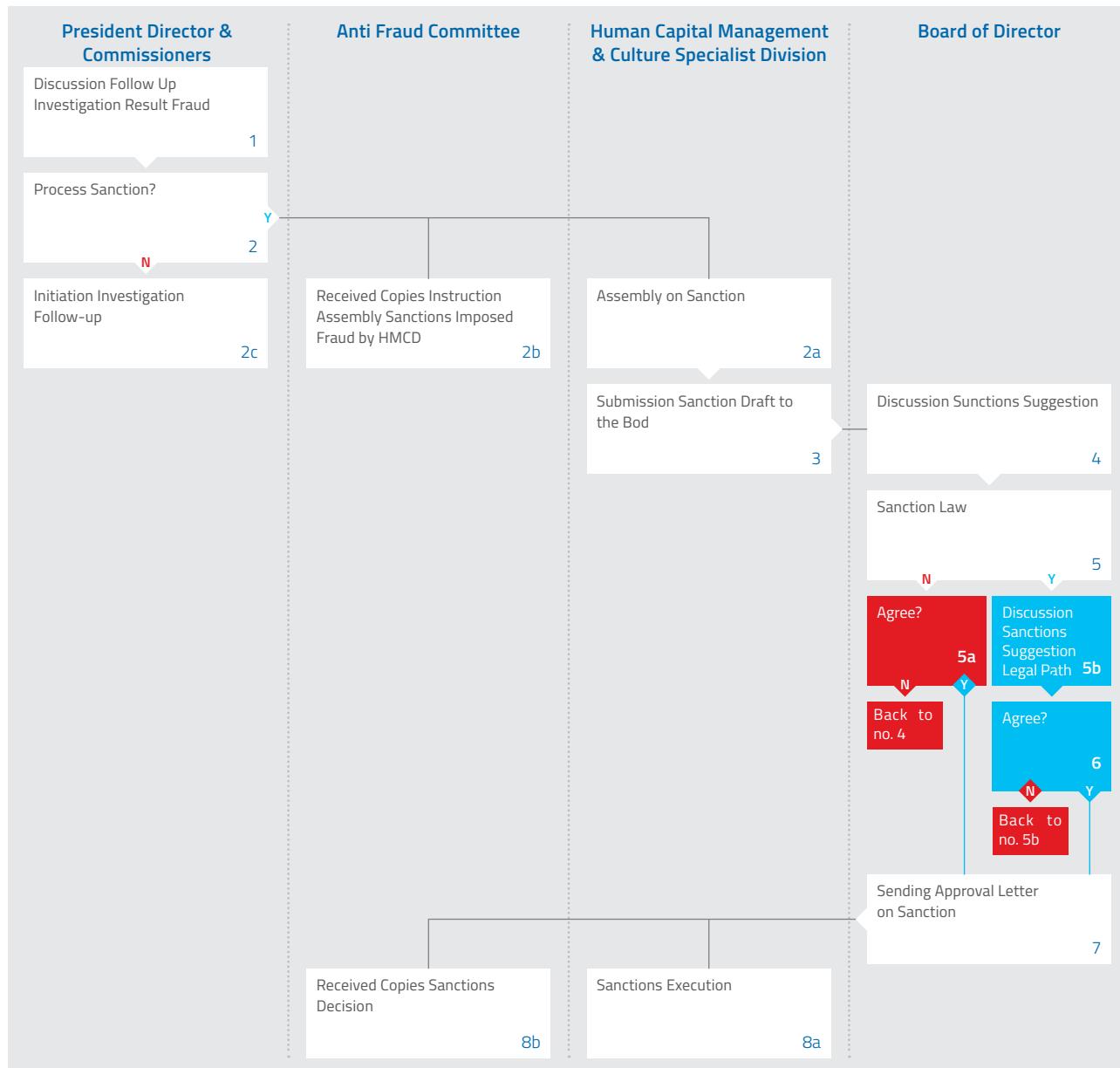
Reporting Mechanism Diagram



Sanctions (Legal) Process Flow Chart



Sanctions (Bank) Process Flow Chart



WBS Reporting and Handling Recapitulation

In 2017, there were 99 reports received, which consist of 14 reports using Letter/PO BOX, 44 reports via text/phone/direct report, and 41 reports via email. Based on the reports

received, 94 reports were settled without further audit (audit clarification and/or special audit) and 5 reports were passed for audit process (audit clarification and/or special audits). The 5 reports passed for audit are as follows:

Year	Media Channel					Follow Up	
	Letter/ PO BOX	Text/Phone/ Direct Report	Email	Closed reports (not proven)	Ongoing reports (Audit process/Reporting process/Interdivision Process)	Reports that have been given a sanction (including administrative sanctions)	Reports forwarded to Investigators (related to public crimes or Corruption)
2014	0	1	2	1	0	2	0
2015	6	3	9	1	15	2	1
2016	5	2	1	0	8	0	0
2017	1	0	4	0	3	1	1

> Legal Issues

Important Case Faced by the Directors and Board of Commissioners and Subsidiaries

Throughout 2017, there are no members of Company's Directors and Board of Commissioners in tenure who is involved in legal issues, both civil and criminal. Currently, the Company does not have any Subsidiary.

Important Cases Faced by the Company

In 2017, the Company faced legal issues in the form of important lawsuits. The lawsuits have been filed through the legal process, as follows:

Legal Issues 2016-2017

Legal Issues	Number of cases 2016			Number of cases 2017		
	Civil	Criminal	Industrial Relation	Civil	Criminal	Industrial Relation
Finished (has permanent legal power)	42	112*	1	127	207*	0
In progress	185	31	-	243	58	2
Total	227	143	1	370	265	2

*) In 2016, out of 112 criminal law matters, the Company acts as witness in 110 cases. In 2017, out of 207 criminal law matters, the Company acts as witness in 200 cases.

Disclosure of Administrative Sanctions from OJK

Throughout 2017, there were no administrative sanctions affecting the Company's business continuity and there is no administrative sanctions imposed on the members of Board of Directors or the Board of Commissioners

Table: Important Cases Faced by the Company in 2017

No.	Lawsuit	Status of Settlement	Effect on the Company's condition	Last Status
1.	Lawsuit Debtor in the Auction Process			
	The lawsuit by the debtor related to the company's action on the execution of mortgage auctions of mortgage rights to the debtor's collateral, the Company is considered to have committed the Unlawful Act (PMH) by the debtor.	The case has been decided by the Supreme Court (Cassation), and the Company won	Material losses of Rp14.5 billion	Inkracht (legally binding power)
2.	Official Residence Dispute	On process of cassation appeal by the Company to the Supreme Court	Asset loss of Rp100 billion	Cassation
3.	Bankruptcy Request	The debtor is declared bankrupt	Asset loss of Rp23.8 billion	Inkracht (legally binding power)
4.	Tort Lawsuit	Currently in the process of appeal by the Plaintiffs	Loss potential of Rp110 billion	Appeal

> Procurement Of Goods And Services

The Company conducts a series of activities to fulfill the needs of goods and/or services by purchasing or renting and/or cooperating with another party such as partners or other appointed parties, or independently. The Procurement activity is stipulated in the Policy for Procurement of Goods and Services, which is a guideline in performing procurement of goods and services, both in a strategic and non-strategic manner to support the Bank's operations based on the

quality, quantity, and period set forth with the best price and implement the risk control management principle.

Principles of Procurement of Goods and Services

The procurement process shall provide added value in supporting the Company's business activities. Therefore, the Company performs the procurement process taking into account the basic principles of procurement, as follow:

Effective	The procurement must be in accordance with the needs/plans that have been set, and will provide optimal benefit for the Bank.
Efficient	The procurement is performed to achieve a stipulated level of quality, on an agreed period at the best price
Open and Competitive	The procurement activity 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 clear and transparent provisions and procedures.
Transparent	All provisions and information regarding the Procurement activity, including the technical requirements and administrative matters, evaluation procedures, evaluation results, potential Goods and Services Provider candidates must be open in nature.
Fair and Not Discriminatory	Provide the same treatment for potential Goods and Services Provider and does not intend to provide any parties with certain benefit by 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.

The Company strives to realize the procurement based on the basic principles, by implementing the following matters:

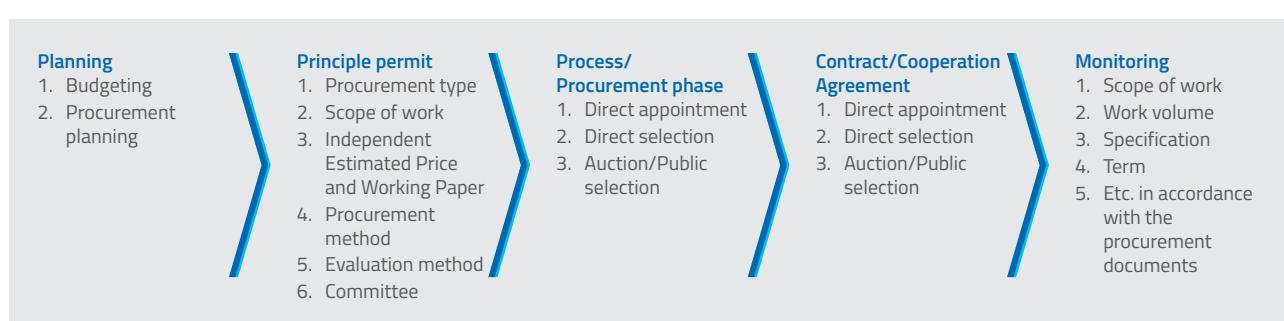
1. Separation of functions in the Procurement Implementation Unit, i.e. the unit that performs the potential partners/vendors selection, unit that performs the procurement process, unit that compiles the Independent Estimated Price; and the Compliance Task Force.
2. Always comply and be in accordance with internal and external regulations;
3. Implementing risk management principles, which include identification, assessment, mitigation, monitoring and operational risk measurement.

4. Guided by a Working Culture based on the company's values, GCG, and comply with the Code of Conduct and prudence principles.

In addition, to maintain the good procurement process with no conflict of interest and free from corruption, the executives shall sign the Integrity Pact to perform the procurement of goods and services.

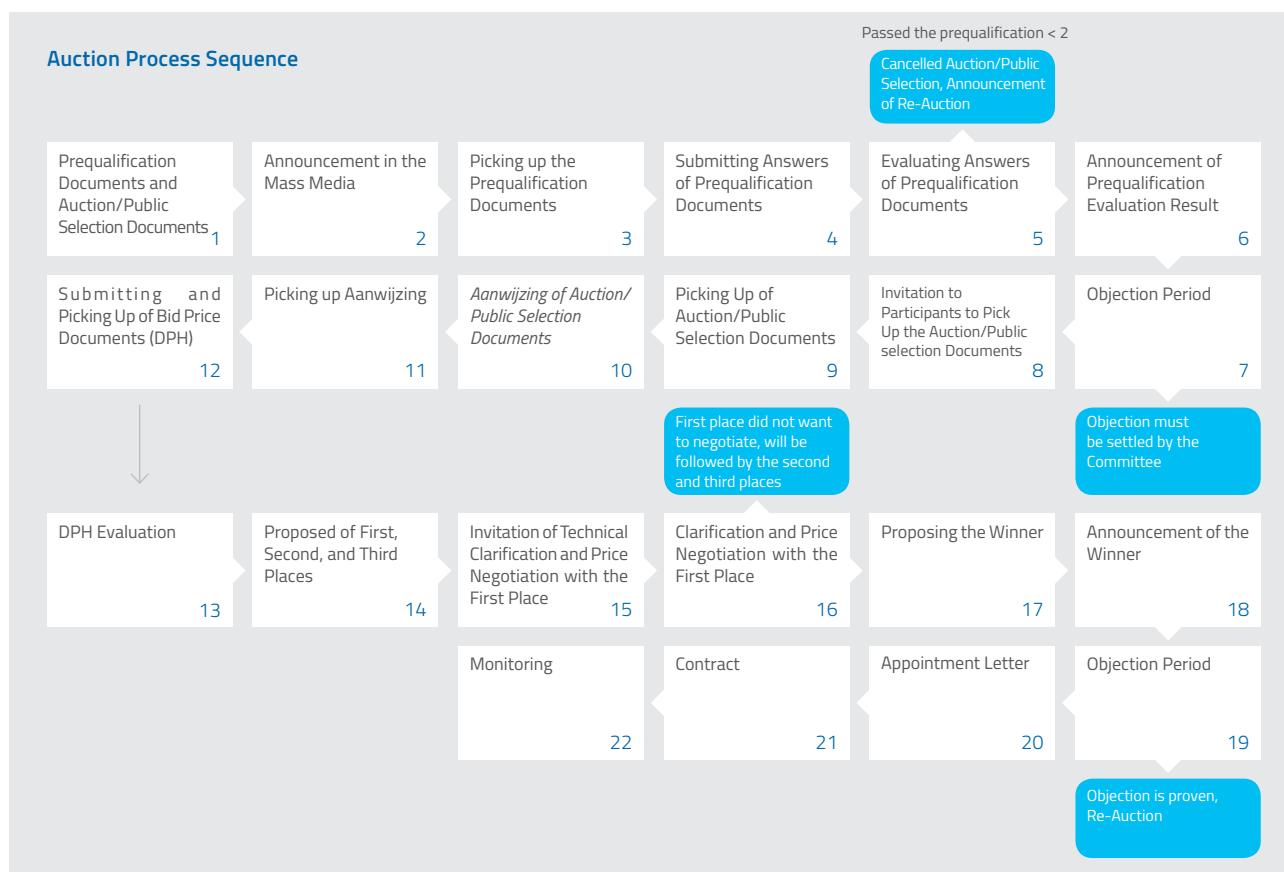
Procedures for Procurement of Goods and Services

The phases in procuring goods and services are as follow:

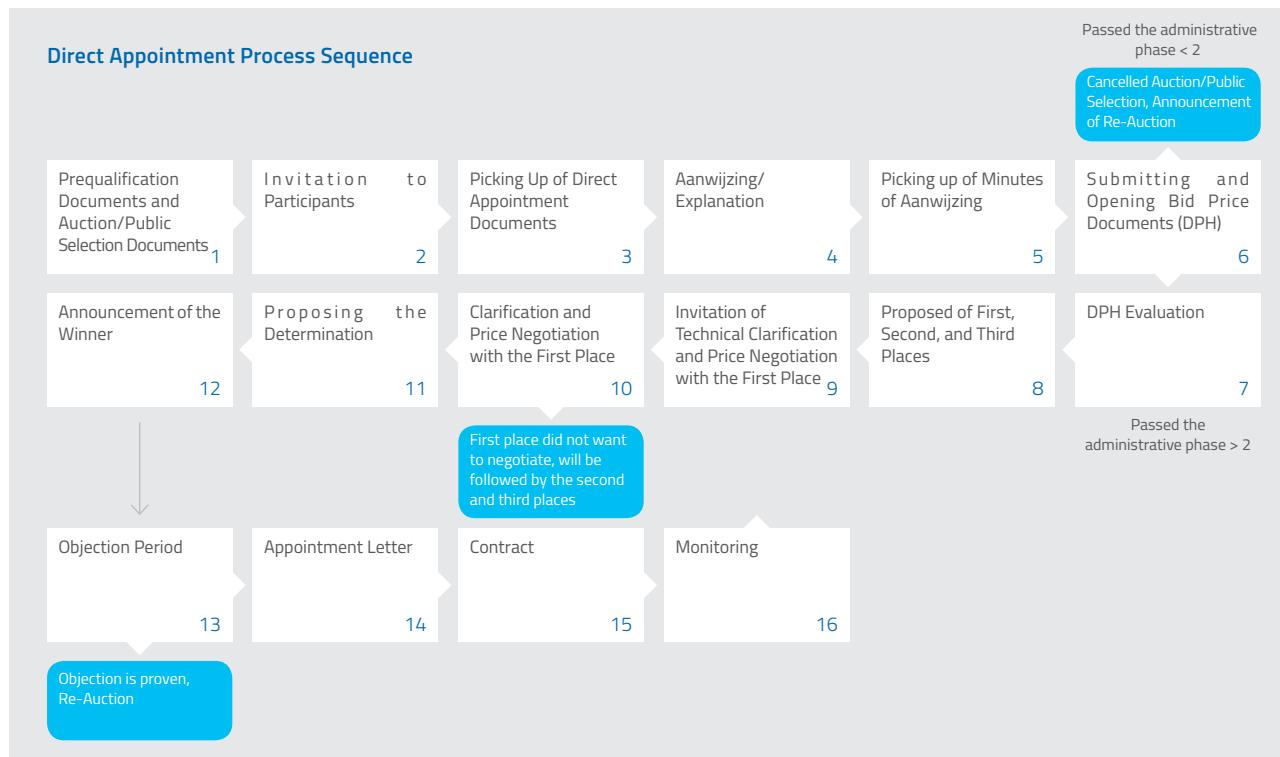


The method used in procuring goods and services are performed through:

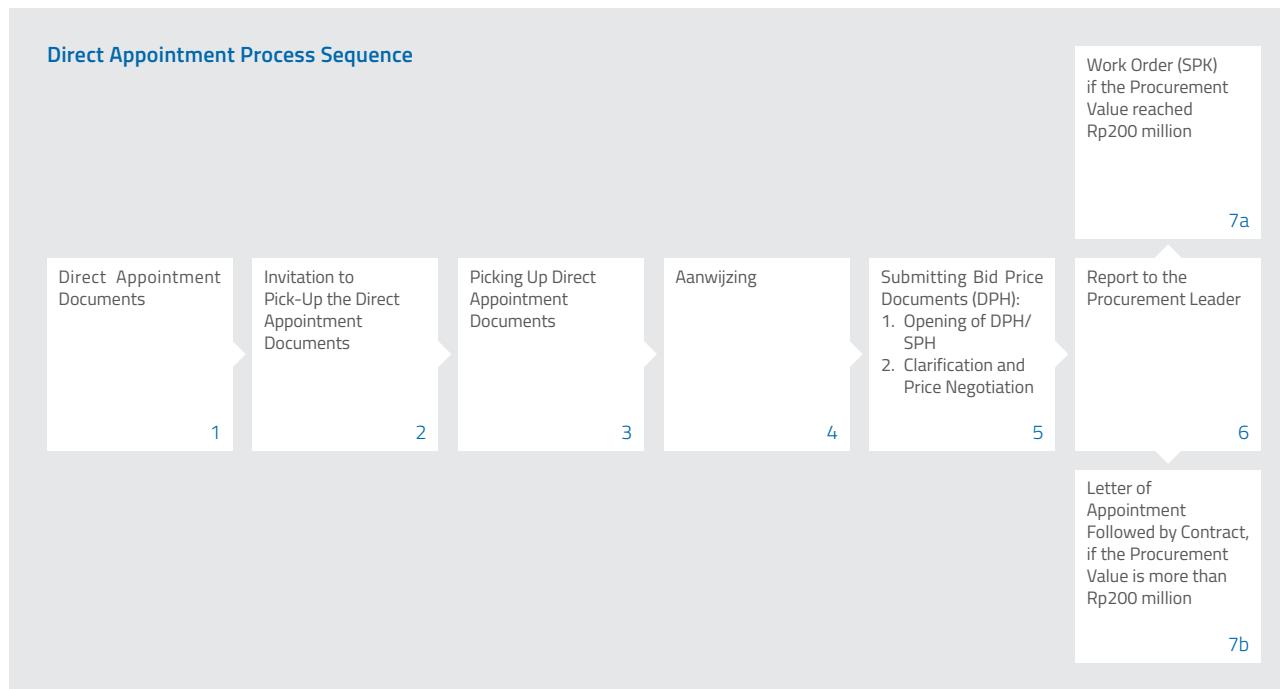
1. Auction, for procurement of goods and services with a value of over Rp2,500,000,000 (two billion and five hundred million rupiah).



2. Direct Selection, for procurement of goods and services with a value of over Rp500,000,000 (five hundred million rupiahs) to Rp2,500,000,000 (two billion and five hundred million rupiahs).



3. Direct Appointment, for procurement of goods and services with a value of over Rp500,000,000 (five hundred million rupiahs)





Digital Smart Branch BTN
Photo source: Dedi Gunawan

Managing Company's Goods and Services Partners

The Company's Partners shall meet the qualification and classification as set forth by the unit that is using the services, and shall comply with the Company's policy for procurement of goods and services. The Company standardizes and optimizes the program for partners' quality in cooperating with the Company through the following activities:

1. Assessment of the Partners

Assessments of the partners are conducted using assessment variables that cover quality, delivery, flexibility, responsiveness, price, and violations. The following vendors that are managed by PGSD must fulfill the following criteria:

- > Vendor Excellence : 36 %
- > Good Vendor : 61 %
- > Need Improvement : 3 %

2. Vendor Meeting

Throughout 2017, Company has conducted 1 vendor meeting, with the 'eProcurement application socialization' agenda. The objective is to disseminate the information to the vendor that Company will develop the eProcurement application, which later on shall be utilized in the process to procure goods and/or services in the Company. The detail

of the vendor meeting is as follow:

- > Date: March 23, 2017
- > Place: Menara BTN Auditorium, 6th Floor
- > Partners: All partners who have cooperated with the Company

Procurement of Goods and Service for 2017

Throughout 2017, the total value of Company's procurement is Rp 556 billion, which includes procurement related to development/building renovation, office machines, office furniture/office houses, and other services.

Audit of Procurement of Goods and Services

The procurement activities in the Company are constantly evaluated to ensure that the policy for the procurement of goods and services are carried out well. This is carried out by the regular or occasional audit, both internal and external.

There are no audit findings in 2017, both from internal or external auditor, related to procurement that may negatively affect Company. There is no rebuttal from the selection of goods and services providers.

> Access to Information

Transparency is an important part of Good Corporate Governance implementation in order to preserve the stakeholders' right, especially the shareholders and customers. Therefore, the Company provides information technology-based infrastructures. External parties also provide other media. These infrastructures grant access to information to the stakeholders. The Company provides the financial and corporate information, publications (press release), products, corporate actions, public presentations, etc. This information shall be available through:

1. Website www.btn.co.id, in Indonesian and English, and the website delivers:
 - › Information on Shareholders up to individual owners;
 - › Financial performance analysis.
 - › Financial statement for the last 5 years.
 - › Profile of the Board of Commissioners and Board of Directors.
 2. To obtain further information, the customer can contact our Call Center at 1500 286 or email to csd@btn.co.id.
 3. Investors shall directly contact our Corporate Secretary/ Company's Investor Relations by sending an email to investor_relations@btn.co.id or calling (62-21) 633 6789 ext: 2003.
 4. The Company also provides the report of information disclosure and/or material facts letter to the Financial Services Authority and Indonesia Stock Exchange by electronic reporting system in spe.ojk.go.id and idxnet.co.id and www.btn.co.id website.
 5. Information via other media includes mass media (Press Release), magazine, internal magazine/bulletin, posters, and banners.

6. The report is intended for regulator, analyst meeting, press conference, etc.

To obtain further information on the Company, general public, and investor, please contact:

Corporate Secretary

Name : Agus Susanto
Address : Menara BTN Jl. Gajah Mada No.1,
 Jakarta Pusat 10130
Phone : (021) 6336789 ext. 2003
Fax : (021) 6336719
E-mail : agus.susanto@btn.co.id
Website : www.btn.co.id

Investor Relations Activities for 2017

Company always fosters good relationship with their shareholders, potential investors, analysts, and other capital market community members through regular activities, such as meeting with the analysts/investors on a national and international scale, and performance presentation to the public. Company also meets the disclosure obligation as stipulated in the Indonesia Capital Market regulation, such as the Material Information or Fact Disclosure, Financial Statements, Annual Report, and Specific Shareholders Report. In addition, the Company actively holds other activities such as media gathering, media coverage, and media promotion. Throughout 2017, the Company has held several Investor Relations as described in the part 'Duties and Responsibilities of the Corporate Secretary'.

> Company Strategic Plans

The Strategic Plans are compiled in the form of Corporate Plan and Business Plan, in line with the Bank's vision and mission. Corporate Plan is packed in the form of Long-term Plan (RJP), which contains the planning for more than 5 years. Business Plan is realized in the form of Bank Business Plan (RBB) in a 3-year period.

The Board of Directors compile RJP and RBB in coordination with the task force with top-down mechanism, in which the Directors provides directive on the strategic targets that they want to achieve, and bottom-up mechanism, i.e. proposals, suggestions, and/or perspective submission from task forces, in the Division, Regional Office, and Branch Offices.

The RJP and RBB proposal is submitted to the Board of Commissioners for approval. After obtaining approval, the RJP and RBB are informed to the Controlling Shareholder by Board of Commissioners, and RBB must be submitted to the Financial Services Authority. The annual implementation of RJP and RBB is carried out by using the Company's Work Budget and Plan (CBP).

The annual target achievement of CP is monitored monthly by the Directors through Performance Review meeting. The Board of Commissioners supervises by meeting with the Directors, which is scheduled once a month.

Bank's Business Plan (RBB) Realization is reported quarterly by the Directors to the Financial Services Authority as the banking supervisor. The Board of Commissioners oversees the implementation of the Bank's Business Plan by conducting discussions with the Board of Directors and preparing Bank Business Plan Supervision Reports to the Financial Services Authority every semester.

The performance is reviewed and evaluated based on the monthly monitoring. If it is necessary for a change of management strategy and work plan, the Board of Directors shall propose an RBB revision in the middle of the fiscal year to the Board of Commissioners for approval.

Corporate Objectives

The company's objective in accordance with the Company's Long Term Plan (RJP) in 2025, 'achieving transformational enterprise – global mindset' is to become a global company in housing, property. The transformation program has been running since 2013, and it consists of 3 stages as follows:

1. Survival period (2013-2015). The phases achieved is domination nation-wide market leader, i.e. to master the national housing business.

2. Digital banking period (2016-2019). The phase to be achieved is 'the leading housing bank Indonesia with world class service.'
3. Global playership period (2020-2025) when the transformational Enterprise Global Mindset will be achieved.

Long-term Plan

The Company's Long-Term Plan (RJP) is in the second phase of transformation, i.e. digital banking period with focus on stronger business, such as the early transformation phase, which covers aspects as follow:

1. Credit Strengthening

In line with the bank policy and the potential revenue pool of national banks, the credit strengthening sector is focused on strengthening the bank's core business, which is the residential business with expansion in other businesses through the penetration of strategies tailored to the targeted segment. In addition, the credit strengthens Company role as housing market maker, building the construction value chain to support house supply increase. The directives of credit policy are as follow:

- a. Enhancing the positioning of Company in the mass segment (subsidized & non subsidized) by strengthening the role of Company as a housing market maker through the role of BTN HFC and the expansion of strategic alliances with developers outside Java;
- b. Improving the financing penetration in emerging affluent and affluent segments through development of Digital housing loan ecosystem;
- c. Expanding the SME, Commercial, and Corporate segment markets to support the houses supply by building construction value chain

2. Fund sector strengthening

Fund sector strengthening is focused on obtaining low & sustainable cost to support the financing business expansion through strategy penetration that is adjusted with the targeted segment. The bank's policy direction in the fund sector is as follow:

- a. Improving the CASA of consumer banking segment by deepening the share of wallets of emerging affluent & affluent segments and support of mass segment growth;
- b. Increase the CASA growth on commercial banking segment through the strategic alliance expansion with various institutions and mapping the construction value chain for SME, Commercial, and Syndicated segment;
- c. Improvement and expansion of wholesale funding

3. Infrastructure strengthening

To support aggressive growth target and succeed the transformation phase of digital banking, the strengthening of infrastructure is focused on three main things, i.e.:

- a. Risk management strengthening through the strengthening of operational risk control pillars, emphasizing the Good Corporate Governance (GCG) principles in the bank's business operations.
- b. Digitalization of business process;
- c. Building the infrastructures for digital banking, big data, advanced analytics, and IT-based technology that support the digitalization process

4. HR strengthening (people transformation)

People transformation is focused on strengthening the capability of the organization through internalization of high-performance work culture and improving risk culture on all bank's business operations.

The main initiatives on strengthening this are as follows:

- a. Agile organization development with high capability;
- b. Human Capital capability development and manpower planning formulation
- c. Strengthening the performance-based management and risk culture

Short-term and Medium-term Plan

As a bank's commitment to supporting the Government's aspiration, the short-term and long-term Company's target are to focus on housing finance to support the realization of One Million Houses program. To realize the vision, Company changed the business strategy to mapping the customers' segment. Through the strategy, the asset growth is focused on strengthening the market share of the mass segment, and with expansion support on other segments. Meanwhile, funding is intensified for consumer and commercial CASA share as well as wholesale funding.

Infrastructure strengthening is conducted to support short-term and medium-term target through digital banking innovation, mortgage ecosystem development, human resources quality improvement, and business process improvement that promote GCG principles. The objective of infrastructure strengthening is to support sustainable business growth.

Credit Sector

Strategi kredit konsumen akan difokuskan dengan memperkuat positioning BTN pada segmen Mass Subsidized & Non Subsidized dan memperluas pangsa pasar segmen Emerging Affluent dan Afluent melalui pengembangan mortgage ecosystem. Sedangkan kredit komersial, strategi lebih difokuskan untuk memperkuat supply perumahan melalui

optimalisasi potensi construction value chain pada segmen Usaha Kecil Menengah (UKM), segmen Korporasi dan Sindikasi. The strategy in the Credit Sector is as follows:

1. Strengthening BTN position on mass segment (subsidized and non-subsidized)
2. Increasing the fund penetration on the Emerging Affluent & Affluent segments;
3. Expanding the market share for Micro Loan, Commercial, and Corporate segments.

Credit Quality

Improved credit quality became a benchmark for process improvement and credit success. The strategy in the credit quality field is based on time bucket. However, the management is more emphasized on the profiling ability to pay the debtor and also the risk exposure that will be generated.

The strategic initiative to support the credit quality achievement is:

1. Profiling the criteria of delinquent debtor to map out billing strategy or loan settlement;
2. Implementing Smart Collection program through smart mobile and icollection application optimization;
3. Optimizing collectability degradation of consumer and commercial loan from the third-party fund;
4. Collections program for collectability of debtors' loan 1 and 2 (early bucket) using technology (SMS, call collection, etc.), loan restructuring for third-party fund debtors, and collective collection improvement;
5. Asset recovery program through cooperation with debt collector, law firm, and private Auction Center in collection and sale of assets. In addition, the asset recovery optimization is also conducted through offering of assets to prospective investors through investors gathering, property agents, and property expos;
6. Cessie execution and AYDA asset sales

Funding Sector

In line with the bank's business strategy, the fund growth initiative is focused on strengthening the current account and saving account (CASA) and wholesale funding support. Overall, the funding strategy is as follows:

1. Improving consumer CASA by optimizing share of wallet (SoW) captive market on the mass segment and to expand the emerging & affluent customers' SoW
2. Increasing commercial third-party fund (DPK) based on the construction value chain and institution funding based on Housing Loan cooperation;
3. Expanding wholesale funding through front-loading strategies, including issuing bonds, loans, Negotiable Certificate Deposit (NCD), or foreign loans;
4. Expanding wholesale funding activities by issuing sub debt and bonds.



Fee-Based Income (FBI) and Establishment of Subsidiaries

Considering the contribution of fee-based income (FBI) to operating income that is not yet optimal compared to the industry average, it is necessary to strengthen several strategic initiatives to support it. On consumer banking segment, the increase of FBI is conducted by:

1. Optimizing administrative revenue through NOA expansion and mass segment loan disbursement;
2. Increasing customer transaction activities by developing internet banking & mobile banking features and applications, and offering digital banking services targeted at the emerging affluent segment
3. Strengthening the BTN Priority role as the Asset Under Management (AUM) for the affluent segment.

The strategic initiatives to support the achievement of the FBI are as follows:

1. Increasing administrative revenue through the addition of the Number of Account (NOA) or the growth of the number of debtors in the distribution of Housing Loan segment mass;
2. Developing digital banking services aimed at increasing the activity of emerging affluent segment transactions;
3. Strengthening the BTN Priority role as the AUM management for the affluent segment;
4. Expanding commercial banking and treasury activities.

In addition to the above-mentioned strategies, the FBI income shall be collected by strengthening recovery through asset management of off-balance sheet massively, and through the establishment of subsidiary that supports diversification and differentiation of products offered. In line with the bank's business direction, the subsidiary establishment is focused on supporting the parent business that is the property business to optimize One Million Houses program. The planned subsidiary establishment is the establishment of life insurance, general insurance, financing company, and investment management.

Sharia Business Sector

On a short-term, sharia business supports the bank's main business, i.e. to support the realization of One Million houses program, with strategic focus based on the customer segmentation. In line with the parent business strategy, the growth of sharia assets is directed more expansively in the growth of consumer financing with commercial financing support.

In line with the Blueprint of Strategic Transformation 2016-2020, taking into account the profitability and growth, Company shall maintain the Sharia Business Unit (UUS) as the structure and sharia business operation model until further clarity on the spin-off mandated by the government related to the sharia banking holding plan. Overall, the sharia business development strategy is conducted through:

1. Utilizing the parent infrastructure to expand the BTN Sharia network.
 - a. Mapping the potential of sharia business development at BTN Conventional Branch Office in accordance with the sharia market potential;
 - b. Designing specific Key Performance Indicator (KPI) to sell sharia product in the conventional branch offices;
 - c. Increasing the capability of BTN Conventional sales force to sell sharia products through sales force effectiveness program;
 - d. Designing product simplification that helps the conventional staff to sell sharia products
2. Once there is clarity about the sharia banking holding plan, the spin-off preparation stage will be conducted.
 - a. Spin-off preparation started by establishing task force to conduct review process in detail to ensure minimum operational risk; and
 - b. Spin-off implementation

Capital Strengthening

In line with business expansion, strong capital is required, taking into account the fulfillment of bank minimum capital requirement pursuant to Basel III. Pursuant to the PBI No. 15/12/PBI/2013, the bank is obliged to provide minimum capital in the form of risk rating and additional capital as a buffer, based on Basel III (there are 3 types, i.e. capital conservation buffer, countercyclical buffer, capital surcharge). Starting on January 1, 2016, the minimum capital requirement is applied gradually. Thus, in 2017, Company is expected to be able to maintain a minimum CAR of 14%.

Meanwhile, in accordance with the regulator's mandate on the availability of business recovery plan, in the coming year, Company also plans to issue convertible debt. Company's capital strengthening strategies are:

1. Increasing profitability;
2. Increasing housing loan securitization;
3. Proposing a dividend policy scheme that supports housing focus banks;
4. Commercial sub debt issuance; and
5. Proposing new share issuance through rights issue (by approval of shareholders).

Human Capital Sector

The Company needs the people transformation in order to support the process of transformation and business growth through sustainable strategy and theme, supported by the alignment of the human capital management system with best practice.

To strengthen the implementation of operational risks in the bank's business activities, the human resource development strategy also considers strengthening



BTN Genjot penyaluran KPR
Sumber foto: Audy Mirza Alwi

internal control through the adequacy of human resources tailored to manpower planning, employee competence development and strengthening the implementation of corporate culture, such as KYC (Know Your Customer) & KYE (Know Your Employee). To realize these, the short-term and medium-term work plan for human resources development is depicted as follow:

1. Long-term Work Plan
 - a. Strengthening the focus of the 2017 cultural program aligned with increased productivity, process efficiency, and the implementation of GCG principles;
 - b. Evaluating the career management and job family;
 - c. Compiling strategic manpower planning 2017-2019 with pareto allocation strategy;
 - d. Internalization of employer value proposition through the directed recruitment to attract top talent;
 - e. Strengthening performance-based management;
 - f. Using Knowledge Management System (KMS) as the facilities for transfer knowledge; and
 - g. Improving the capability of Human Capital unit to conduct strategic initiative executive of work culture strengthening with support from top management.
2. Medium-term target
 - a. Gaining talents to support the succession plan to fill strategic positions;
 - b. Developing employee competence through the learning and development and knowledge sharing process;
 - c. Implementing integrated HCIS (Human Capital Information System);

- d. Improving bank's positive values through the Employer Value Proposition program to attract the top talent in the manpower market;
- e. Implementing remuneration policy, for variable income, fix income, and benefit, in line with best practice;
- f. Establishing work climate that harmonizes with corporate culture through cultural programs in accordance with the focus of established behavior;
- g. Improving the HR performance by providing variable remuneration to motivate;
- h. Measurement of Employees Performance appropriately, accurately, and accordingly to encourage the employee's behavior.

Information Technology (IT) and Digital Banking Strengthening

It is necessary to strengthen the Information Technology (IT) adequately to support the digital banking and mortgage ecosystem development initiatives. In line with this, IT strategic initiatives are aligned with the bank's main strategy, i.e. as a housing focus bank with increased effectiveness and operational efficiency through business process automation. In the infrastructure transformation, IT strengthening initiatives is based on the Information Technology Communications Strategy Plan (RSTIK), but are prioritized on ten strategic pillars aimed at supporting the implementation of the Transformation Blueprint, which includes:

1. Strengthening of BTN Property Portal

2. Establishing a Customer Relationship Management (CRM) to gain the 360-degree customer view, profiling, and improving customer services capability;
3. Strengthening the role of BTN Property Portal; Develop internet banking & mobile banking applications through platform upgrades and integration between systems such as iColl, iCash, and property portals.
4. Developing management tools for marketing and sales activity by creating digital marketing & sales tools;
5. Comprehensively refining the wealth management system;
6. Improving the operational supporting tools to add risk prevention capacities;
7. Maximizing risk profiling of the task forces
8. Integrating Loan Origination System and adding iCremo to monitor loan disbursement;
9. Reengineering the financing business process to lead to centralization model or back office digitalization system to automate process and connect to various database;
10. Systematization process of planning and evaluation of corporate performance through system implementation to increase Corporate Planning effectiveness and efficiency.

Further, initiatives in the digital banking transformation, among others, are developing innovation related to product development, feature, application, and simplification process as one of the rebranding strategies to gain BTN customer on the emerging affluent and affluent segment. To achieve this, the enhancement of digital banking capabilities is done by forming a Digital Ecosystem organization that operates independently of the task forces. The efforts to increase incubation and commercialization capabilities are as follows:

1. Improving incubation capability through:
 - a. Putting the research output to product development;
 - b. Integrating products into digital channels; and
 - c. Developing user experience-based customer journey
2. Enhancing commercialization capability through:
 - a. Developing marketing and promotion strategies;
 - b. Extending strategic alliances with various potential partners for deals/promotions;
 - c. Mapping market target;
 - d. Developing transaction operations and back office

Good Corporate Governance (GCG) Enhancement

Company realize and understand the importance of GCG implementation as one of the strategic steps to achieve the vision as the leading bank in housing finance. Therefore, the strengthening of organizational structure and business processes based on the principles of GCG are consistently carried out through the strengthening of four main pillars of GCG implementation: (i) Commitment on Governance; (ii) Governance Structure; (iii) Governance Process, and (iv) Governance Outcome.

The first pillar is strengthened by internalizing the GCG principles in the bank's business and operational activities, which have been listed as one of the bank's mission: "Implement banking management in accordance with prudential principles and Good Corporate Governance to improve shareholder's value".

Furthermore, the second and third pillars are strengthened by implementing the GCG principles on changes to the Organizational Structure and Business Process comprehensively, which is currently being conducted as a stage of the bank's business transformation. Broadly speaking, these changes are carried out by streamlining the process to separate the roles of sales, operation and risk policy. Pillars strengthening is necessary to reinforce the operation supervision mechanism in the office, from the Directorate level to the Task Force level.

Meanwhile, the fourth pillar improvement is conducted by running the roadmap of GCG implementation in four improvement phases or stages, until it reaches Governance Excellence at the end of 2017.

Risk Management Improvement

In addition to infrastructure and human resources strengthening, Company also focuses on the development of risk management-based businesses to support sustainable growth. Overall, the risk management strengthening is based on the strengthening of four main pillars, i.e.: (i) Strengthening and internalizing risk culture at all organization levels; (ii) Integrated capital and liquidity management; (iii) Improving credit risk management capabilities, and (iv) Strengthening compliance functions for comprehensive operational risk practices. The strategic initiatives that will be implemented to strengthen the four pillars are as follows:

1. Strengthening and internalizing risk culture;
2. Strengthening integrated capital and liquidity management by developing a liquidity risk monitoring system;
3. Improving credit risk capabilities with credit risk application development;
4. Strengthening compliance function for more comprehensive operational risk practices.

Delivery Channel Sector

The optimization of delivery channels in supporting the business is done through the development of the quantity and variety of channels with network expansion strategies focused on five key initiatives:

1. Regionalization strategies;
2. Branch expansion;
3. Kiosk opening;
4. Agent banking; and
5. Digital Channel.

> Disclosure Of Other Aspects

The Company seeks to disclose information related to several aspects in meeting the transparency principles in the good corporate governance implementation. The aspects are described in the subchapters as follow.

Shares and Bonds Buyback

Shares and Bonds Buyback are performed to reduce the shares or subordinated bonds issued by the Company by buying back the shares or subordinated bonds. Payment procedures are conducted in accordance with the prevailing regulations. Up to the end of 2017, the Company did not perform any shares and subordinated bonds buyback. The description is in line with the BI/OJK Regulation, as listed in the following table:

Bonds Buyback Policy Description	Total Bonds Buyback (million Rp)	Buyback Price	Profit Increase from Bonds Buyback (million Rp)
None	None	None	None

Provision of Funds to Related Parties and Large Exposures

The Company provides funds to related parties in 2017, with the approval of the Board of Commissioners. Provision of funds to related parties and large exposures are as follow:

No.	Provision of Funds	Total	
		Debtor	Amount (million rupiah)
1	To Related Parties	None	None
2	To 50 Essential Debtors:	147	16,446,982
	a. Single Loan	44	6,721,389
	b. Group	103	9,725,593

The Company never violates the Legal Lending Limit (LLL) for the January – December 2017 period. The Compliance Director, through the compliance task force continuously monitors the Company's compliance with the LLL's provisions and reports it to BI every semester. The provision of funds to the related parties and/or provision of funds of large exposure take into account the prudence principles and the prevailing legislation, and have met the provision of Bank Indonesia on LLL.

Social Activities Funding

Social activities funding is disbursed through the Corporate Social Responsibility (CSR) activities. The overview of funds provided for CSR activities throughout 2016 and 2017 are as follows:

Activity Sector	Fund Disbursement	
	2016 (Million Rp)	2017 (Million Rp)
Economy	753.03	451.29
Art and Culture	199.20	114.50
Sport	94.95	0
Education	409.32	227.93
Health	54.67	20.00
Facilities and Infrastructure	2,250.93	4,214.47
Religion	564.01	120.00
Nature Preservation	44.95	0
Total	4,371.06	4,998.07

Further information on the Company's CSR programs is provided in the Corporate Social Responsibility (CSR) section of this Annual Report and 2017 Sustainability Report.

Funding Political Activities

In 2017, there was no funding for political activities or political parties.

Information Disclosure on Administrative Sanctions for Capital Market Authorities and Other Authorities

In 2017, no material administrative sanctions affected the Company's business sustainability and no administrative sanctions were imposed to the members of the Board of Directors or members of the Board of Commissioners.

Transactions with a Conflict of Interest

In the event of a transaction with conflict of interest happened, 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.

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 Bank is prohibited from funding related parties without obtaining an approval from the Board of Commissioners.

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 happened, then the member of Board of Commissioners, member of Directors, and Executive Officers are prohibited in taking actions that might harm the Bank or reduce profits of the Bank, 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 conflict of interest has been disclosed in each decision and has been well-documented. In principle, all Company employees avoid to make decisions in situations and conditions under a conflict of interest. Loans are granted to the Board of Directors, Board of Commissioners and Company Employees on reasonable limits and in accordance with applicable Bank regulations without any distinction from other customers (arm's length basis). Information related to the transactions with conflict of interest throughout 2017 is as follows:

Funder	Name and Position		Decision Maker	Type of Transaction	Transaction Value (million Rp)	Description
	Name	Position				
None	None	None	None	None	None	None

Corporate Social Responsibility

The Company recognizes the success in developing the Company's business needs to be achieved comprehensively and in balance. That shall be achieved when every aspect of triple bottom line, i.e. profit, people, and planet is considered and realized together. Therefore, the Company always carries out the Corporate Social Responsibility, in accordance with the sustainable governance principles.

06



Selamat Datang
Presiden Republik Indonesia
beserta Ibu Hj. Iriana Joko Widodo
di Balai Ekonomi Desa (Balkondes) Karanganyar

BUMN
Hadir untuk negara

BNI
BANK BRI
Bank BTN
PERTAMINA
Telkom Indonesia
pgr
JASAMARCA
PT TIKI BERSAMA SAMA
PT KTI

06 Corporate Social Responsibility

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> Introduction

The Company believes that business sustainability is achieved by the financial target, and supported by non-financial investment, one of which by the Corporate Social Responsibility (CSR) program and Partnership and Community Development Program (PKBL). The Company considers the corporate social responsibility concept as a part to contribute to the sustainable economic development. Through consistent CSR activities, the Company hopes to make a real contribution to sustainable development, support long-term business success and meet the expectations of the Company's stakeholders.

The Company always conducts the Corporate Social Responsibility activities, in line with the Company's sustainable governance principles, and as a fulfillment of the Financial Services Authority Regulation No. 51/POJK.03/2017 on Sustainable Finance Implementation. In the implementation,

there are eight principles that have been applied to the Company's business activities, i.e. (1) Responsible Investment, (2) Strategy and Sustainable Business Practices, (3) Social and Environmental Risk Management, (4) Good Governance, (5) Informative Communication, (6) Inclusiveness, (7) Priority Sector Development, and (8) Coordination and Collaboration. The implementation of the principles is illustrated in various CSR and PKBL activities, which has been consistently implemented by the Company with the triple bottom lines approach, i.e. economic, social, and environment.

As a form of information disclosure to CSR and PKBL programs, the Company has prepared Sustainability Report and PKBL Program Report, describing details of Corporate Social Responsibility various activities throughout 2017.

Vision & Mission CSR



CSR Program Implementation Basis

The company refers to the provisions of the applicable laws and regulations in implementing CSR programs, including:

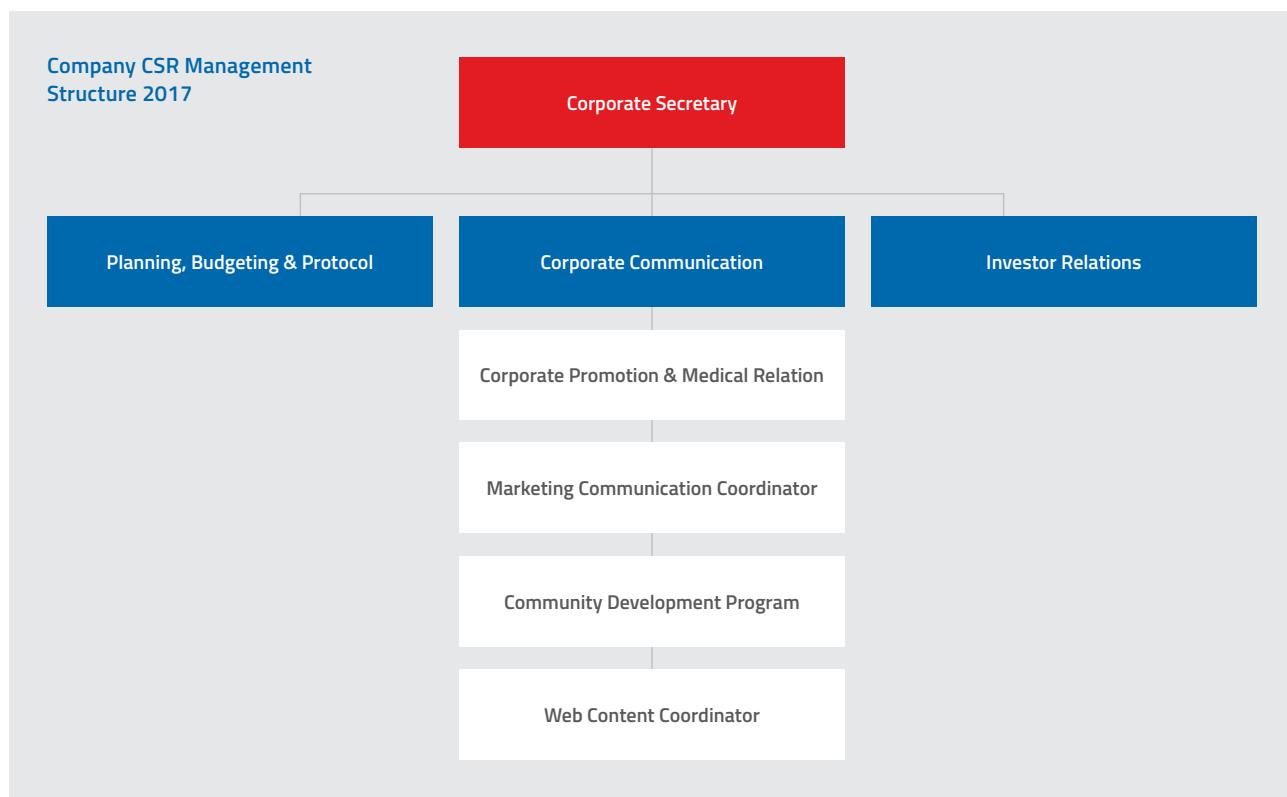
1. Law Number 40 of 2007 on Limited Liability Company;
2. Law Number 19 of 2003 on State-Owned Enterprises;
3. Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. Per-02/MBU/7/ 2017 on the Second Amendment to the Minister of State-Owned Enterprises Regulation No. Per-09/MBU/07/ 2015 on Partnership and Community Development Program of the State-Owned Enterprises;
4. Shareholders Deed of Amendment to the Articles of Association of PT Bank Tabungan Negara (Persero) Tbk Number 34 dated August 11, 2008;
5. The Board of Directors' Regulation Number 17/PD/DPKK/1203 dated December 15, 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 8, 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 1, 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.

CSR Management

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 Corporate Secretary Division coordinates or collaborates with the following entities in carrying out CSR activities:

1. Internal Parties, i.e. Bank BTN 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.





> CSR Kaleidoscope 2017



01

Training and Assistance of Taman Bacaan Girsang State Elementary School (SDN)



02

Mr. Maryono and Mrs. Rini Soemarno provided directives to students of SDN 3 Sembalun as the beneficiaries of Bank BTN



03

Mr. Maryono and Mrs. Rini M. Soemarno symbolically gave the aid in the form of Hand Tractor Mr. Maryono and Mrs. Rini M. Soemarno symbolically gave the aid in the form of Hand Tractor



04

Training for pottery artisan in the Karanganyar area for paint and color techniques, located in Bank BTN Balkondes Karanganyar



05

Provided aid equipment for Balkondes BNI - Wanurejo Village, in a series of Tour de Borobudur activities



06

The President Director of Bank BTN, Mr. Maryono boarded the Katinting Boat, provided by Bank BTN to increase community empowerment activities around Lake Limboto



07

Facilitating the educational facilities and infrastructure to SMK (Vocational School) Pratidina in the breakfasting together event with Himbara and the Bank BTN PIC



08

Giving a book of 'One Price Oil Fuel Book' to Gorontalo Provincial Government Representatives, Gorontalo Regency, Indonesian Army, Communities, and Academicians on the 72nd Anniversary of Indonesia



09

Inauguration of Pingi Bali Tourism Village by Minister of State-Owned Enterprises Mrs. Rini M Soemarno

> CSR Programs and Budget in 2017

CSR Programs

The Company has designed a systematic and integrated CSR programs by taking into consideration the needs of the targeted community out of the realization of the Company's CSR program. The Company has compiled CSR program to achieve the CSR Vision and Mission. This program is in line with the 3P (people, profit, planet) principle, and is oriented towards creating

added value for stakeholders and surrounding community, and supports the sustainable development goals program.

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 programs are organized into four key areas:



CSR Budget

The Company always conducts CSR programs annually to provide maximum benefits to stakeholders, in terms of economic, social, and environmental. Consistently, the Company provides special budget to support CSR programs. In 2017, the Company allocated a budget of Rp5 billion

for CSR Program. The realization of disbursement up to December 2017 reached 102.96% or Rp5,148 billion. The funds are absorbed in the scope of CSR activities, which cover economy, art, culture, sports, education, health, facilities and infrastructure, religious and worship, and nature conservation.

Table Realization of CSR Program Fund Disbursement 2015-2017

Activity Sector	Disbursement (Rp Million)		
	2015	2016	2017
Economy	2,425.39	753.03	451.28
Art and Culture	49.65	199.20	114.50
Sport	49.22	94.95	-
Education	1,942.68	409.32	227.94
Health	387.07	54.67	20
Facilities and Infrastructure	4,123.94	2,250.93	4,214.47
Religion	1,314	564.01	120
Nature Preservation	473.33	44.95	-
Total	10,765.28	4,371.06	5,148.19

In addition to CSR activities, as a BUMN Bank, the Company also conducts Partnership and Community Development Program. The Company strives to take an important role as a business entity in assisting the Government in realizing the community welfare people with the development and empowerment of the community's potential. PKBL Program is a form of awareness that the success in the business industry is not only determined by the Company's management and operational performance, but also by the support of the surrounding community.

The Company has specifically prepared its own report to report on the performance of the PKBL, which is an integral

part of the Company's Annual Report. The PKBL performance report is in accordance with the Minister of SOEs Regulation No. PER-02/MBU/7 2017 dated July 5, 2017, on the Second Amendment to the Ministry of State-Owned Enterprises Regulation No. PER-09/MBU/04/2015 on the Partnership and Community Development Program of the State-Owned Enterprises.

In 2017, the Company has disbursed the Partnership and Community Development Program funds in the amount of Rp26.23 billion, increased by 75.84% compared to the previous year. The detail of Company's PKBL fund disbursement is as follow.

Table: Realization of PKBL Program Fund Disbursement 2016-2017

Activity Sector	Disbursement Realization (Rp Million)	
	2016	2017
Partnership Program	1,779.60	6,201.20
Community Development Program	13,153.14	20,033.23
Total	14,932.74	26,234.43

> Responsibility to Products and Customers



The Company, as a government bank and as the pioneer of housing provider for the community, participates in optimizing the service facility by entering the digital banking transformation period. The Company presents numerous digital technology-based services for all products and transactions in stages to make banking transactions more efficient, easier, and simpler.

Policy

The Company believes customers to be one of the most important stakeholders in the Company's sustainability. The Company strives to maintain overall customer satisfaction level by implementing the best service system to fulfill its responsibility to the customers. The handling and settlement policy 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.

Program Plan and Target in 2017

The Company continues to commit to creating competitive advantage by building customer's trust through various program that can enhance the relationship with the customer. In 2017, the focus of customer service improvement is the strengthening of digital banking services for customers. The Company has established a work plan to increase customer satisfaction by conducting various programs, such as customer protection, service development, customer education, and complaints settlement of customers.

CSR Activities related Product and Customers in 2017 and Activity Impact

The Company constantly improves the operational wheel performance in order to satisfy the customers because the trust given by the customers is the Company's spearhead in achieving sustainable business activities amidst the increasingly competitive competition. The excellence service for the customer is the important key to achieve the objective. The best service has a broad meaning, ranging from the socialization of rights and obligations, to services to customers. Therefore, in maintaining the trust, the Company implements the corporate social responsibility program for all customers. Throughout 2017, there are several CSR programs related to the customers, i.e.:

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 performed various efforts in improving customer satisfaction, through the improvement of product service provided for the customer, among others:

1. TCASH-BTN Cermat Service

To develop non-office financial services that are in line with the financial inclusion program (Laku Pandai), the Company and Telkomsel are working together to launch the TCASH-BTN Cermat service product. TCASH-BTN Cermat Service is a service that merges the benefit of electronic money TCASH with BTN Cermat Savings. This product is designed to facilitate the customers to perform transfers or sending money from BTN Cermat to e-money Telkomsel TCASH and vice versa. The partnership is also a measure to support the SOE synergy. The Company keeps reaching the unbanked community, which is unreachable due to their geographic location. The partnership between the Company and Telkomsel will also create an integrated mobile financial services ecosystem, especially in the context of accelerating the Non-Cash National Movement (GNNT) program.

2. Housing Loan Plaza and Housing Loan Hotline

As a Company's innovation to facilitate and accelerate the Mortgage Services to support the One Million Houses Program, the Company launched the Housing Loan Plaza and Housing Loan Hotline. This is also a form of customer



Layanan TCASH-BTN Cermat

service improvement. It is expected that with the Housing Loan Plaza and Housing Loan Hotline programs, the customers can find a mortgage product that is more suitable for them.

3. Company Prepares Cheap Houses for Informal Workers to Support One Million Houses

In order to reach community who has yet to have a house, as well as to succeed the One Million Houses Program, the Company expands the Housing Loan (KPR) access for the online motorcycle driver (ojek), which was launched in May 2017. The objective of this program is to reach more and more Indonesian people to have housing, especially for low-income and informal workers. Through this strategic move, the Company provides opportunity for approximately 27,000 online motorcycle drivers who are members of GO-JEK Partners to access the Housing Loan. In line with these commitments, the Company opens the opportunities for GO-JEK Partners in Semarang to be able to own houses with installments less than Rp50,000 per day.

In addition, the Company provides Micro Housing Loan facilities to other informal workers. The facility is a form of the Company's commitment to reach more people to own houses, especially among the lower middle class. The informal workers can have houses with maximum credit ceiling of Rp75 million and 20 years tenor by using



Dukung Sejuta Rumah, Perseroan Siapkan Rumah Murah Bagi Pekerja Informal

BTN Micro Housing Loan. BTN Micro Housing Loan offers financing scheme with amount of down payment and installment suited to the worker's ability. This step is in line with financial inclusion to reach more Indonesia community in accessing the banking service.

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 of 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's name, product type, Benefits and risks inherent to the product, Terms and procedures for use of the Bank Product, Inherent Costs of the Product, Interest or profit sharing and profit margin, Period validity of the product, and issuer/originator of Banks' products.
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. &fAwww.btn.co.id; which is accessible by the general public.

Customer Education Program

One effort to increase the knowledge and understanding of financial institutions, products, and services, is the financial education to the community. The Company has carried out several financial literacy program and financial education annually. This is in line with the directive of Financial Services Authority (OJK) on the blueprint of Indonesia national strategy of financial literacy, and Financial Services Authority Regulation No.76/POJK.07/2016 on financial literacy and financial inclusion improvement in the financial services sector for consumer and/or community. In 2017, the Company launched an education program to the Company's customer through the launching of digital solution i.e. banking application for smartphone, in addition to internet banking. This application is available on playstore/appstore. This application facilitates the customers to pay insurance/credit card bill, to transfer and pay e-commerce purchase, which currently is the consumers shopping trend, and also to top up digital payment such as gopay, grabpay, etc.

Customer Health and Safety

As a bank that specializes in financing housing, the Company continuously commits to maintaining 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,



Properti Penggerak Pembangunan
Sumber: Mushaful Imam

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 maintaining 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 Number 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. In this policy, it is 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 IT security training to the user who uses IT resources, implementing management/standardization password to ensure access to the protected information.

Customer Deposit Guarantee

Public confidence in the banking industry is one of the keys to maintaining stability in the banking system. The trust is gained when there is legal certainty in the regulation, supervision of the Bank, and the guarantee of customer deposits of the Bank. As stipulated in Law No. 24 of 2004 on Indonesia Deposit Insurance Corporation (IDIC), the Company provides guarantee for the protection of money deposited by the customer through Indonesia Deposit Insurance Corporation.

Customer Reporting Mechanism

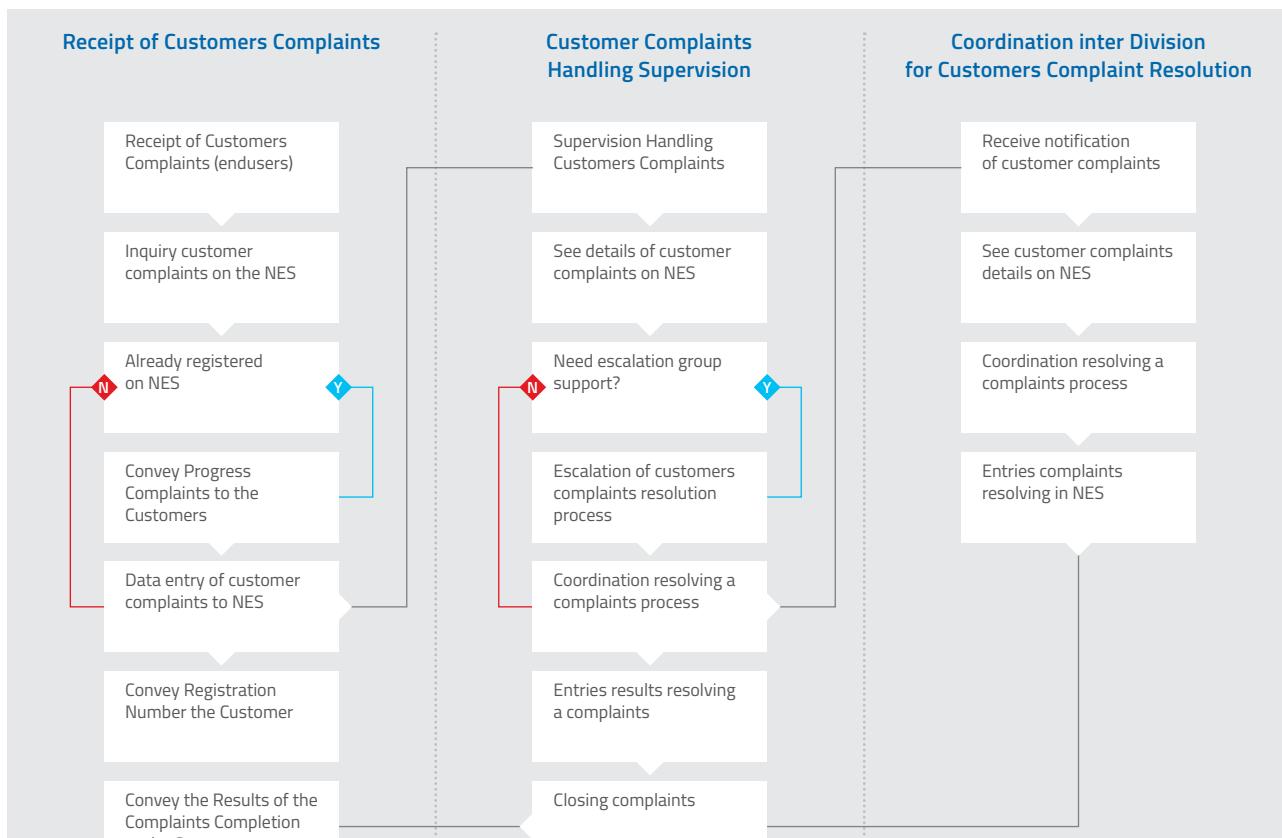
Referring to the POJK No. 1/POJK.07/2013 on Consumer Protection in Financial Services Sector, the Company conducts various efforts to meet the customer expectations through

Customer Complaints System (SPN) to monitor the completion of complaints thoroughly. 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 of PT Bank Tabungan Negara (Persero) Tbk.
 Menara Bank BTN Jl. Gajah Mada No. 1 Jakarta 10130
 Phone: (021) 6336789
 Fax: (021) 6336719
 Contact Center 1500 286
 Email Contact Center: btncontactcenter@btn.co.id

The following is the customer complaints received and the followed-up progress in 2017.

Complaint Type	Total	On Progress	%	Finished	2017 %
Fund Raising	6	9	0	6	100
Fund Disbursement	1,392	128	12.25	918	87.77
Payment System	30,612	1,168	3.44	32,808	96.56
Other Products	2220	276	7.81	3,258	92.19
Cooperation Products	2	15	1.01	1,474	98.99
Total	40,051	1,587	3.96	38,464	96.04

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, etc.;
2. Providing a notification for customers about the report settlement process;
3. Monitoring the fulfillment of the Service Level Agreement (SLA) for report settlement;
4. Improving the procedures and increase staff understanding and provide information for customers to avoid issues reported by customers from being repeated.

Customer Satisfaction Survey

The Company cooperates with third parties to conduct the customer satisfaction survey. The survey is conducted by using qualitative and quantitative approaches. The Company uses in-depth interview method for qualitative approach, and face-to-face interview method for quantitative approach. The following is the results of customer's satisfaction survey in 2017.

Hasil Survei Kepuasan Nasabah Tahun 2017

Year	Survey Result
2015	78.9%
2016	78.3%
2017	80.7%

In 2017, the Customer satisfaction survey resulted in an 80.7% score, which increased by 2.4% compared to the result of the survey in 2016. In accordance with the commitment to provide excellent service to our customers, the Company will continue to improve the accessibility of the services provided and provide products that meet the needs of our customers.

Program's Impact

The CSR activities related to customer responsibility that has been performed by the Company throughout the year 2017, have provided a sense of comfort and security of transactions for customers, thus it impacts on the growth of the Company's customers from year to year. This is evidenced by the increase in customer satisfaction index by 2.4% compared to the results of the 2016 survey.

Certification and Awards

The Company has received a number of awards and certifications for providing good services for customers. In 2017, the Company received the TOP 40 Brand In Indonesia award in the SWA Award, The Best Bank In Digital Services and The Most Efficient Bank in the Indonesia Banking Award, held by Tempo Magazine, and Other Awards.



> Responsibility to Employment, Health, and Safety

For the Company, the implementation of responsibilities to employees, which includes aspects of employment, occupational health and safety, is a very important factor as it contributes to the Company's operational performance. Therefore, the Company put great concern to aspects of employment, which covers association rights, education and training, employee career path, and Occupational Health and Safety (OHS).

Employment Aspect Policy

In the Human Resources (HR) management, the Company has a special policy related to HR management, which is stipulated in the Board of Directors' Regulation No. 29/DIR/CMO/2011 on PT Bank Tabungan Negara (Persero) Tbk Guidelines for Human Capital Management Policy (PKMHC). In terms of external policy, the employment policy refers to the Law No. 13 of 2003 on Employment. This is to ensure compliance with prevailing legislation and to minimize the occurrence of violations of human rights in the employment. The Company also provides care and high commitment to gender equality and equal opportunities, job training to improve employee professionalism, and appropriate remuneration system.

Employment Work Program and Target in 2017

Therefore, the CSR program planning related to employees, is arranged in line with the direction and strategy of the Company in HR management. The focus of the program in 2017 is to increase the HR competence (People Transformation) in order to transform the digital banking. In line with the business transformation plan, the human resources strengthening is carried out by enhancing and improving HR capability as an agent of transformation.

Programs in 2017

The Company continues to evaluate and improve its policy related to the responsibility to employees, to establish harmonious relationships between the Company and its

employees. Throughout 2017, the Company implemented social responsibility activities in the field related to employment through several programs including:

1. Employee Welfare Program

Welfare becomes one of the employees' motivations in improving achievement and productivity, and ensuring the achievement of performance targets. The Company performs an employee welfare program in several ways including: increased employee benefits, bonuses, promotion of rankings and titles, and awards to outstanding employees. The permanent employees have the remuneration component and facilities, i.e. basic salary, Holiday Allowances, leave allowance, clothing allowance, facilities (position, housing, vehicle, expertise, oil fuel, location, tax), performance bonus, housing loan, pension, Jamsostek (health insurance for formal workers), medical checkup, medical aid, and relief money. In 2017, the HR budget related to the employees' welfare is Rp2.4 billion, increased by 78% compared to 2016, i.e. Rp1.87 billion.

2. 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 legislation. 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.

Tabel Rasio Gaji Tertinggi dan Terendah Tahun 2017

Description	Ratio
Highest and lowest Employee salary	35.4 : 1
Highest and lowest Director salary	1.1 : 1
Highest and lowest Commissioner salary	1.1 : 1
Highest Director salary and Highest Employee salary	2.59 : 1

3. Equal Opportunities in Education and Training

In order to improve the quality and create competent HR, the Company routinely provides employee education and training programs that refer to the development of the banking industry. The Company provides equal opportunity to all employees in developing their potential through education and training programs as stated in Board of Directors' Decree No.04/KD/SIPD/2017 dated May 29, 2017. The participation in the education and training contributes significantly to the achievement of the Company's business performance.

The form of education and training that has been implemented is divided into three groups of programs, i.e.: School of Leadership, School of Operation, and School of Business. In 2017, the Company has invested Rp164,686 million for these training, which consists of Rp76,198 million for School of Leadership, Rp52,673 million for School of Operation, and Rp35,815 million for School of Business. Hence, the average training reached 24 hours of training per attendee.

4. Equality for All Employees

The Company applies the principle of diversity and equality to all employees in accordance with the basic principles of employment contained in Law No.13 of 2003 on Employment. In 2017, the Company has 10,360 employees, which consist of 5,797 (56%) male employees and 4,563 (44%) female employees. The composition of employees by gender reflects that the Company's recruitment system is organized by upholding the

principle of equality and employment opportunity, by not distinguishing between men and women.

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.

5. Industrial Relations

The Company always strives to respect the rights and perform the obligations to the employees in accordance with the prevailing laws and regulations, in order to create a harmonious relationship. The Company positions its employees as partners to achieve the common goals. 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 the Company's human resources management policy, the Company established a Bipartite Cooperation Institution (LKS Bipartit), i.e. a communication forum and consultation on matters related to Company's industrial relations, whose members consist of Stakeholders and Bank BTN Trade Unions (SPBTN).

In addition, the Company has established Collective Labor Agreement (CLA) 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. In 2017, the rights of all of Company's employees (100%) are covered by CLA.

6. Employee Turnover Rate

The Company strives to maintain an employee turnover to ensure that the Company is doing well. In 2017, the employee turnover rate is 4.82% or equal to 499 employees, which is lower compared in 2016. The employee's turnover rate is influenced by 131 employees who retired, 26 employees requesting for early retirement, 8 employees died, 245 employees resigned, and 55 employees are laid off, and 34 employees are due to other causes.

Occupational Health and Safety Aspect Policy

The Company prioritized the health and safety aspects. The Company strives to create a safe and comfortable working environment to support the creation of optimal enterprise performance. This is because, the employee's productivity will increase along with the improvement of comfort and safety in the Company's environment. In addition to referring to Law No. 13 of 2003 Article 86 paragraph 2 on the protection of employees, the implementation of employees' health and safety programs are also contained in the Company's internal policies, i.e.:

1. Directors' Regulation No. 5/PD/PGSD/2017 dated October 31, 2017, on the Occupational Health and Safety Management System Policy;
2. Directors' Circular Letter No. 60/DIR/PGSD/2017 dated October 31, 2017, on the Standard Operating Procedure of Occupational Health and Safety Management System

Work Program and Targets of Health and Safety Program 2017

In 2017, the Occupational Health and Safety (OHS) focused on improving the competence, training, and awareness of employees in working. Thus, the implementation of OHS can run optimally with zero accident target. The Company always provides adequate health facilities for employees. It is expected that employee productivity will be maintained and it will continue to improve. The safety management is intended to prevent the occurrence of work accidents.

Occupational Health and Safety Program

In 2017, the Company conducted various activities to improve the understanding and skills to deal with Occupational Health and Safety (OHS) issues. The Company is committed to creating a healthy work environment, free of injury, and conducting operational activities in accordance with the applicable rules. To achieve workplace health, the Company conducts health program efforts on business processes, regular Medical Check Up facilities, training, medical emergency response simulations, and workshops on Occupational Health. The Company also conducts periodic health checks on employees and enrolls employees in the Social Security Agency (BPJS) Employment and Health program, in accordance with applicable provisions, provides assistance in childbirth, examination, treatment, and health care of employees, and cooperates with various hospitals scattered in the company's operating area.

In order to prevent work accidents and various types of disasters in the workplace, the Company has equipped all of its operational offices with a variety of standard safety equipment. In addition, the Company conducts OHS training for employees to understand and realize the importance of OHS and to act properly in accordance with OHS rules. The Company regularly conducts an inspection of all OHS facilities, to ensure that all facilities work in their maximum capacity when needed. By providing adequate health facilities and always maintaining employees' safety, the Company expects that employee productivity will be maintained and thus, it will continue to improve.

Occupational Facilities and Safety

To ensure effectiveness in occupational safety implementation, the Company has equipped every operational office with various work safety equipment. Light Fire Extinguisher (APAR), Smoke Detector, Diesel Pump, emergency ladder, and safety signs are in accordance with the standard of fire safety equipment, based on the Minister of Public Works Regulation on Technical Requirements of Fire Protection System in Building and Environment. The Company also conducts an inspection, or regular safety inspection of safety equipment to determine its feasibility level. The employees must have certificate issued by the Office of Manpower and Transmigration of DKI Jakarta Province for operators of safety equipment, such as lifting and hauling aircraft. The environment must have a fire situation plan and the laying of fire safety operational procedures in the employee room and every floor of the building so that all employees are well educated.

Up to 2017, the Company regularly involves employees in the certification of "Training and Certification of Occupational Health and Safety (AK3U) Specialist" held by BPJS Health. All employees are also enrolled in Social Security (Jamsostek) through BPJS Employment. 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)

As the Company's commitment to OHS management, in 2017 the Company has compiled and endorsed the policy of Occupational Safety and Health Management System

(SMK3). The policy stipulates SMK3 Standard Operational Procedure (SOP) 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.

In 2017, the Company also again conducted AK3U Certification to several employees. This certification program is carried out in the framework of the Occupational Safety and Health Regulations issued by the Ministry of Manpower and Transmigration of the Republic of Indonesia. The safety and health certification materials include:

1. Facilities and infrastructure that support the building operation, e.g. elevator, generator, air conditioning, lighting
2. Regular medical check-ups for employees
3. Supporting working equipment shall have no effect on health
4. Employees' rotation periodically to maintain their psychological level

Work Accident Rate

In 2017, the Company has managed the health and safety of the employees optimally. Noted, that during that period there is no employee who in their work activities are often exposed or risked getting certain occupational diseases (zero accident).

Employment Problem Complaint Mechanism

In order to provide protection 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 complaint 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:

1. If the reporter is the Company's employee, then alleged violations report is addressed directly to the Whistleblowing System team using the address:
 - > Whistleblowing System Team PT Bank Tabungan Negara (Persero) Tbk.
 - > PO BOX Whistle Blowing System (WBS) BTN Jakarta
 - > Email: wbs.btn@btn.co.id
 - > Text/Handphone: 081311434343
 The report can be done verbally or through other media by the Report/Whistleblower.
2. If the reportee is a member of Whistleblower System Team, then alleged violations report is addressed directly to the President Director.

3. If the reported party is a member of Directors or the family, then alleged violations report is addressed directly to the Board of Commissioners.
4. 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.

With effective implementation and management of employment practices and human rights, in 2017, there were no reports of the employment practices and human rights violation, including discrimination incidents experienced by the Company's employees.

Quantitative Impacts

Implementation of CSR policies related to employment in 2017 has been effective in accordance with its objectives to meet the interests of employees, in order to create alignment of employee objectives with the objectives of the Company. With the alignment of objectives, the employees' turnover rate has reduced. In 2017 the employee turnover rate decreased to 4.82% compared to the year 2016, which was 4.96%.

Table: Company's Employees Turnover

Year	% Turnover
2015	4.24%
2016	4.96%
2017	4.82%

In addition, proper management of health and safety facilities for employees has resulted in significant improvement of employee health and performance. This is evidenced by the proper management of health and safety facilities for employees, that has resulted in significant improvement of employee health and performance. Given the implementation of safety management that is supported by socialization and various training activities, it has a fairly effective impact. In 2017, there is no accident (zero accident) in the Company. Thus, the work accident ratio is 0%.

Certification and Awards

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 the Environment

The Company is committed to preserving the environment in its daily operations. The Company's operational activities are designed to minimize negative impacts and maximize positive impacts on the environment. This is because the Company realizes that environmental conservation is an important thing that has a positive impact on the quality of life of all stakeholders.

Policy

As a form of implementation of the Company's compliance with Law No. 32 of 2009 on Environmental Protection and Management, the Company has focuses on the environmental sustainability through environmentally relevant CSR policies and programs. 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 operational impacts on the environment.

In addition, the Company's policies related to nature conservation and the environment are also applied in the form of credit policy contained in the Company's Commercial Credit Facility Guidelines. 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). These Environmental Policies are guidelines for the Company to carry out the environmentally friendly operational activities.

Work Program in 2016

The Company's activity program related to environmental management is determined in accordance with the Bank's Business Plan and related environmental strategies, in line with the sustainable financial roadmap and POJK No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Listed, and Public Companies.

The Company's participation in the responsibility program for the environment is conducted to achieve sustainable finance. The Company's focus is to manage and coordinate the Company's operational business activities by implementing green banking through environmentally friendly credit, environmentally friendly operational activities, and go green

programs. The objective is to build strategic synergies, which in turn will improve the Company's efficiency and effectiveness.

CSR Activities Related to Environment and Quantitative Impact

Throughout 2017, the Company has implemented several policies to support the social responsibility program for the environmental conservation, one of which is through environmentally friendly operational management.

Paper Management (Paperless)

In the banking operations, the paper is the main material for customer account creation, mailing activities, and other operational support activities. The Company consistently save paper by: Reusing paper using 2-sided print method, increasing effectiveness of billing method through calls or directly using information technology application that supports mobile, paperless, historical record, and parameterized practices. The Company's commitment to reduce paper usage is also implemented by encouraging the customers to use the Electronic Channel service as much as possible. This is evidenced by the increasing number of transactions using Electronic Channel service in 2017. Transactions with ATM and Kiosk increased by 18.67%. Cash Deposit Machine (CDM) transactions increased by 5.26%. Internet Banking transactions increased significantly by 111.71%. Cash Management transactions increased by 31.83%. SMS Banking increased by 9.75%, and Mobile Banking increased by 44.05%.

In addition, by 2017, the Company will make paper use more efficient through the iflow application, i.e. cross-division and or cross-branch letters that are distributed structurally. In addition to having advantages in the distribution of structured correspondence, this application also has other benefits such as the speed in the flow of mail distribution, the monitoring of documents or letters that have been delivered, and the

reduction of paper usage (paperless) due to no printing required of the letters.

Electricity Usage Management

In 2017, the Company used 8,035,903 kWh or equivalent to 28,929.25 GJ electricity. The use of electrical energy increased compared to 2016 due to the development of an energy structure that causes the relayout of the room. In addition, it is influenced by changes in the Company's business tools towards banking digitalization.

Company's Electricity Consumption

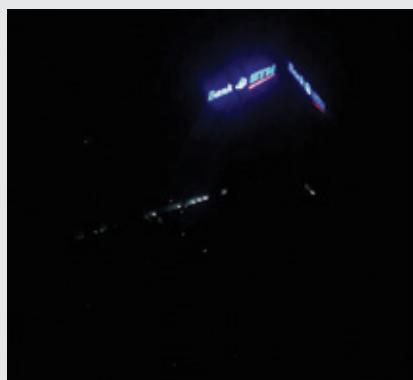
Unit	2016	2017
kWh	6,846,700	8,035,903
gigajoule	24,648.12	28,929.25

In 2017, the Company launched a number of initiative to improve energy efficiency in order to reduce the Company's contribution to greenhouse gas emission. Those initiatives are:

1. Giving information to all employee on the importance of turning off light and other electronic after office hours;

2. Changing refrigerator/air conditioner R-22 synthetic refrigerant Freon with environmental friendly refrigerant such as R-32, musicool 22, or R134a;
3. Replacing conventional light bulbs with Light Emitting Diode (LED) bulbs;
4. 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 transportation of meeting participants;
5. Rejuvenating vehicles into environmental friendly vehicles;
6. Suggesting the employee to use public transportation to commute.

Requiring the operational vehicles to use higher-grade green fuel that is more environmentally friendly, in accordance with the Government of the Republic of Indonesia policy, which requires SOEs operational vehicles to use non-subsidized fuel. Through the Memo No. 1836/M/CSD/IR/XI/2013 dated November 6, 2017, the Procurement and General Service Division submitted memos to Regional Offices, Branch Offices, and Sharia Branch Offices regarding the prohibition of the use of certain petroleum fuels in the form of gasoline, RON 88 for Company's operational vehicles.



BTN Participated in Earth Hour Program 2017

The Company saved electricity consumption on the last Saturday for one hour at Earth Hour Program on March 25, 2017.

The theme for 2017 Earth Hour is "Shine a Light on Climate Action – from Moment to Movement". The Company's participation in this event is a form of consistency in building an environmentally friendly culture and efforts to change lifestyles by reducing ecological footprint and greenhouse gas emissions for the sake of the Earth.

Water Management

In 2017, the Company's Head Office used 88,879 m³ water, which is a 30.25% increase from 2016, i.e. 68,200 m³. This increase occurred due to the addition of manpower and draining of water reservoirs. Despite the increase in water usage, the Company has always committed to saving water, especially at the Head Office. Water saving is performed by using water as needed and closing the water faucet when not needed. In addition, the Company also utilizes recycled water for various purposes, such as watering plants and routinely control the water supply and faucets to immediately handle any leakage. Thus, there will be a reduction in water consumption, maintenance costs, and water disposal costs.

Waste Management

The Company's operational activities generate waste in the form of plastic waste, paper, and dirty water. The waste does not fall into the category of Hazardous and Toxic Waste (B3) based on the provisions of the Ministry of Environment of the Republic of Indonesia. However, the Company continuously manages waste in cooperation with third parties, in accordance with environmental management standards to lessen any negative impact on the environment.

On November 2, 2017, the Company did a measurement of wastewater at Bank's Head Office. This is regularly conducted once every three months. With the regular measurement, the

Company understands that the water discharged has met quality standards in accordance with Governor Regulation of Special Capital Territory of Jakarta Province No. 122 of 2005 on domestic wastewater management in the Special Capital Territory of Jakarta Province so it does not pollute the environment.

Green BTN

In order to conserve the environment in Indonesia, particularly around the Company's working area, the Company actualizes nature conservation program through Hijau BTN. In general, the Hijau BTN activities include forestation activity such as tree cultivation around the Company's work area. In addition, in the housing construction, the Company requires reforestation land around the housing. For one house, there should be at least one tree.



Aksi Tanam Pohon dalam Program BTN Tour de Borobudur XVII

Tree Planting in BTN Tour de Borobudur XVII Program

The Company strives to instill environmental awareness through tree planting in the BTN Tour de Borobudur XVII program in Semarang, November 2017. In this event, the Company contributed to the environment by planting 1,000 fruit tree seedlings in Jatibarang reservoir area, which is one of Semarang tourist attractions.

Planting 67 Manglid Tree at the Foot of Mount Ciremai.

As a form of nature awareness and education to children about the environment, the Company conducted a movement to plant 67 Manglid trees at the foot of Mount Ciremai. This is also conducted to celebrate the Company's anniversary this year.

Environmental Friendly Credit Disbursement

The Company's concern on environmental sustainability will always be improved in line with sustainable finance policy stipulated by the Financial Services Authority (OJK). The Company has consistently established rules and policies to support sustainable financial program effectively. The Company has performed various initiatives, one of which is through green finance product (Company's products that consider the aspects of environment, social, and governance) implementation. One consistent effort is the provision of credit. The Company has implemented the policy related to environmentally friendly credit disbursement by rejecting credit for customers who do not include the results of Environmental Impact Analysis (AMDAL). The Company will validate the result by going to the field for customers with AMDAL results.

Environmental Problem Complaint

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 Company's operations. The environmental complaints then will be delivered to the Company through official letters. Throughout 2017, the Company did not receive any complaint or grievance related to environmental issues. Thus, the Company was not subjected to sanctions or penalties relating to non-compliance with laws and Regulations in regards to the environment.

Certification and Awards

Until 2017, the Company still has not received awards and certification related to the environment.

Implementation Cost

Throughout 2017, the Company spent Rp157.20 million for the environmental management and conservation for the STP (Sewage Treatment Plan) and waste management.

> Responsibility to Social and Community Development



The Company's social and community development responsibility is a form of its commitment to participate in sustainable economic development by addressing aspects of social lives in order to improve quality of life and elevate society's living standards.

Policy

Social and Environmental Responsibility is the Company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment, which in turn would benefit the Company, the local community, as well as the general public. 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. The implementation refers to the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. Per-02/MBU/7/ 2017 on the Second Amendment to the Minister of State-Owned Enterprises Regulation No. Per-09/MBU/07/2015 on Partnership and Community Development Program of the State-Owned Enterprises.

Program Plan and Target in 2017

Every year, the Company in its Bank's Business Plan develops its CSR program planning aimed at local communities. Plans are prepared in accordance with the focus of the CSR program

which is identified at the beginning of the year. In 2017, the Company as an SOE Bank plays a role in the Government-initiated Partnership and Community Development Program (PKBL). The program aims to empowering the socioeconomic standing of communities divided into seven areas of distribution, which are: natural disasters, education / training, health promotion, development of facilities and infrastructure, means of worship, conservation and social assistance in poverty alleviation.

CSR Program related to Social and Community Development in 2016 and Activity Impact Partnership Program

The partnership program is the Company's commitment to the social development which aims to increase the capacity

of small-scale enterprises to become strong and independent through the utilization of funds already budgeted by the Company. The objective of the partnership program is to select partners who have clear prospects for the future, meet the requirements set by the Company and have the motivation to become strong and independent entrepreneurs. The Company expects that the loanable funds can be used to develop the business so as to produce optimal efficiency.

Throughout the year 2017, the Company has disbursed a total of Rp6.2 billion assistance funds to the partnership program, distributed to 169 partners across 7 (seven) sectors including fishery, plantation, agriculture, animal husbandry, industry, and trade and services. The budget expenditure for Partnership Program fund disbursement in 2017 is as follows:

Table: Realization of Fund Disbursement of Partnership by Business Field 2017

No.	Business Sector	Disbursement (Rp)
1	Fishery	280,000,000
2	Plantation	240,000,000
3	Agriculture	1,620,000,000
4	Animal Husbandry	343,000,000
5	Industries	1,132,500,000
6	Services	1,986,950,000
7	Trading	598,750,000
Total		6,201,200,000

Table: Realization of Fund Disbursement of Partnership by Company's Regional Offices Distribution 2017

No.	Branch Office	Disbursement (Rp)
1	Jawa Timur	2,129,450,000
2	Jawa Tengah	1,433,000,000
3	Jawa Barat	280,000,000
4	DKI Jakarta	80,000,000
5	NTT	350,000,000
6	Sulawesi Tenggara	550,000,000
7	Sulawesi Selatan	750,000,000
8	NTB	75,000,000
9	Sumatera Barat	250,000,000
10	D.I. Yogyakarta	230,000,000
11	Gorontalo	73,750,000
Total		6,201,200,000

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. In 2017, a total of Rp20,023 billion of Community Development Program assistance funds were distributed to local communities in 34 Provinces across the Company's 5 (five) Provinces.

Regional Divisions. The Community Development Funds are channeled through various assistance activities, including education and training, public infrastructure and facilities, religious and worship facilities, and community health and social development for poverty alleviation. The following is the realization of fund disbursement for Community Development Program 2017.

Table: Realization of Fund Disbursement of Community Development Program 2017

Office	Working Area	Amount of Disbursement (Rp)
Regional Office I	West Java Branch Offices	3,680,866,500
Regional Office II	DKI Jakarta & Banten Branch Offices	3,395,137,573
Regional Office III	Central Java, East Java, Bali & Nusa Tenggara Branch Offices	9,051,052,500
Regional Office IV	Sumatera Branch Offices	1,741,531,591
Regional Office V	Sulawesi, Kalimantan, Maluku, North Maluku, and Papua Branch Offices	2,164,638,711
Total		20,033,226,875

Table: Realization of Fund Disbursement of Community Development Program by Activities 2017

No.	Activity Sector	Disbursement (Rp)
1	Natural Disaster	344,239,400
2	Education and/or Training	3,868,653,556
3	Health Quality Improvement	481,339,350
4	Public Infrastructure & Facilities	4,140,494,450
5	Religion & Worship	1,763,657,000
6	Nature Preservation	399,082,600
7	Community & Social Assistance for Poverty Alleviation, including for: 1. Electrification in areas without electricity coverage 2. Clean water facilities 3. Sanitation, toilet, and washing facilities 4. Educational assistance, training, apprenticeships, promotions, and other forms of assistance related to empowering small businesses outside of the Partnership Program beneficiaries 5. Home repair and renovations for underprivileged households 6. Nursery assistance for agriculture, animal farming, and fishery 7. Business equipment assistance	9,035,760,519
Total		20,033,226,875



Empowerment of Pottery Tourism Village

In 2017, through 'BUMN Hadir untuk Negeri (State-Owned Enterprises for the Nation)', the Company established Village Economic Center (Balkondes), a tourism-based platform to improve the local economy and empower and develop the Human Resources through the activities development in the surrounding area. BTN Balkondes is located in Karanganyar Village, Borobudur District, Magelang Regency. The Balkondes is one of the tourist villages in the Borobudur, which has the advantage as a pottery industrial center.

There are 85 pottery artisans under the guidance of BTN Balkondes. Through BTN Balkondes, these artisans have the space, not only to show their expertise but also to attend training on how to develop during this digital economy era. The artisans received training to utilize the information technology to support their product marketing throughout Indonesia, and even the whole world. The training covers how to open an e-commerce account, how to create added-value on their products, how to fill out an online store with product photos worth selling, attractive packaging, etc. on an online e-commerce site.

By pursuing the mastery of pottery production, these artisans shall improve their economic revenue. BTN Balkondes is expected to be a form of support for the preservation of traditional pottery making culture, making it a tourism icon, and is expected to provide economic impact for the village and its citizens.



Siswa Mengenal Nusantara (Students Understand the Indonesia Archipelago) Program

Siswa Mengenal Nusantara Program (SMN) is an initiative program of the Ministry of State-Owned Enterprises (SOEs), which started in 2015. This program aims to cultivate pride as a nation with diverse Archipelago, through information and cultural exchange process. In addition, this program also takes part in building understanding of the stakeholders about the role of the Ministry of SOEs and SOEs in National Capacity Building through the nation's younger next generation.

As an SOE, in 2017, the Company has conducted SMN by sending 20 students (two of which are disability students and schooled in SLB) from some Gorontalo High School to Pontianak for one week through selection system based on set criteria (requirement). During the trip to Pontianak, participants are divided into few groups with 3-5 students per group and every group lived together with foster family who are native people. The participants are accompanied by Provincial Education Office (one person), Role-Teacher of Provincial Level (two persons), and a Company's representative.

Corporate Social Responsibility Program

The Company acknowledges that business continuity is inseparable from community participation in the various products and services offered. Therefore, the Company plays an active role in making a real contribution to the welfare of the community by conducting Corporate Social Responsibility (CSR) activities. In 2017 the Company revitalized the BTN Harmony Environment Program which aims to educate the community in an integrated manner through several training and/or education activities as basis for developing the integrated programs. Nine primary activities became the focus of community development programs, i.e. BTN Welfare Program, BTN Religious, BTN Green, BTN Focus, BTN Healthy, BTN Intelligent, BTN Net, BTN Care, and BTN Partnership.

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.

Financial Education and Literacy Program

Currently, banking products and services continue to be innovated and made possible. However, the public is not sufficiently informed, so that the potential is not fully maximized by banks and miscommunication often occur when it shouldn't. Therefore, to improve capacity, knowledge, and skills to manage financial resources (financial literacy) for the community in achieving or improving welfare, financial education is necessary. This is in line with the National Strategy for Financial Literacy Program by the Financial Services Authority (OJK), as well as the National Program for Banking Education by Bank Indonesia (BI). During 2017, community education program implemented by the Company includes:

Smart Branch Education in the *Siswa Mengenal Nusantara* Program

In 2017, the Company conducted smart branch education to a number of students who are enrolled in the Siswa Mengenal Nusantara (SMN) program. The Siswa Mengenal Nusantara (SMN) Program is an initiative program of the Ministry of State-Owned Enterprises (SOEs), which started in 2015. This program aims to cultivate pride as a nation with diverse Archipelago, through information and cultural exchange process. In addition, this program also takes part in building understanding of the stakeholders about the role of the Ministry of SOEs and SOEs in National Capacity Building through the nation's younger next generation.

In the program, the Company also conducted financial literacy education activity especially banking product to some students, who enrolled in the Siswa Mengenal Nusantara, by inviting them to see the smart branch in the Company's head office. During this activity, students received explanation on digital banking products and services, starting from getting to know which products and services are available in the Company's Smart Branch. Furthermore, a student representative from Siswa Mengenal Nusantara was given guidance to create an account, from registration, filling out the Smart Branch menus, all the way to completion. In addition, some SMN students were directed to obtain information on service convenience and the Company's feature through BTN Smart Branch. They were also given the explanation of the virtual reality, which allows people to shop more easily.

BTN Zone

In 2017, the Company optimized the digital banking for millennial generation by opening BTN Zone spots in various universities. The objective is to introduce digital banking to college student. BTN Zone provides access to

college student to connect to the internet, learn about the Company's banking product, and directly feel the transaction ease by digital solutions application, which shall encourage cashless society.

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 Number: 22/DIR/IAD/2014 dated May 28, 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 fraudulent 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 2017, 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.

In addition, as part of the Company's commitment to control fraud/gratuities, several anti-corruption training and education sessions were held and were attended by employees. The Company also participated in anti-corruption awareness program initiated by KPK (the Corruption Eradication Commission). These communication and training programs on gratuities control were implemented by the Company to prevent practices of corruption and fraud, especially within the Company.

Expenditure

Throughout the year 2017, actual expenditure for the community and social responsibility was Rp5.14 billion, or 102,96% of allocated funds. The following table lists the Company's CSR activities in 2017.

Table: Implementation of CSR Activities in 2017

No.	Date	Activity Name
Economy		
1	June 21	The Company participated in Iftar with 1,000 orphans, an activity initiated by Kamerad
2	October 11	Distribution of Emergency Disaster Relief for Sinabung Eruption in District of Karo, North Sumatera
3	December 7	Distribution of Free Essential Food Materials in the District of Sabang, Nanggroe Aceh Darussalam Province
4	December 12	Provision of supporting facilities and equipment In Hutan Adat Kasepuhan Karang Banten activity
5	December 29	The Company participated in State-Owned Enterprises for Veterans from Gorontalo program in Halim PK Base Operation with the President of RI
Art and Culture		
1	January 23	Distribution of assistance for art and culture supplies and facilities in Woro Village, Rembang, Central Java
2	August 24	The Company participated in supporting Nangku Arts & Culture activities and the 1439 H / 2017 Panjalu Cultural Festival organized by Borosngora Panjalu Foundation in Ciamis, Central Java
3	August 25	The Company supported the Ternate Sultanate to participate in the Keraton Nusantara Cultural Festival in Cirebon
4	October 27	The Company supported the 2nd Pottery Festival in 2017 organized by the Village Government of Karanganyar, District of Magelang, Central Java

No.	Date	Activity Name
Education		
1	January 31	Provision of education facilities and infrastructure for SDN 03 Sembulan Elementary School, East Lombok District, West Nusa Tenggara, in the SOE for the Nation program in Mandalika
2	April 29	Development of education facilities in Hikmatu Syahdina Foundation located at Cipasung Village RT 01/07, Rancatungku, Pameungpeuk Sub-District, Bandung District Bandung
3	May 4	Provision of education facilities and infrastructure to Cahaya Keluarga Fitrah Foundation for autism therapy for poor families in Tanjung Priok, North Jakarta
4	May 17	The Company participated in improving education quality at Mambaul Huda Madrasa in Pati
5	May 19	Construction of new classrooms at Madrasal Alawiyah Al Manar located in Menoro Village, Sedan Sub-District, Rembang, Central Java
6	May 29	The Company participated in improving quality of education at a number of Madrasas in Central Java (Pati, Jepara, Rembang, Semarang, and Kendal)
7	July 14	Improving education facilities and infrastructure at Baid haul Ahkam, located at I. Villa Tangerang Indah Sangiang Regency, Rt. 004/012, Gebang Raya Village, Periuk Sub-District, Tangerang Municipality, in Banten.
8	July 31	UIN Sunan Gunung Jati Bandung Provision of 2 units of computers for education facilities at UIN Sunan Gunung Jati, Bandung
9	August 7	Provision of supporting facilities and infrastructure to support the 2017 Siswa Mengenal Nusantara Program in the Province of Gorontalo
10	September 8	Assistance in procurement of supporting facilities and infrastructure in Nurul Hikmah Madrasa and Orphanage Foundation, Langka Mataram Village
11	December 28	Provision of art supplies in supporting education infrastructure facilities in Az Zahra Sekura Foundation, located in JL. Raya Jepara Bangsri, Central Java
Facilities and Infrastructure		
1	February 8	Renovation of Vertical Housing building in Southern Cibinang Besar
2	April 12	Construction of facilities and infrastructure for KB Dahlia, located in Krajan, Kedawung Village, Nguling Sub-District, Pasuruan District, East Java, as well as renovation of sports facilities located in Watulumbung Village, Lumbang Sub-District, Pasuruan
3	April 18	Site visit for BUMN Hadir Untuk Negeri in Gorontalo for SMN and Veteran Home Renovation
4	April 29	Provision of sanitation facilities around the Yogyakarta Monument Museum
5	May 4	Provision of supporting facilities and infrastructure (MMT and enforcement framework) for Klewer Solo Market
6	May 5	Road renovations in Pasarenan Village, Kedungdung Sub-District, Sampang, East Java
7	December 21	Renovations of facilities and infrastructure in Kejamboen Market, in the form of provision of 20 units of waste bins located in Jl. Sultan Agung, Tegal Municipality, Central Java.
Religious Affairs		
1	February 24	Renovation of Nurul Muttaqin Mosque in Sanggen, Gandisejo Village, Bulu Sub-District, in Temanggung, Central Java
2	March 24	Renovation of Attaqwa Mosque Minaret, located in Jl. Kresek Raya, Duri Kosambi, Cengkareng, West Jakarta
3	March 24	Construction of Baitul Maqdis Al Rahmah Mosque, located in Jl. Muhammad Ali, Central Jakarta
4	March 29	Provision of education facilities and infrastructure to Cintya Nandika Batam Foundation and Nurul Haq Foundation, Batam Municipality
5	March 30	Construction of Al Gufran Mosque, located in Jl. Cendrawasih, Maledeang, Manado Municipality

No.	Date	Activity Name
Religious Affairs		
6	March 31	Construction of Gereja Kerapatan, located in Buku Utara Village, Belang Sub-District, Southeast Minahasa District
7	March 31	Building Rehabilitation at Miftahul Ulum Madrasa, located in Sumber Penjalin, Akkor Village, Palengan Sub-District, Pamekasan District, East Java
8	March 31	Construction of entrance gate in Banyuanyar, Banjarsari Sub-District, Surakarta Municipality
9	April 12	Rehabilitation of Nurul Hidayah Prayer Room, located in Dusun Gunungan RT 03/14, Nguling Village, Nguling Sub-District, Pasuruan District, as well as provision of facilities and infrastructure for KB Permata Bunda located in Dsn Kramat, Watestani Village, Nguling Sub-District, Pasuruan, East Java
10	April 12	Construction of Al Mubarok Mosque, located at Gesing Village, Rowogempol, Lekok Sub-District, Pasuruan District, and Bank BTN's participation in Baitul Hasani Mosque, located at Dsn Welulang Lor, Wlulang Village, Lumbang Sub-District, Pasuruan District
11	May 5	Renovation of Al Kautsar Prayer Room located in Trasang, Ambat Village, Tlanakan, Pamekasan, East Java
12	May 10	Construction of prayer rooms and paving of Nur Al Falah Mosque, located at Bukit Dago Housing Complex, South Tangerang District, Banten
13	May 12	Construction of Sion Mapura Tanah Papua Church building
14	May 16	Renovation of Miftakhul Jannah Mosque, located in Nguncup, Bekiring Village, Pulung Sub-District, Ponorogo, East Java
15	May 23	Construction of facilities at Musholla Al Hasyimiyyah, located in Cabean Village Kidul, Bulu Sub-District, Rembang District, Central Java
16	June 14	Construction of GKPI, GKPA Selantom Tonga, construction of pastoral housing, Construction of BKPN Church, and construction of Babur Ikhwan Mosque
17	September 15	Construction of Al Kautsar Mosque located at Villa Nusa Indah 2, Bojongkulur, Gunung Putri Sub-District, Bogor District
18	December 28	Assistance in construction of Al Hikmah Mosque, located at RT 06/06, Sukaluyu, Sebeunying Kalor Sub-District, Bandung District
Health		
1	May 10	The Company participated in providing health infrastructure and facilities for DKM Jami Al Muajirin, Pelabuhan Ratu, Bekasi District
2	July 31	The Company participated in providing health facilities and infrastructure at Ibnu Sina Hospital in Gresik, located in Jl. Wahidin Sudirohusodo, Gresik
3	December 28	The Company participated in providing support for a number of activities in health and disaster relief organized by the Indonesian Red Cross Organization, Central Jakarta

Photo Source: Company Documentation

Audited Financial Statement





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PT Bank Tabungan Negara (Persero) Tbk

Laporan keuangan
Tanggal 31 Desember 2017
dan untuk tahun yang berakhir pada tanggal tersebut
beserta laporan auditor independen/
Financial statements
As of December 31, 2017
and for the year then ended
with independent auditors' report

PT. BANK TABUNGAN NEGARA (PERSERO) TBK.
 Kantor Pusat
 Menara Bank BTN
 Jl. Gajah Mada No.1, Jakarta Pusat 10130
 Tel. : 021.633.6789, 633.2666
 Fax. : 021.634.6704
 e-mail : wbsadmin@btn.co.id

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**SURAT PERNYATAAN DIREKSI
 TENTANG TANGGUNG JAWAB
 ATAS LAPORAN KEUANGAN
 TANGGAL 31 DESEMBER 2017
 DAN UNTUK TAHUN YANG BERAKHIR
 PADA TANGGAL TERSEBUT
 PT BANK TABUNGAN NEGARA
 (PERSERO) Tbk**



DIREKSI

**BOARD OF DIRECTORS' STATEMENT
 REGARDING THE RESPONSIBILITY
 FOR THE FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2017
 AND FOR THE YEAR THEN ENDED
 PT BANK TABUNGAN NEGARA
 (PERSERO) Tbk**

Kami yang bertanda tangan di bawah ini :

Nama	Maryono	We, the undersigned :
Alamat Kantor	PT Bank Tabungan Negara (Persero) Tbk Jl. Gajah Mada No. 1 Jakarta 10130	Name
Alamat Domisili	Jl. Kartika Pinang SG 2-3 RT 014 RW 016 Kel. Pondok Pinang, Kec. Kebayoran Lama, Jakarta Selatan	Office Address
Nomor Telepon	021-6346764	Residential Address
Jabatan	Direktur Utama / President Director	Telephone
 		Title
Nama	Iman Nugroho Soeko	Name
Alamat Kantor	PT Bank Tabungan Negara (Persero) Tbk Jl. Gajah Mada No. 1 Jakarta 10130	Office Address
Alamat Domisili	Jl. Brawijaya IV/1 RT 002 RW 002 Kel. Pulo, Kec. Kebayoran Baru Jakarta Selatan	Residential Address
Nomor Telepon	021-6346762	Telephone
Jabatan	Direktur / Director	Title

Menyatakan bahwa :

- | Menyatakan bahwa : | Declare that : |
|---|---|
| 1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan PT Bank Tabungan Negara (Persero) Tbk; | 1. We are responsible for the preparation and the presentation of the financial statements of PT Bank Tabungan Negara (Persero) Tbk; |
| 2. Laporan keuangan PT Bank Tabungan Negara (Persero) Tbk telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia; | 2. PT Bank Tabungan Negara (Persero) Tbk's financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards; |
| 3. a. Semua informasi dalam laporan keuangan PT Bank Tabungan Negara (Persero) Tbk telah diungkapkan secara lengkap dan benar;
b. Laporan keuangan PT Bank Tabungan Negara (Persero) Tbk tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material; | 3. a. All information in the financial statements of PT Bank Tabungan Negara (Persero) Tbk has been disclosed in a complete and truthful manner;
b. PT Bank Tabungan Negara (Persero) Tbk's financial statements do not contain any incorrect material information or facts, nor do they omit any material information or facts; |
| 4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Bank Tabungan Negara (Persero) Tbk. | 4. We are responsible for PT Bank Tabungan Negara (Persero) Tbk internal control system. |

Demikian pernyataan ini dibuat dengan sebenarnya.

This is our declaration, which has been made truthfully.

Jakarta, 14 Februari 2018 / February 14, 2018
 Atas nama dan mewakili Direksi / For and on behalf of Board of Directors



Maryono
 Direktur Utama/President Director

Iman Nugroho Soeko
 Direktur/Director

No. NPWP : 01.001.609.5 - 093.000

The original financial statements included herein are in Indonesian language.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN KEUANGAN
TANGGAL 31 DESEMBER 2017 DAN
UNTUK TAHUN YANG BERAKHIR
PADA TANGGAL TERSEBUT
BESERTA LAPORAN AUDITOR INDEPENDEN**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017 AND
FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

Daftar Isi

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Purwantono, Sungkoro & Surja

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Tower 2, 7th Floor
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Jakarta 12190, Indonesia

Tel : +62 21 5289 5000
Fax: +62 21 5289 4100
ey.com/id

The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. RPC-5666/PSS/2018

**Pemegang Saham, Dewan Komisaris dan Direksi
PT Bank Tabungan Negara (Persero) Tbk**

Kami telah mengaudit laporan keuangan PT Bank Tabungan Negara (Persero) Tbk terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2017, 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-5666/PSS/2018

**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, which comprise the statement of financial position as of December 31, 2017, 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.



The original report included herein is in the Indonesian language.

Laporan Auditor Independen (lanjutan)

Laporan No. RPC-5666/PSS/2018 (lanjutan)

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 menyalakan opini atas keektivitasan 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 audil kami.

Opini

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Bank Tabungan Negara (Persero) Tbk tanggal 31 Desember 2017, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Purwantono, Sungkoro & Surja

Yasir

Registrasi Akuntan Publik No. AP.C703/Public Accountant Registration No. AP.0703

14 Februari 2018/February 14, 2018

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN
Tanggal 31 Desember 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2017	Catatan/ Notes	31 Desember/ December 31, 2016	
ASET				ASSETS
KAS	1.027.554	2a,2d,4	1.006.682	CASH
GIRO PADA BANK INDONESIA	12.554.585	2a,2d,2f,5	10.697.378	CURRENT ACCOUNTS WITH BANK INDONESIA
GIRO PADA BANK LAIN				CURRENT ACCOUNTS WITH OTHER BANKS
Pihak ketiga	295.378	2a,2c,2d	305.830	<i>Third parties</i>
Pihak berelasi	262.619	2e,2f,6,44	16.958	<i>Related parties</i>
	557.997		322.788	
Cadangan kerugian penurunan nilai	(1.696)		(1.482)	<i>Allowance for impairment losses</i>
	556.301		321.306	
PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN				PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS
Pihak ketiga	24.691.186	2a,2c,2d, 2e,2g,7,44	17.581.082	<i>Third parties</i>
Pihak berelasi	6.317		268	<i>Related party</i>
	24.697.503		17.581.350	
EFEK-EFEK				SECURITIES
Pihak ketiga		2a,2c,2d, 2e,2h,8,44		<i>Third parties</i>
Nilai wajar melalui laba rugi	4.857.775		548.521	<i>Fair value through profit or loss</i>
Tersedia untuk dijual	1.430.651		2.371.633	<i>Available-for-sale</i>
Dimiliki hingga jatuh tempo	243.786		267.175	<i>Held-to-maturity</i>
	6.532.212		3.187.329	
Pihak berelasi				<i>Related parties</i>
Tersedia untuk dijual	1.185.742		967.810	<i>Available-for-sale</i>
Dimiliki hingga jatuh tempo	3.000		31.002	<i>Held-to-maturity</i>
	1.188.742		998.812	
	7.720.954		4.186.141	
Cadangan kerugian penurunan nilai	(14.923)		(14.441)	<i>Allowance for impairment losses</i>
	7.706.031		4.171.700	
OBLIGASI PEMERINTAH				GOVERNMENT BONDS
Nilai wajar melalui laba rugi	497.939	2c,2d,2e 2h,9,44	1.130.579	<i>Fair value through profit -or-loss</i>
Tersedia untuk dijual	4.357.109		5.076.450	<i>Available-for-sale</i>
Dimiliki hingga jatuh tempo	3.328.925		3.036.610	<i>Held-to-maturity</i>
	8.183.973		9.243.639	

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 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2017	Catatan/ Notes	31 Desember/ December 31, 2016	
ASET (lanjutan)				
KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH				ASSETS (continued)
Kredit yang diberikan				
Pihak ketiga	176.511.761	2c,2d,2e,2i, 2j,10,44	148.100.848	LOANS AND SHARIA FINANCING/RECEIVABLES
Pihak berelasi	4.491.022		2.121.112	<i>Loans Third parties Related parties</i>
	<hr/> 181.002.783		<hr/> 150.221.960	
Cadangan kerugian penurunan nilai	(2.024.561)		(1.724.935)	<i>Allowance for impairment losses</i>
	<hr/> 178.978.222		<hr/> 148.497.025	
Pembiayaan/piutang syariah				
Pihak ketiga	17.987.387		14.224.095	Sharia financing/receivables
Pihak berelasi	411		326	<i>Third parties Related parties</i>
	<hr/> 17.987.798		<hr/> 14.224.421	
Cadangan kerugian penurunan nilai	(331.426)		(391.099)	<i>Allowance for impairment losses</i>
	<hr/> 17.656.372		<hr/> 13.833.322	
	<hr/> 196.634.594		<hr/> 162.330.347	
TAGIHAN AKSEPTASI				ACCEPTANCES RECEIVABLE
Pihak berelasi	8.081	2c,2d,2e 2k,11,44	-	<i>Related parties</i>
PENYERTAAN SAHAM				INVESTMENT IN SHARES
Pihak ketiga	270	2c,2d,2e 2l,12	-	<i>Third party</i>
Cadangan kerugian penurunan nilai	(270)		-	<i>Allowance for impairment losses</i>
	<hr/> -		<hr/> -	
ASET TETAP				PREMISES AND EQUIPMENT
Biaya perolehan/Nilai revaluasi	6.940.933	2m, 2n,13,35	6.557.332	<i>Cost/Revaluation value</i>
Akumulasi penyusutan	(2.103.614)		(1.897.953)	<i>Accumulated depreciation</i>
	<hr/> 4.837.319		<hr/> 4.659.379	
BUNGA YANG MASIH AKAN DITERIMA	2.296.440	2d,14	1.864.829	INTEREST RECEIVABLE
ASET PAJAK TANGGUHAN - Neto	174.555	2ae,39	102.791	DEFERRED TAX ASSETS - Net
ASET LAIN-LAIN	2.688.331	2d,2n, 2o,2al,15	2.189.078	OTHER ASSETS
TOTAL ASET	<hr/> 261.365.267		<hr/> 214.168.479	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.

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN (lanjutan)
Tanggal 31 Desember 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2017	Catatan/ Notes	31 Desember/ December 31, 2016	
LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS				
LIABILITIES				
LIABILITAS SEGERA	2.813.874	2d,2p,16	2.081.886	LIABILITIES DUE IMMEDIATELY
SIMPANAN DARI NASABAH				DEPOSITS FROM CUSTOMERS
Giro		2c,2d,2q,44 17		Demand deposits
Pihak ketiga	9.871.173		8.335.736	Third parties
Pihak berelasi	40.148.653		34.307.944	Related parties
	<u>50.019.826</u>		<u>42.643.680</u>	
Giro Wadiah		17		Wadiah demand deposits
Pihak ketiga	956.128		666.132	Third parties
Pihak berelasi	1.793.198		1.596.227	Related parties
	<u>2.749.326</u>		<u>2.262.359</u>	
	<u>52.769.152</u>		<u>44.906.039</u>	
Tabungan		18		Savings deposits
Pihak ketiga	37.672.125		32.388.545	Third parties
Pihak berelasi	545.811		388.290	Related parties
	<u>38.217.936</u>		<u>32.776.835</u>	
Tabungan Wadiah		18		Wadiah savings deposits
Pihak ketiga	621.268		566.584	Third parties
Pihak berelasi	1.133		1.207	Related parties
	<u>622.401</u>		<u>567.791</u>	
	<u>38.840.337</u>		<u>33.344.626</u>	
Deposito berjangka		19		Time deposits
Pihak ketiga	33.155.848		26.310.843	Third parties
Pihak berelasi	52.326.084		43.226.110	Related parties
	<u>85.481.932</u>		<u>69.536.953</u>	
Total simpanan dari nasabah	<u>177.091.421</u>		<u>147.787.618</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 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2017	Catatan/ Notes	31 Desember/ December 31, 2016	
LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS (lanjutan)				LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)
SIMPANAN DARI BANK LAIN				DEPOSITS FROM OTHER BANKS
Pihak ketiga	5.063.433	2c,2d,2r, 20,44	3.143.889	Third parties
Pihak berelasi	-		500.000	Related parties
	<u>5.063.433</u>		<u>3.643.889</u>	
EFEK-EFEK YANG DIJUAL DENGAN JANJI DIBELI KEMBALI		2c,2d,2s, 9,21		SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
Pihak ketiga	1.385.000		1.385.000	Third parties
LIABILITAS AKSEPTASI		2c,2d, 2k 22,44	-	ACCEPTANCES PAYABLE
Pihak berelasi	8.081			Related parties
SURAT-SURAT BERHARGA YANG DITERBITKAN		1c,2d,2t, 23,44		SECURITIES ISSUED
Pihak ketiga	15.109.834		9.883.161	Third parties
Pihak berelasi	5.370.625		5.036.749	Related parties
	<u>20.480.459</u>		<u>14.919.910</u>	
PINJAMAN YANG DITERIMA		2c,2d,2u, 24,44		FUND BORROWINGS
Pihak ketiga	2.997.908		2.999.695	Third parties
Pihak berelasi	4.993.145		1.999.921	Related parties
	<u>7.991.053</u>		<u>4.999.616</u>	
BUNGA YANG MASIH HARUS DIBAYAR	492.361	2d,26	382.551	INTEREST PAYABLE
LIABILITAS IMBALAN KERJA DAN LAIN-LAIN	5.612.462	2d 2ac,28,41	4.629.410	EMPLOYEE BENEFITS AND OTHER LIABILITIES
PINJAMAN SUBORDINASI	2.999.319	2c,2d,2v 25,44	2.999.118	SUBORDINATED LOAN
Pihak berelasi				Related party
TOTAL LIABILITAS	<u>223.937.463</u>		<u>182.828.998</u>	TOTAL LIABILITIES

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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**PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN (lanjutan)**
Tanggal 31 Desember 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

**PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)**
As of December 31, 2017
*(Expressed in millions of Rupiah,
unless otherwise stated)*

	31 Desember/ December 31, 2017	Catatan/ Notes	31 Desember/ December 31, 2016	
LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS (lanjutan)				LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)
DANA SYIRKAH TEMPORER				TEMPORARY SYIRKAH FUNDS
SIMPANAN NASABAH				DEPOSITS FROM CUSTOMERS
Giro Mudharabah		2c,2d,2y,44 17		Mudharabah current accounts
Pihak ketiga	1.731.342		910.943	Third parties
Pihak berelasi	154.636		29.073	Related parties
	<hr/> 1.885.978		<hr/> 940.016	
Tabungan Mudharabah		18		Mudharabah savings deposits
Pihak ketiga	1.905.085		1.480.391	Third parties
Pihak berelasi	201.157		1.191	Related parties
	<hr/> 2.106.242		<hr/> 1.481.582	
Deposito berjangka Mudharabah				Mudharabah time deposits
Pihak ketiga	6.431.893	19	5.637.175	Third parties
Pihak berelasi	4.958.259		4.141.326	Related parties
	<hr/> 11.390.152		<hr/> 9.778.501	
Total simpanan nasabah	<hr/> 15.382.372		<hr/> 12.200.099	<i>Total deposits from customers</i>
SIMPANAN DARI BANK LAIN				DEPOSITS FROM OTHER BANKS
Giro Mudharabah		2c,2d,2r,44 20		Mudharabah current accounts
Pihak ketiga	2.334		232	Third parties
Tabungan Mudharabah		20		Mudharabah savings deposits
Pihak ketiga	1.632		2.294	Third parties
Deposito berjangka Mudharabah		20		Mudharabah time deposits
Pihak ketiga	378.032		6.320	Third parties
Total simpanan dari bank lain	<hr/> 381.998		<hr/> 8.846	<i>Total deposit from other banks</i>
TOTAL DANA SYIRKAH TEMPORER	<hr/> 15.764.370		<hr/> 12.208.945	TOTAL TEMPORARY SYIRKAH FUNDS

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN POSISI KEUANGAN (lanjutan)
Tanggal 31 Desember 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

	31 Desember/ December 31, 2017	Catatan/ Notes	31 Desember/ December 31, 2016	
LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS (lanjutan)				LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)
EKUITAS				EQUITY
Modal saham - nominal Rp500 (Rupiah penuh) per saham masing-masing pada tanggal 31 Desember 2017 dan 2016				Capital stock - Rp500 par value per share (full amount) as of December 31, 2017 and 2016, 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 2017 dan 2016				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 December 31, 2017 and 2016, 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) masing-masing pada tanggal 31 Desember 2017 dan 2016	5.295.000	2w, 29a	5.295.000	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, 2017 and 2016, respectively
Tambahan modal disetor Kerugian neto yang belum direalisasi atas efek-efek dan obligasi Pemerintah yang tersedia untuk dijual, setelah pajak tangguhan	2.054.454	29b	2.054.454	Additonal paid-in capital Net unrealized loss on available-for-sale securities and Government bonds, net of deferred tax
Pengukuran kembali Program Imbalan Pasti - setelah pajak tangguhan	(21.742)	2h,8,9	(115.567)	Remeasurement of defined benefit plan - net of deferred tax
Surplus Revaluasi Aset Tetap	2.966.991	2m,13	2.966.991	Revaluation Surplus of Fixed Assets
Saldo laba*) Telah ditentukan penggunaannya Belum ditentukan penggunaannya	8.327.684 3.184.205	2a,c 2b,2x	(78.546) 6.232.559 2.775.645	Retained Earnings*) Appropriated Unappropriated
TOTAL EKUITAS	21.663.434		19.130.536	TOTAL EQUITY
TOTAL LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS	261.365.267		214.168.479	TOTAL LIABILITIES TEMPORARY SYIRKAH 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 was eliminated as a result of quasi-reorganization as on May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN LABA RUGI DAN
PENGHASILAN KOMPREHENSIF LAIN
Untuk Tahun yang Berakhir Pada Tanggal
31 Desember 2017
(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, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31			
	2017	Catatan/ Notes	2016
PENDAPATAN DAN BEBAN OPERASIONAL			
Pendapatan Bunga dan Bagi Hasil Bunga	18.446.734	2z,2aa 31	16.501.472
Bagi hasil dan marjin unit syariah	824.848	2ab	637.347
Total Pendapatan Bunga dan Bagi Hasil	19.271.582		17.138.819
Beban Bunga dan Bonus Bunga	(9.805.116)	2z,32	(8.870.675)
Beban pendanaan lainnya	(113.773)		(90.952)
Bonus Simpanan Wadiah	(11.753)	2ab	(13.647)
Total Beban Bunga dan Bonus	(9.930.642)		(8.975.274)
Pendapatan Bunga dan Bagi Hasil - Neto	9.340.940		8.163.545
Pendapatan Operasional Lainnya			
Pungutan administrasi dan denda atas simpanan dan kredit yang diberikan	750.364		591.244
Pendapatan dari penerimaan kredit yang dihapusbukukan	139.740		178.427
Keuntungan dari penjualan efek-efek - neto	294.486	2h,8	218.091
Keuntungan dari penjualan obligasi pemerintah - neto	101.934	2h,9	54.430
Keuntungan yang belum direalisasi dari perubahan nilai wajar efek-efek - neto	8.145	2h,8	6.443
Keuntungan yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto	-	2h,9	3.507
Lain-lain	311.262	33	230.680
Total Pendapatan Operasional Lainnya	1.605.931		1.282.822
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(884.401)	2e,2n,34	(707.531)
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income and Income from Profit Sharing			
Interest			
Profit Sharing and Margin from Sharia Unit			
Total Interest Income and Income from Profit Sharing			
Interest and Bonus Expenses			
Interest			
Other financing expenses			
Wadiah Bonus			
Total Interest and Bonus Expenses			
Interest Income and Income from Profit Sharing - Net			
Other Operating Income			
Administration fees and penalties on deposits and loans			
Income from recovery of loans written-off			
Gain on sale of securities - net			
Gain on sale of government bonds - net			
Unrealized gain on changes in fair value of securities - net			
Unrealized gain on changes in fair value of Government Bonds - net			
Others			
Total Other Operating Income			
Provision for Impairment Losses on Financial and Non-financial Assets			

Catatan atas laporan keuangan terlampir merupakan bagian
yang tidak terpisahkan dari laporan keuangan secara
keseluruhan.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN LABA RUGI DAN
PENGHASILAN KOMPREHENSIF LAIN (lanjutan)
Untuk Tahun yang Berakhir Pada Tanggal
31 Desember 2017
(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, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31

	2017	Catatan/ Notes	2016	
PENDAPATAN DAN BEBAN OPERASIONAL (lanjutan)				INCOME AND EXPENSES FROM OPERATIONS (continued)
Beban Operasional Lainnya				<i>Other Operating Expenses</i>
Umum dan administrasi	(2.952.916)	35	(2.465.706)	<i>General and administrative</i>
Gaji dan tunjangan karyawan	(2.554.429)	2ac,36,41	(2.121.653)	<i>Salaries and employee benefits</i>
Kerugian yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto	(1.801)	2h,9	-	<i>Unrealized loss on changes in fair value of Government Bonds - net</i>
Premi program penjaminan Pemerintah	(346.755)	43	(285.344)	<i>Premium on Government's guarantee program</i>
Lain-lain	(314.666)	37	(513.901)	<i>Others</i>
Total Beban Operasional Lainnya	(6.170.567)		(5.386.604)	<i>Total Other Operating Expenses</i>
LABA OPERASIONAL	3.891.903		3.352.232	INCOME FROM OPERATIONS
PENDAPATAN BUKAN OPERASIONAL - NETO	(30.348)	38	(22.148)	NON-OPERATING INCOME - NET
LABA SEBELUM BEBAN PAJAK	3.861.555		3.330.084	INCOME BEFORE TAX EXPENSE
BEBAN PAJAK	(834.089)	2ae,39	(711.179)	TAX EXPENSE
LABA TAHUN BERJALAN	3.027.466		2.618.905	INCOME FOR THE YEAR
Pendapatan Komprehensif Lain:				Other Comprehensive Income
Akun-akun yang tidak akan direklasifikasi ke laba rugi				<i>Items that will not be reclassified to profit or loss</i>
Revaluasi aset tetap	-	2m,13	3.042.739	<i>Revaluation of fixed assets</i>
Pengukuran kembali program imbalan pasti	(86.149)	2ac,41	36.797	<i>Remeasurement of defined benefit plan</i>
Pajak penghasilan terkait akun-akun yang tidak akan direklasifikasi ke laba rugi	21.537		(84.947)	<i>Income tax related to items that will not be reclassified to profit or loss</i>
Akun-akun yang akan direklasifikasi ke laba rugi				<i>Items that may be reclassified to profit or loss</i>
Keuntungan (kerugian) neto yang belum direalisasi atas perubahan nilai efek-efek dan obligasi pemerintah yang tersedia untuk dijual	125.100	2h,8,9	24.164	<i>Unrealized net gain (loss) on changes in value of available-for-sale securities and government bonds - income tax related to items that may be reclassified to profit or loss</i>
Pajak penghasilan terkait akun-akun yang akan direklasifikasi ke laba rugi	(31.275)		(6.041)	
Total laba komprehensif tahun berjalan	3.056.679		5.631.617	Total Comprehensive Income for the year
LABA PER SAHAM				EARNINGS PER SHARE
Dasar (nilai penuh)	286	2ag,29,49	247	<i>Basic (full amount)</i>
Dilusian (nilai penuh)	286		247	<i>Diluted (full amount)</i>

Catatan atas laporan keuangan terlampir merupakan bagian
yang tidak terpisahkan dari laporan keuangan secara
keseluruhan.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN PERUBAHAN EKUITAS
Untuk Tahun yang Berakhir Pada Tanggal 31 Desember 2011
(Disajikan dalam Jutaan Rupiah, kecuali dinyatakan lain)

Saldo drafis besar Rp14.226.290 telah dieliminasi akibat kuasi-reorganisasi pada tanggal 31 Mei 2007.

Accumulated losses amounted to Rop 4,226,290 had been eliminated as a result of quasi-liquidation as of May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN PERUBAHAN EKUITAS (lanjutan)
Untuk Tahun yang Berakhir Pada Tanggal 31 Desember 2017
(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, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

Catatan/ Notes	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid Capital Stock	Tambahan modal disetor/ Additional paid-in capital	Opsi Saham/ Stock Option	Surplus Revaluasi Aset Tetap/ Revaluation Surplus of Fixed Assets	Saldo Laba/Retained Earnings[*]	Balance as of	
						December 31, 2016	
Saldo per 31 Desember 2016	5.295.000	2.054.454	-	(116.567)	(78.546)	2.966.991	6.232.559
Total laba komprehensif tanah berjalan	2m.2h. ⁸ 9.13.1	-	-	93.825	(64.612)	-	3.027.466
Pembagian laba Dividen Pembentukan cadangan umum dan cadangan tujuan	29c	-	-	-	-	(523.781)	(523.781)
Saldo per 31 Desember 2017	5.295.000	2.054.454	-	(21.742)	(143.158)	2.966.991	8.327.684

*) Saldo defisit sebesar Rp14.226.290 telah dilimpari akibat kausal reorganisasi pada tanggal 31 Mei 2007.

*) Accumulated losses amounted to Rp14.226.290 was eliminated as a result of quasi-organization on May 31, 2007.

Catatan/ Notes	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid Capital Stock	Tambahan modal disetor/ Additional paid-in capital	Opsi Saham/ Stock Option	Surplus Revaluasi Aset Tetap/ Revaluation Surplus of Fixed Assets	Saldo Laba/Retained Earnings[*]	Balance as of	
						December 31, 2016	
Saldo per 31 Desember 2016	5.295.000	2.054.454	-	(116.567)	(78.546)	2.966.991	6.232.559
Total laba komprehensif tanah berjalan	2m.2h. ⁸ 9.13.1	-	-	93.825	(64.612)	-	3.027.466
Pembagian laba Dividen Pembentukan cadangan umum dan cadangan tujuan	29c	-	-	-	-	(523.781)	(523.781)
Saldo per 31 Desember 2017	5.295.000	2.054.454	-	(21.742)	(143.158)	2.966.991	8.327.684

*) Saldo defisit sebesar Rp14.226.290 telah dilimpari akibat kausal reorganisasi pada tanggal 31 Mei 2007.

*) Accumulated losses amounted to Rp14.226.290 was eliminated as a result of quasi-organization on May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN ARUS KAS
Untuk Tahun yang Berakhir Pada Tanggal
31 Desember 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF CASH FLOWS
For the Year Ended
December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31

	2017	Catatan/ Notes	2016	CASH FLOWS FROM OPERATING ACTIVITIES
ARUS KAS DARI AKTIVITAS OPERASI				
Penerimaan bunga, bagi hasil, dan margin	18.785.473		16.822.384	<i>Interest, profit sharing, and margin</i>
Penerimaan kredit yang telah dihapusbukan	161.612		197.916	<i>Recoveries from loan debts written-off</i>
Pembayaran bunga dan bonus, provisi dan komisi	(9.821.680)		(8.950.086)	<i>Interest and bonus, fees and commissions paid</i>
Pembayaran pajak penghasilan badan	(975.516)		(938.172)	<i>Corporate income tax paid</i>
Pembayaran atas surat ketetapan pajak	(477.742)		-	<i>Payment on tax assessment letter</i>
Beban operasional lainnya - neto	(4.467.421)		(4.051.884)	<i>Other operating expenses - net</i>
Pendapatan bukan operasional lainnya - neto	(30.347)		(22.148)	<i>Other non-operating Income (expense) - net</i>
Penerimaan kas sebelum perubahan aset dan liabilitas operasi	3.174.379		3.058.010	<i>Cash receipts before changes in operating assets and liabilities</i>
Perubahan dalam aset dan liabilitas operasi:				<i>Changes in operating assets and liabilities:</i>
Penurunan (kenaikan) dalam aset operasi:				<i>Decrease (increase) in operating assets:</i>
Efek-efek yang diukur pada nilai wajar melalui laporan laba rugi	(4.301.109)		(542.078)	<i>Fair value through profit or loss securities</i>
Obligasi pemerintah untuk nilai wajar melalui laporan laba rugi	703.654		(1.107.805)	<i>Fair value through profit or loss government bonds</i>
Kredit yang diberikan dan pembiayaan/ piutang syariah	(35.209.569)		(26.149.799)	<i>Loans and sharia financing/ receivables</i>
Aset lain-lain	(28.207)		(414.285)	<i>Other assets</i>
Kenaikan (penurunan) dalam Liabilitas operasi:				<i>Increase (decrease) in operating liabilities:</i>
Liabilitas segera	773.805		224.818	<i>Current liabilities</i>
Simpanan dari nasabah				<i>Deposits from customer</i>
Giro	7.376.147		13.491.520	<i>Demand deposits</i>
Giro Wadiah	486.967		532.579	<i>Wadiah demand deposits</i>
Tabungan	5.441.102		3.374.101	<i>Savings deposits</i>
Tabungan Wadiah	54.609		98.982	<i>Savings deposits Wadiah</i>
Deposito berjangka	15.944.980		11.487.713	<i>Time deposits</i>
Simpanan dari bank lain	1.419.543		1.927.986	<i>Deposits from other banks</i>
Liabilitas lain-lain	929.317		504.480	<i>Other liabilities</i>
Dana syirkah temporer	3.555.426		3.297.703	<i>Temporary syirkah funds</i>
Kas Neto Diperoleh Dari Aktivitas Operasi	321.044		9.783.925	Net Cash Provided by Operating Activities

Catatan atas laporan keuangan terlampir merupakan bagian
yang tidak terpisahkan dari laporan keuangan secara
keseluruhan.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
LAPORAN ARUS KAS (lanjutan)
Untuk Tahun yang Berakhir Pada Tanggal
31 Desember 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF CASH FLOWS (continued)
For the Year Ended
December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31

	2017	Catatan/ Notes	2016	CASH FLOWS FROM INVESTING ACTIVITIES
ARUS KAS DARI AKTIVITAS INVESTASI				
Penerimaan saat jatuh tempo dari efek-efek yang dimiliki hingga jatuh tempo	51.388		80.326	<i>Proceeds from matured held-to-maturity securities</i>
Pembelian efek-efek yang dimiliki hingga jatuh tempo	-		(20.000)	<i>Purchase of held-to-maturity securities</i>
Pembelian aset tetap	(396.710)	13	(285.604)	<i>Acquisitions of premises and equipment</i>
Penurunan (kenaikan) efek-efek tersedia untuk dijual	743.790		(1.880.992)	<i>Decrease (increase) available -for-sale securities</i>
Penurunan obligasi pemerintah tersedia untuk dijual	719.340		61.595	<i>Decrease in available for-sale government bonds</i>
Penerimaan dari obligasi pemerintah yang dimiliki hingga jatuh tempo	14.046		135.785	<i>Proceeds from maturity of held-to-maturity of government bonds</i>
Pembelian obligasi pemerintah yang dimiliki hingga jatuh tempo	(299.246)		(65.252)	<i>Purchase of held-to-maturity government bonds</i>
Kas Neto diperoleh dari (digunakan untuk) Aktivitas Investasi	832.608		(1.974.142)	<i>Net Cash provided by (used in) Investing Activities</i>
ARUS KAS DARI AKTIVITAS PENDANAAN				CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan dari surat-surat berharga yang diterbitkan	5.608.134		3.427.708	<i>Proceeds from issuance of securities</i>
Pembayaran atas jatuh tempo surat-surat berharga yang diterbitkan	-		(1.000.000)	<i>Payment of matured securities issued</i>
Pembayaran atas jatuh tempo efek-efek yang dijual dengan janji dibeli kembali	-		(750.091)	<i>Payments of matured securities sold under repurchase agreements</i>
Eksekusi opsi saham karyawan	-		8.993	<i>Employee stock option exercise</i>
Pembayaran dividen (Penurunan) kenaikan pinjaman yang diterima	(523.781)	29c	(370.181)	<i>Payments of dividends</i>
Penerimaan pinjaman subordinasi	2.991.436		(2.727.112)	<i>(Decrease) increase from fund borrowings</i>
Kas Neto diperoleh dari Aktivitas Pendanaan	8.075.789		1.588.435	<i>Net Cash Provided by Financing Activities</i>
KENAIKAN NETO KAS DAN SETARA KAS	9.229.441		9.398.218	NET INCREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS AWAL TAHUN	29.608.198		20.209.980	CASH EQUIVALENTS AT BEGINNING YEAR
KAS DAN SETARA KAS AKHIR TAHUN	38.837.639		29.608.198	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)
Untuk Tahun yang Berakhir Pada Tanggal
31 Desember 2017
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)

PT BANK TABUNGAN NEGARA (PERSERO) TBK
STATEMENT OF CASH FLOWS (continued)
For the Year Ended
December 31, 2017
(Expressed in millions of Rupiah,
unless otherwise stated)

**Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31**

	2017	Catatan/ Notes	2016	
Rincian kas dan setara kas akhir tahun adalah sebagai berikut:				<i>The details of cash and cash equivalents at end of period are as follows:</i>
Kas	1.027.554	2a,4	1.006.682	<i>Cash</i>
Giro pada Bank Indonesia	12.554.585	2f,5	10.697.378	<i>Current accounts with Bank Indonesia</i>
Giro pada bank lain	557.997	2f,6	322.788	<i>Current accounts with other banks</i>
Penempatan pada Bank Indonesia dan bank lain - jangka waktu jatuh tempo tiga bulan atau kurang sejak tanggal perolehan	24.697.503	2g,7	17.581.350	<i>Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date</i>
Total	38.837.639		29.608.198	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.*

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
CATATAN ATAS LAPORAN KEUANGAN
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Tahun yang Berakhir pada Tanggal Tersebut
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PT BANK TABUNGAN NEGARA (PERSERO) TBK
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017
and for the Year Then Ended
(Expressed in millions of Rupiah,
unless otherwise stated)

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 Penganti 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 Muhamani 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 Muhamani 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 2017, Bank memiliki 99 kantor cabang (termasuk 24 kantor cabang syariah), 315 kantor cabang pembantu (termasuk 40 kantor cabang pembantu syariah), 492 kantor kas (termasuk 7 Kantor Kas Syariah), dan 2.996 SOPP (System on-line Payment Point/Kantor Pos on-line) (tidak diaudit).

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).

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, 2017, the Bank has 99 branch offices (including 24 sharia branch offices), 315 sub-branch offices (including 40 sharia sub-branch offices), 492 cash offices (including 7 sharia cash offices), and 2,996 SOPPs (System on-line Payment Point/on-line Post office) (unaudited).

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).

The original financial statements included herein are in the Indonesian language.

PT BANK TABUNGAN NEGARA (PERSERO) TBK
CATATAN ATAS LAPORAN KEUANGAN
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PT BANK TABUNGAN NEGARA (PERSERO) TBK
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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 apur value (full Rupiah) of Rp1,000,000 per share. This regulation was applied retroactively since May 31, 2007.

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PT BANK TABUNGAN NEGARA (PERSERO) TBK
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PT BANK TABUNGAN NEGARA (PERSERO) TBK
NOTES TO THE FINANCIAL STATEMENTS
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1. UMUM (lanjutan)

c. Penawaran umum obligasi Bank

Bank telah menerbitkan obligasi sebanyak 22 (dua puluh dua) kali penerbitan dan 1 kali penerbitan instrumen obligasi subordinasi sejak tanggal 25 Juli 1989 sampai dengan tanggal 31 Desember 2017 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
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

*) Bank telah melakukan pelunasan obligasi yang diterbitkan pada tanggal jatuh temponya.

*) 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 22 (dua puluh dua) kali penerbitan dan 1 kali penerbitan instrumen obligasi subordinasi sejak tanggal 25 Juli 1989 sampai dengan tanggal 31 Desember 2017 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 XV/ <i>BTN Bonds XV</i>	1.300.000	10 tahun/years	28 Juni/ <i>June 28, 2021</i>	9,50% tetap/ <i>fixed</i>
Obligasi Berkelanjutan I <i>Tahap I BTN/</i> <i>Shelf Registration Bonds I</i> <i>Phase I BTN</i>	2.000.000	10 tahun/years	5 Juni/ <i>June 5, 2022</i>	7,90% tetap/ <i>fixed</i>
Obligasi Berkelanjutan I <i>Tahap II BTN/</i> <i>Shelf Registration Bonds I</i> <i>Phase II BTN</i>	2.000.000	10 tahun/years	27 Maret/ <i>March 27, 2023</i>	7,90% tetap/ <i>fixed</i>
Obligasi Berkelanjutan II <i>Tahap I BTN/</i> <i>Shelf Registration Bonds II</i> <i>Phase I BTN</i>				
Seri A/A Series	900.000	3 tahun/years	8 Juli/ <i>July 8, 2018</i>	9,63% tetap/ <i>fixed</i>
Seri B/B Series	500.000	5 tahun/years	8 Juli/ <i>July 8, 2020</i>	9,88% tetap/ <i>fixed</i>
Seri C/C Series	800.000	7 tahun/years	8 Juli/ <i>July 8, 2022</i>	10,00% tetap/ <i>fixed</i>
Seri D/D Series	800.000	10 tahun/years	8 Juli/ <i>July 8, 2025</i>	10,50% tetap/ <i>fixed</i>
Obligasi Berkelanjutan II <i>Tahap II BTN/</i> <i>Shelf Registration Bonds II</i> <i>Phase II BTN</i>				
Seri A/A Series	1.347.000	3 tahun/years	30 Agustus/ <i>August 30, 2019</i>	8,20% tetap/ <i>fixed</i>
Seri B/B Series	1.653.000	5 tahun/years	30 Agustus/ <i>August 30, 2021</i>	8,75% tetap/ <i>fixed</i>
Obligasi Berkelanjutan III <i>Tahap I BTN/</i> <i>Shelf Registration Bonds III</i> <i>Phase I BTN</i>				
Seri A/A Series	1.466.000	3 tahun/years	13 Juli/ <i>July 13, 2020</i>	8,30% tetap/ <i>fixed</i>
Seri B/B Series	1.295.000	5 tahun/years	13 Juli/ <i>July 13, 2022</i>	8,50% tetap/ <i>fixed</i>
Seri C/C Series	853.000	7 tahun/years	13 Juli/ <i>July 13, 2024</i>	8,70% tetap/ <i>fixed</i>
Seri D/D Series	1.386.000	10 tahun/years	13 Juli/ <i>July 13, 2027</i>	8,90% tetap/ <i>fixed</i>
Obligasi Subordinasi BTN I/ <i>Subordinated Bonds BTN I</i>	250.000	10 tahun/years	25 Mei/ <i>May 25, 2014**</i>	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/ <i>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</i>

*) Bank telah melakukan pelunasan obligasi yang diterbitkan pada tanggal jatuh temponya.

**) Bank telah melakukan opsi beli kembali pada 25 Mei 2009

*) 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 *lock up* 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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1. UMUM (lanjutan)

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 Luar Biasa (RUPSLB) Bank tanggal 28 Desember 2017, dengan berita acara No. 291 tanggal 28 Desember 2017, yang dibuat oleh Notaris Ashoya Ratam, SH., MKn susunan Dewan Komisaris Bank adalah sebagai berikut:

31 Desember 2017

Komisaris Utama/Independen
 Komisaris Independen
 Komisaris Independen
 Komisaris Independen
 Komisaris Independen
 Komisaris
 Komisaris
 Komisaris

I Wayan Agus Mertayasa
 Kamaruddin Sjam
 Arie Coerniadi
 Lucky Fathul Aziz H.*
 Garuda Wiko**
 Sumiyati
 Maurin Sitorus
 Iman Sugema***

December 31, 2017
 President/Independent Commissioner
 Independent Commissioner
 Independent Commissioner
 Independent Commissioner
 Independent Commissioner
 Commissioner
 Commissioner
 Commissioner

* Telah dinyatakan Julus Uji Kemampuan dan Kepatuhan (Fit and Proper Test) sebagai anggota Dewan Komisaris Perseroan sebagaimana surat OJK No. SR-194/PB.12/2017 tanggal 15 November 2017 perihal Penyampaian Salinan Keputusan atas Pengangkatan Komisaris Independen PT Bank Tabungan Negara (Persero) Tbk dan salinan keputusan Dewan Komisioner OJK No. Kep-207/D.03/2017 tanggal 10 November 2017 tentang Hasil Penilaian Kemampuan dan Kepatuhan Sdr. Lucky Fathul Aziz Hadibrata selaku Komisaris Independen PT Bank Tabungan Negara (Persero) Tbk. Pengangkatan tersebut berlaku efektif terhitung sejak tanggal 15 November 2017, sebagaimana dinyatakan dalam surat Perseroan No. 822/DIR/CSD/XI/2017 tanggal 21 November 2017 perihal Laporan Pengangkatan Efektif Sdr. Lucky Fathul Aziz Hadibrata selaku Komisaris Independen PT Bank Tabungan Negara (Persero) Tbk

** Telah dinyatakan Julus Uji Kemampuan dan Kepatuhan (Fit and Proper Test) sebagai anggota Dewan Komisaris Perseroan sebagaimana surat OJK No. SR-120/PB.12/2017 tanggal 21 Juli 2017 perihal Penyampaian Salinan Keputusan atas Pengangkatan Pengurus PT Bank Tabungan Negara (Persero) Tbk dan salinan keputusan Dewan Komisioner OJK No. Kep-146/D.03/2017 tanggal 19 Juli 2017 tentang Hasil Penilaian Kemampuan dan Kepatuhan Sdr. Garuda Wiko selaku Calon Komisaris Independen PT Bank Tabungan Negara (Persero) Tbk. Pengangkatan tersebut berlaku efektif terhitung sejak tanggal 25 Juli 2017, sebagaimana dinyatakan surat Perseroan No. 547/DIR/CSD/VII/2017 tanggal 27 Juli 2017 perihal Laporan Pengangkatan Efektif Pengurus PT Bank Tabungan Negara (Persero) Tbk

*** Telah dinyatakan Julus Uji Kemampuan dan Kepatuhan (Fit and Proper Test) sebagai anggota Dewan Komisaris Perseroan sebagaimana surat OJK No. SR-120/PB.12/2017 tanggal 21 Juli 2017 perihal Penyampaian Salinan Keputusan atas Pengangkatan Pengurus PT Bank Tabungan Negara (Persero) Tbk dan salinan keputusan Dewan Komisioner OJK No. Kep-145/D.03/2017 tanggal 19 Juli 2017 tentang Hasil Penilaian Kemampuan dan Kepatuhan Sdr. Iman Sugema selaku Calon Anggota Dewan Komisaris PT Bank Tabungan Negara (Persero) Tbk. Pengangkatan tersebut berlaku efektif terhitung sejak tanggal 25 Juli 2017, sebagaimana dinyatakan surat Perseroan No. 547/DIR/CSD/VII/2017 tanggal 27 Juli 2017 perihal Laporan Pengangkatan Efektif Pengurus PT Bank Tabungan Negara (Persero) Tbk

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1. GENERAL (continued)

- f. *Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees*

Based on the Bank's Extraordinary General Meeting of Stockholders held on December 28, 2017, as stated under the notarial No. 291 dated December 28, 2017 by Notary Ashoya Ratam, SH., MKn the composition of the Bank's Board of Commissioners are as follows:

31 Desember 2017	December 31, 2017
Komisaris Utama/Independen	President/Independent Commissioner
Komisaris Independen	Independent Commissioner
Komisaris Independen	Independent Commissioner
Komisaris Independen	Independent Commissioner
Komisaris Independen	Independent Commissioner
Komisaris	Commissioner
Komisaris	Commissioner
Komisaris	Commissioner

* Has passed the Fit and Proper Test as the member of the Board of Commissioners as stated in the Financial Services Authority's Letter No. SR-194/PB.12/2017 dated November 15, 2017 regarding the Submission of Copy of Decision on the Appointment of Independent Commissioner of PT Bank Tabungan Negara (Persero) Tbk and the copy of Board of Commissioners' Decision, Financial Services Authority No. Kep-207/D.03/2017 dated November 10, 2017 regarding the Decision of Fit and Proper Test of Mr. Lucky Fathul Aziz Hadibrata as the Independent Commissioner of PT Bank Tabungan Negara (Persero) Tbk. The appointment has been effective since November 15, 2017, as stated in Company Letter No. 822/DIR/CSD/XI/2017 dated November 21, 2017 regarding the Report of Effective appointment of Mr. Lucky Fathul Aziz Hadibrata as the Independent Commissioner of PT Bank Tabungan Negara (Persero) Tbk

** Has passed the Fit and Proper Test as the member of the Board of Commissioners as stated in the Financial Services Authority's Letter No. SR-120/PB.12/2017 dated July 21, 2017 regarding the Submission of Copy of Decision on the Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk and the copy of Board of Commissioners' Decision, Financial Services Authority No. Kep-146/D.03/2017 dated July 19, 2017 regarding the Decision of Fit and Proper Test of Mr. Garuda Wiko as the Independent Commissioner's Candidate of PT Bank Tabungan Negara (Persero) Tbk. The appointment has been effective since July 25, 2017, as stated in Company Letter No. 547/DIR/CSD/VII/2017 dated July 27, 2017 regarding the Report of Effective Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk

*** Has passed the Fit and Proper Test as the member of the Board of Commissioners as stated in the Financial Services Authority's Letter No. SR-120/PB.12/2017 dated July 21, 2017 regarding the Submission of Copy of Decision on the Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk and the copy of Board of Commissioners' Decision, Financial Services Authority No. Kep-145/D.03/2017 dated July 19, 2017 regarding the Decision of Fit and Proper Test of Mr. Iman Sugema as the candidate of member of Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk. The appointment has been effective since July 25, 2017, as stated in Company Letter No. 547/DIR/CSD/VII/2017 dated July 27, 2017 regarding the Report of Effective Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk

The original financial statements included herein are in the Indonesian language.

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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. 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	President/Independent Commissioner
Komisaris Independen	Kamaruddin Sjam	Independent Commissioner
Komisaris Independen	Arie Coerniadi	Independent Commissioner
Komisaris Independen	Lucky Fathul Aziz H. *	Independent Commissioner
Komisaris	Sumiyati	Commissioner
Komisaris	Maurin Sitorus	Commissioner
Komisaris	Iman Sugema**	Commissioner

* 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 Kepatuhan (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 Kepatuhan (Fit & Proper Test) dan memenuhi peraturan perundang-undangan yang berlaku.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) Bank tanggal 28 Desember 2017, dengan berita acara No. 291 tanggal 28 Desember 2017, yang dibuat oleh Notaris Ashoya Ratam, SH., MKn susunan Dewan Komisaris Bank adalah sebagai berikut:

31 Desember 2017

Direktur Utama	Maryono	President Director
Direktur	Iman Nugroho Soeko	Director
Direktur	Adi Setianto	Director
Direktur	Oni Febrarto Rahardjo	Director
Direktur	R. Mahelan Prabantarkso*	Director
Direktur	Nixon L. P. Napitupulu**	Director
Direktur	Budi Satria	Director
Direktur	Dasuki Amsir***	Director

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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 in 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

Komisaris Utama/Independen	I Wayan Agus Mertayasa	President/Independent Commissioner
Komisaris Independen	Kamaruddin Sjam	Independent Commissioner
Komisaris Independen	Arie Coerniadi	Independent Commissioner
Komisaris Independen	Lucky Fathul Aziz H. *	Independent Commissioner
Komisaris	Sumiyati	Commissioner
Komisaris	Maurin Sitorus	Commissioner
Komisaris	Iman Sugema**	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 & Proper Test and in compliance with the prevailing laws and regulations.

Based on the Bank's Extraordinary General Meeting of Stockholders held on December 28, 2017, as stated under the notarial No. 291 dated December 28, 2017 by notary Ashoya Ratam, SH., MKn the composition of the Bank's Board of Commissioners are as follows:

December 31, 2017

Direktur Utama	Maryono	President Director
Direktur	Iman Nugroho Soeko	Director
Direktur	Adi Setianto	Director
Direktur	Oni Febrarto Rahardjo	Director
Direktur	R. Mahelan Prabantarkso*	Director
Direktur	Nixon L. P. Napitupulu**	Director
Direktur	Budi Satria	Director
Direktur	Dasuki Amsir***	Director

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1. UMUM (lanjutan)

f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) Bank tanggal 28 Desember 2017, dengan berita acara No. 291 tanggal 28 Desember 2017, yang dibuat oleh Notaris Ashoya Ratam, SH., MKn susunan Dewan Komisaris Bank adalah sebagai berikut:

* Telah dinyatakan lulus Uji Kemampuan dan Keputusan (Fit and Proper Test) sebagai anggota Direksi Perseroan sebagaimana surat OJK No. SR-120/PB.12/2017 tanggal 21 Juli 2017 perihal Penyampaian Salinan Keputusan atas Pengangkatan Pengurus PT Bank Tabungan Negara (Persero) Tbk dan salinan keputusan Dewan Komisioner OJK No. Kep-144/D.03/2017 tanggal 19 Juli 2017 tentang Hasil Penilaian Kemampuan dan Keputusan Sdr. R. Mahelan Prabantarko selaku Calon Direktur Yang Memperwakilan Fungsi Keputusan PT Bank Tabungan Negara (Persero) Tbk. Pengangkatan tersebut berlaku efektif terhitung sejak tanggal 25 Juli 2017, sebagaimana dinyatakan surat Perseroan No. 547/DIR/CSD/VII/2017 tanggal 27 Juli 2017 perihal Laporan Pengangkatan Efektif Pengurus PT Bank Tabungan Negara (Persero) Tbk

** Telah dinyatakan lulus Uji Kemampuan dan Keputusan (Fit and Proper Test) sebagai anggota Direksi Perseroan sebagaimana surat OJK No. SR-120/PB.12/2017 tanggal 21 Juli 2017 perihal Penyampaian Salinan Keputusan atas Pengangkatan Pengurus PT Bank Tabungan Negara (Persero) Tbk dan salinan keputusan Dewan Komisioner OJK No. Kep-147/D.03/2017 tanggal 19 Juli 2017 tentang Hasil Penilaian Kemampuan dan Keputusan Sdr. Nixon Lambok Paholan Napitupulu selaku Calon Anggota Direksi PT Bank Tabungan Negara (Persero) Tbk. Pengangkatan tersebut berlaku efektif terhitung sejak tanggal 25 Juli 2017, sebagaimana dinyatakan surat Perseroan No. 547/DIR/CSD/VII/2017 tanggal 27 Juli 2017 perihal Laporan Pengangkatan Efektif Pengurus PT Bank Tabungan Negara (Persero) Tbk

*** Diangkat sebagai Direktur Distribution & Network PT Bank Tabungan Negara (Persero) Tbk berdasarkan hasil keputusan RUPS Luar Biasa Perseroan tanggal 28 Desember 2017 dan berlaku efektif setelah mendapatkan persetujuan dari Otoritas Jasa Keuangan (OJK) atas penilaian Kemampuan dan Keputusan (Fit and Proper Test) dan memenuhi Peraturan Perundang-undangan yang berlaku.

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
 Direktur
 Direktur
 Direktur
 Direktur
 Direktur
 Direktur
 Direktur

Maryono
 Mansyur Syamsuri Nasution
 Iman Nugroho Soeko
 Adi Setianto
 Sulis Usdoko
 Oni Febrarto Rahardjo
 Handayani
 Catur Budi Harto

Gaji dan kompensasi lainnya yang dibayarkan kepada dewan komisaris adalah sebesar Rp27.744 dan Rp20.785 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 (Catatan 44b). Gaji dan kompensasi lainnya yang dibayarkan kepada direksi adalah sebesar Rp61.714 dan Rp52.767 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 (Catatan 44b).

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1. GENERAL (continued)

f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)

Based on the Bank's Extraordinary General Meeting of Stockholders held on December 28, 2017, as stated under the notarial No. 291 dated December 28, 2017 by notary Ashoya Ratam, SH., MKn the composition of the Bank's Board of Commissioners are as follows:

* Has passed the Fit and Proper Test as the member of the Board of Directors as stated in the Financial Services Authority's Letter No. SR-120/PB.12/2017 dated July 21, 2017 regarding the Submission of Copy of Decision on the Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk and the copy of Board of Commissioners' Decision, Financial Services Authority No. Kep-144/D.03/2017 dated July 19, 2017 regarding the Decision of Fit and Proper Test of Mr. R. Mahelan Prabantarko as the Candidate of Compliance Director of PT Bank Tabungan Negara (Persero) Tbk. The appointment has been effective since July 25, 2017, as stated in Company Letter No. 547/DIR/CSD/VII/2017 dated July 27, 2017 regarding the Report of Effective Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk

** Has passed the Fit and Proper Test as the member of the Board of Directors as stated in the Financial Services Authority's Letter No. SR-120/PB.12/2017 dated July 21, 2017 regarding the Submission of Copy of Decision on the Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk and the copy of Board of Commissioners' Decision, Financial Services Authority No. Kep-147/D.03/2017 dated July 19, 2017 regarding the Decision of Fit and Proper Test of Mr. Nixon Lambok Paholan Napitupulu as the Candidate of member of Directors of PT Bank Tabungan Negara (Persero) Tbk. The appointment has been effective since July 25, 2017, as stated in Company Letter No. 547/DIR/CSD/VII/2017 dated July 27, 2017 regarding the Report of Effective Appointment of Management of PT Bank Tabungan Negara (Persero) Tbk

*** Appointed as a Director of Distribution & Network of PT Bank Tabungan Negara (Persero) Tbk based on the Extraordinary General Meeting of Shareholders dated December 28, 2017 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 General Stockholders' Meeting held on April 12, 2016, as stated in 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
 Director

Salaries and other compensation benefits paid to the Board of Commissioners of the Bank amounted to Rp27,744 and Rp20,785 for the year ended December 31, 2017 and 2016, respectively (Note 44b). Salaries and other compensation benefits paid to the Board of Directors of the Bank amounted to Rp61,714 and Rp52,767 for the year ended December 31, 2017 and 2016, respectively (Note 44b).

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1. UMUM (lanjutan)

- f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)

Pada Rapat Umum Pemegang Saham Bank yang diadakan pada tanggal 17 Maret 2017 dan 12 April 2016, Bank membagikan tantiem masing-masing sebesar Rp46.884 dan Rp35.215 bagi Dewan Komisaris dan Direksi yang dialokasikan dari laba tahun berjalan yang dibayarkan masing-masing pada tanggal 5 Juli 2017 dan 29 Juni 2016.

Sekretaris Perusahaan dan Kepala Divisi Audit Internal Bank adalah sebagai berikut:

31 Desember 2017

Sekretaris Perusahaan
Kepala Divisi Audit Internal

Agus Susanto*
Triani Pudjiastuti**

* Diangkat berdasarkan Surat Keputusan Direksi Bank No. 300/DIR/2017 tanggal 3 Juli 2017 dan bertindak sebagai pejabat sejak tanggal 14 Juni 2017.

** Diangkat berdasarkan Surat Keputusan Direksi Bank No. 614/DIR/2017 tanggal 8 November 2017 dan berlaku efektif sejak tanggal 13 November 2017.

December 31, 2017

Corporate Secretary
Head of Internal Audit Division

* Appointed based on the Bank's Board of Directors' Decision Letter No.300/DIR/2017 dated July 3, 2017 and Head of Internal Audit Division since June 14, 2017.

** Appointed based on the Bank's Board of Directors' Decision Letter No.614/DIR/2017 dated November 8, 2017 and effective since November 13, 2017.

31 Desember 2016

Sekretaris Perusahaan
Kepala Divisi Audit Internal

Eko Waluyo
Adi Suharto Atmadja*

Corporate Secretary
Head of Internal Audit Division

* Diangkat berdasarkan Surat Keputusan Direksi Bank No. 235/DIR/2016 tanggal 7 Juni 2016 dan bertindak sebagai pejabat sejak tanggal 1 April 2016.

* 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 1, 2016.

Susunan Dewan Pengawas Syariah Bank, berdasarkan Surat Keputusan Direksi Bank No.131/DIR/2017 tanggal 23 Maret 2017 dan No.379/DIR/2015 tanggal 30 Juni 2015 adalah sebagai berikut:

The composition of the Bank's Sharia Supervisory Board based on the Bank's Board of Directors' Decision Letter No.131/DIR/2017 dated March 23, 2017 and No.379/DIR/2015 dated June 30, 2015 are as follows:

31 Desember 2017 dan 2016

Ketua
Anggota
Anggota

Ahmad Nazri Adlani
Mohamad Hidayat
Muhammad Syakir Sula

December 31, 2017 and 2016

Chairman
Member
Member

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1. UMUM (lanjutan)

f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)

Susunan Anggota Komite Audit Bank berdasarkan Surat Keputusan Direksi Bank No. 648/DIR/2017 tanggal 21 November 2017 (menindaklanjuti Ketetapan Komisaris melalui Surat No.163/KOM/BTN/XI/2017 tanggal 21 November 2017) adalah sebagai berikut:

31 Desember 2017

Ketua	Kamaruddin Sjam
Anggota	I Wayan Agus Mertayasa
Anggota	Lucky Fathul Aziz Hadibrata*
Anggota	Garuda Wiko*
Anggota	Sondang Gayatri
Anggota	Rachmat Supratman

* Diangkat sebagai anggota Komite Audit PT Bank Tabungan Negara (Persero) Tbk berdasarkan Surat Keputusan Direksi No. 648/DIR/2017 tanggal 21 November 2017, efektif sejak tanggal 21 November 2017.

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/I/2016 tanggal 20 Januari 2016) adalah sebagai berikut:

31 Desember 2016

Ketua	Kamaruddin Sjam
Anggota	I Wayan Agus Mertayasa
Anggota	Sumiyati
Anggota	Maurin Sitorus
Anggota	Waldy Gutama
Anggota	Sondang Gayatri
Anggota	Rachmat Supratman

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 2017 dan 2016 masing-masing adalah 8.780 dan 8.561 orang (tidak diaudit).

1. GENERAL (continued)

f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)

The composition of the Bank's Audit Committee, based on the Board of Directors' Decision Letter No. 648/DIR/2017 dated November 21, 2017 (followed up of the Bank's Board of Commissioners' Decision No.163/ KOM/BTN/XI/2017 dated November 21, 2017) are as follows:

December 31, 2017

Chairman
Member

** Appointed as the member of Audit Committee PT Bank Tabungan Negara (Persero) Tbk, based on the Board of Director's Decision Letter No. 648/DIR/2017 dated November 21, 2017, effective since November 21, 2017*

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/I/ 2016 dated January 20, 2016) are as follows:

December 31, 2016

Chairman
Member

Based on the Bank's internal policy, key management consists 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, 2017 and 2016 of 8,780 and 8,561 employees, respectively (unaudited).

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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 2017 dan 2016 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".

Laporan keuangan disusun sesuai dengan Pernyataan Standar Akuntansi Keuangan (PSAK) No.1 (Amandemen 2015), "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 pengakuan, pengukuran, penyajian dan pengungkapan untuk topik tersebut, PSAK No. 110 (Revisi 2015) 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.

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 year ended December 31, 2017 and 2016 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 (Amendment 2015), "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 (Revised 2015) 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.*

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

a. Dasar Penyajian Laporan Keuangan (lanjutan)

Pernyataan Kepatuhan (lanjutan)

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 (Rp), yang merupakan mata uang fungsional Bank. Angka-angka yang disajikan dalam laporan keuangan, kecuali dinyatakan lain dibulatkan dalam jutaan Rupiah.

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 dieliminasikan 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Financial Statements (continued)

Statement of Compliance (continued)

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 presentation currency used in the financial statements is the Indonesian Rupiah (Rp), which is the Bank's functional currency. Unless otherwise stated, all figures presented in the financial statement are rounded off to millions of Rupiah.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

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;
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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;*
- 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.*

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

c. Transaksi dengan pihak-pihak berelasi (lanjutan)

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 44 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 44.

d. Aset keuangan dan liabilitas keuangan

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, efek-efek yang dibeli dengan janji dijual kembali, tagihan derivatif, tagihan akseptasi, penyertaan saham, 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, liabilitas akseptasi, 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).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Transactions with related parties (continued)

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 44 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 44.

d. Financial assets and liabilities

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, reverse repo, derivatives receivable, acceptance receivable, investment in shares, 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, acceptance payable, fund borrowings, subordinated loan, securities sold under repurchase agreements, interest payable and other liabilities (guarantee deposits and developers' security deposits).

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(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 2 (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.

Liabilitas keuangan diklasifikasikan ke dalam kategori sebagai berikut pada saat pengakuan awal:

- Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, yang memiliki 2 (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.

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*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(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 2 (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.*

Financial liabilities are classified into the following categories at initial recognition:

- *Financial liabilities at fair value through profit or loss, which have 2 (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.*

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(i) Klasifikasi (lanjutan)

Kredit yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif, kecuali:

- 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.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(i) Classification (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market, except:

- *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.*

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.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(i) Klasifikasi (lanjutan)

Setelah pengukuran awal, investasi tersedia untuk dijual diakui 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.

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.

Liabilitas keuangan lainnya merupakan liabilitas keuangan yang tidak dimiliki untuk dijual atau ditentukan sebagai nilai wajar melalui laporan laba rugi saat pengakuan liabilitas.

(ii) Pengakuan awal

- 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(i) Classification (continued)

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.

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.

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) Initial recognition

- 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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d. Aset keuangan dan liabilitas keuangan (lanjutan)

(ii) Pengakuan awal (lanjutan)

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(ii) Initial recognition (continued)

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.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(ii) Pengakuan awal (lanjutan)

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 ketetapan sebagai berikut:

- penetapan sebagai opsi nilai wajar mengurangi atau mengeliminasi ketidak-konsistensi pengukuran dan pengakuan (accounting mismatch) yang dapat timbul; atau
- 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.

(iii) Pengukuran setelah pengakuan awal

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(ii) Initial recognition (continued)

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:

- *the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or*
- *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) Subsequent measurement

Available-for-sale financial assets and financial assets and liabilities measured at fair value through profit or loss are subsequently measured at fair value.

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 rate method.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(iv) Penghentian pengakuan

a. Aset keuangan dihentikan pengakuannya jika:

- 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 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.

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.

(iv) Derecognition

a. Financial assets are derecognized when:

- 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 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.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(iv) Penghentian pengakuan (lanjutan)

Kredit yang diberikan atau aset keuangan lain dihapusbukukan ketika tidak terdapat prospek yang realistik 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.

b. Liabilitas keuangan dihentikan pengakuannya jika liabilitas keuangan tersebut berakhir, yaitu ketika liabilitas yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluwarsa.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(iv) Derecognition (continued)

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 statement of profit or loss and comprehensive income as other operating income, if recovered after the statement of financial position dates.

b. Financial liabilities are derecognized when they are extinguished, i.e. liabilities stated in the contract are discharged, cancelled or expired.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(v) Pengakuan pendapatan dan beban

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.

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.

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.

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.

(vi) Reklasifikasi aset keuangan

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(v) Income and expense recognition

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. *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.*

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.

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) Reclassification of financial assets

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.

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d. Aset keuangan dan liabilitas keuangan (lanjutan)

(vi) Reklasifikasi aset keuangan (lanjutan)

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:

- 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(vi) Reclassification of financial assets (continued)

The Bank can not classify financial assets as held-to-maturity investments, if the Bank during the current year or in the two preceding 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. *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.*

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.

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d. Aset keuangan dan liabilitas keuangan (lanjutan)

(vii) Saling hapus

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.

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 kebangkrutian dari entitas atas seluruh pihak lawan.

Pendapatan dan beban disajikan dalam jumlah neto hanya jika diperkenankan oleh Standar Akuntansi Keuangan.

(viii) Pengukuran nilai wajar

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.

Pengukuran nilai wajar mengasumsikan bahwa transaksi untuk menjual aset atau mengalihkan liabilitas terjadi:

- Di pasar utama untuk aset dan liabilitas tersebut; atau
- Jika tidak terdapat pasar utama, dipasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(vii) Offsetting

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.

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.

Income and expenses are presented on a net basis only when permitted by the Financial Accounting Standards.

(viii) Fair value measurement

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.

Fair value measurement assumes the transaction to sell assets or transfer liabilities occurs:

- *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.*

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Aset keuangan dan liabilitas keuangan (lanjutan)

(viii) Pengukuran nilai wajar (lanjutan)

Pengukuran nilai wajar asset non keuangan memperhitungkan kemampuan pelaku pasar untuk menghasilkan manfaat ekonomik dengan menggunakan asset dalam penggunaan tertinggi dan terbaiknya atau dengan menjualnya kepada pelaku pasar lain yang akan menggunakan asset tersebut dalam penggunaan tertinggi dan terbaiknya.

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.

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:

- Tingkat 1 : harga kuotasi (tanpa penyesuaian) di pasar aktif untuk asset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran.
- Tingkat 2 : input selain harga kuotasi yang termasuk dalam level 1 yang dapat diobservasi untuk asset dan liabilitas, baik secara langsung atau tidak langsung.

Tingkat 3 : input yang tidak dapat diobservasi untuk asset dan liabilitas.

Untuk asset 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(viii) Fair value measurement (continued)

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 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.

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:

- *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.*

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.

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d. Aset keuangan dan liabilitas keuangan (lanjutan)

(viii) Pengukuran nilai wajar (lanjutan)

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 48).

(ix) Pengukuran biaya diamortisasi

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.

(x) Aset keuangan sukuk

Berdasarkan PSAK No.110 (Revisi 2015), 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.

Klasifikasi sukuk adalah sebagai berikut:

- a. Diukur pada biaya perolehan
 - 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(viii) Fair value measurement (continued)

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 48).

(ix) Amortized cost measurement

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) Sukuk Financial Asset

*In accordance with SFAS No.110 (Revised 2015), the Bank 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.*

Sukuk classifications are as follows:

- a. **Measured at cost**
 - *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.*
 - *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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d. Aset keuangan dan liabilitas keuangan (lanjutan)

(x) Aset keuangan sukuk (lanjutan)

b. Diukur pada nilai wajar melalui penghasilan komprehensif lain

- 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.
- 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.

c. Diukur pada nilai wajar melalui laba rugi

Biaya perolehan sukuk tidak termasuk biaya transaksi, dan selisih antara nilai wajar dan jumlah tercatat diakui dalam laba rugi

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

(x) *Sukuk Financial Asset (continued)*

b. Measured at fair value through other comprehensive income

- *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.*
- *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. Measured at fair value through profit or loss

Sukuk acquisition cost excludes transaction cost and the difference between fair value and the carrying value is recognized in profit or loss.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan

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.

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.

Kriteria yang digunakan oleh Bank untuk menentukan bukti obyektif dari penurunan nilai adalah sebagai berikut:

- a. kesulitan keuangan signifikan yang dialami penerbit atau pihak peminjam;
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets

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.

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.

The criteria used by the Bank to determine objective evidence of impairment are as follows:

- a. *significant financial difficulties by the issuer or debtor;*
- 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.*

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

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.

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 karakteristik risiko kredit yang sama dengan mempertimbangkan segmentasi kredit berdasarkan pengalaman kerugian masa lalu dan kemungkinan terjadinya kegagalan (probability of default). Aset keuangan dikelompokan 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.

Calculation of allowance for impairment losses on financial assets assessed collectively grouped based on similar credit risk characteristics and taking into account the loan segmentation based on historical loss experience and the possibility of failure (probability of default). 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 pemulihannya 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.

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.

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 statement 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.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

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 pemulihannya 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.

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 pembialyaan/piutang syariah yang telah dihapusbukukan dicatat sebagai penambahan cadangan kerugian selama tahun berjalan.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

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 collectability), the impairment loss that was previously recognized has to be reversed by adjusting the allowance account. The amount of reversal is recognized in the statement of profit or loss and other comprehensive income.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)

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 21 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".

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

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 21, 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".

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*

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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: (lanjutan)

- 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.

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*, *interbank call money* dan tabungan.

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, *Negotiable Certificate of Deposit* (NCD), *Medium Term Notes* (MTN) dan penyertaan reksadana.

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: (continued)

- 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.

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, interbank call money and savings.

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, Negotiable Certificate of Deposit (NCD), Medium Term Notes (MTN) and mutual funds.

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h. Efek-efek dan Obligasi Pemerintah (lanjutan)

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.

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 reclasifikasi yang telah dijelaskan dalam PSAK No. 55 (Revisi 2014) yang dapat diaplikasikan dalam periode yang relevan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Securities and Government Bonds (continued)

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.*

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 reclasifications defined in SFAS No. 55 (Revised 2014) applicable in the relevant period.

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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)

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. 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.

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.

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)

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 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.

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

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)

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.

Kredit yang diberikan dalam pinjaman sindikasi ataupun penerusan kredit dinyatakan sebesar pokok kredit sesuai dengan porsi risiko yang ditanggung oleh Bank.

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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)

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.

Loans under syndication or channelling are stated at the principal amount equal to the risk portion assumed by the Bank.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

i. Kredit yang diberikan (lanjutan)

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 *qardh*, untuk pembiayaan meliputi pembiayaan *mudharabah* dan pembiayaan *musyarakah*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Loans (continued)

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 above mention sale, 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 qardh transactions, for financing consist of mudharabah and musyarakah financing.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

j. Pembiayaan/piutang 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 reviu 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 reviu oleh manajemen terhadap kualitas pembiayaan yang ada.

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.

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.

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.

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j. Pembiayaan/piutang berdasarkan prinsip syariah (lanjutan)

Qardh adalah penyediaan dana atau tagihan yang dapat dipersamakan dengan itu berdasarkan persetujuan atau kesepakatan antara peminjam dan pihak yang meminjamkan yang mewajibkan peminjam melunasi hutangnya setelah jangka waktu tertentu. Pinjaman qardh dinyatakan sebesar saldo pinjaman dikurangi dengan saldo cadangan kerugian penurunan nilai yang dibentuk berdasarkan hasil review oleh manajemen terhadap kualitas pinjaman yang ada.

k. Tagihan dan liabilitas akseptasi

Tagihan dan liabilitas akseptasi merupakan transaksi Surat Kredit Berdokumen Dalam Negeri (SKBDN) yang diaksep oleh bank pengaksep (accepting bank).

Tagihan dan liabilitas akseptasi dinyatakan sebesar biaya perolehan diamortisasi. Tagihan akseptasi disajikan setelah dikurangi cadangan kerugian penurunan nilai.

Tagihan akseptasi diklasifikasikan sebagai kredit yang diberikan dan piutang. Liabilitas akseptasi diklasifikasikan sebagai liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi.

I. Penyertaan Saham

Penyertaan saham merupakan investasi jangka panjang pada perusahaan non-publik serta penyertaan modal sementara pada perusahaan debitur yang timbul akibat konversi kredit yang diberikan atau jenis transaksi tertentu yang berakibat Bank memiliki saham pada perusahaan debitur.

Penyertaan saham dengan persentase kepemilikan 20,00% sampai dengan 50,00% dicatat dengan metode ekuitas yaitu penyertaan dicatat sebesar biaya perolehan disesuaikan dengan bagian Bank atas ekuitas perusahaan asosiasi dan dikurangi dengan penerimaan dividen sejak tanggal perolehan, dikurangi cadangan kerugian penurunan nilai.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Sharia financing/receivables (continued)

Qardh is the provision of funds or equivalent claims based on agreement between the borrower and the lender that requires the borrower to repay the debts after a certain period of time. Qardh are stated at outstanding balance less allowance for impairment losses based on the management's review on the financing quality.

k. Acceptances receivable and payable

Acceptances receivable and payable represent letters of Credit by Local Document (SKBDN) transactions that have been accepted by the accepting bank.

Acceptances receivable and payable are stated at amortized cost. Acceptances receivable are stated net of allowance for impairment losses.

Acceptances receivable are classified as loans and receivables. Acceptances payable are classified as financial liabilities measured at amortized cost.

I. Investment in shares

Investments in shares represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans or certain of transactions which resulted The Bank have shares in debtor's company.

Investments in shares represent ownership interests of 20.00% to 50.00% are recorded using the equity method. Under this method, investments are recorded at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned starting the acquisition date net of allowance for impairment losses

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I. Penyertaan Saham (lanjutan)

Penyertaan modal sementara dihapusbuku dari laporan posisi keuangan apabila telah melampaui jangka waktu 5 tahun sesuai dengan Peraturan Bank Indonesia No. 14/15/PBI/2012 tanggal 24 Oktober 2012 tentang "Penilaian Kualitas Aset Bank Umum".

Penyertaan saham yang tidak memiliki pengaruh yang signifikan atau kepemilikan dibawah 20% dicatat sesuai dengan PSAK No. 55 (Revisi 2014) dan dikurangi dengan cadangan kerugian penurunan nilai.

m. 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.

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	Buildings
Peralatan kantor dan kendaraan bermotor	4 - 8	Office furniture and fixtures, and motor vehicles

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m. Aset tetap (lanjutan)

Penilaian aset tetap dilakukan atas penurunan dan kemungkinan penurunan nilai wajar asset 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 asset tetap dihentikan pengakuan 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 asset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari asset) diperhitungkan dalam laporan laba rugi dan penghasilan komprehensif lain pada periode asset tersebut dihentikan pengakuan.

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 (Catatan 13).

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 asset yang sama akibat revaluasi yang pernah dilakukan sebelumnya dalam laba rugi. Penurunan nilai tercatat yang timbul dari revaluasi diakui dalam laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Premises and equipment (continued)

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 (Note 13).

Increase in the carrying amount arising from revaluation is recorded in "Fixed Asset Revaluation Surplus" 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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

m. Aset tetap (lanjutan)

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.

n. Penurunan nilai aset non-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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Premises and equipment (continued)

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.

Construction 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.

n. Impairment of non-financial assets

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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

n. Penurunan nilai aset non-keuangan (lanjutan)

Jika nilai tercatat asset lebih besar daripada nilai terpulihkannya, maka asset tersebut dianggap mengalami penurunan nilai dan nilai tercatat asset 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 asset yang diturunkan nilainya.

o. Biaya dibayar di muka

Biaya dibayar di muka diamortisasi selama masa manfaat dengan menggunakan metode garis lurus (straight-line method).

p. 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.

q. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Impairment of non-financial assets (continued)

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.

o. Prepaid expenses

Prepaid expenses are amortized over the periods benefited using the straight-line method.

p. Liabilities due immediately

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.

q. 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.

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q. Simpanan (lanjutan)

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 *Wadiah* dinyatakan sebesar nilai investasi pemegang tabungan di Bank.

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.

r. Simpanan dari bank lain

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 yang dinyatakan sebesar kewajiban Bank kepada nasabah. Biaya tambahan yang dapat diatribusikan secara langsung kepada perolehan simpanan nasabah, dikurangkan dari jumlah simpanan yang diterima.

Simpanan dari bank lain merupakan kewajiban kepada bank lain, dalam bentuk tabungan, giro, deposito berjangka dan *inter-bank call money*.

Di dalam simpanan dari bank lain termasuk simpanan syariah dalam bentuk giro wadiah.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Deposits (continued)

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. Wadiah savings deposits are stated at the amounts invested by the depositors in the Bank.

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.

r. Deposits from other banks

Deposits from customers 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 to the customers. Incremental costs that can be attributed directly to the acquisition of deposits from customers are deducted from total deposits received.

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 include sharia deposits in the form of wadiah demand deposits.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

r. Simpanan dari bank lain (lanjutan)

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.

s. Efek-efek yang dibeli dengan janji dijual kembali dan efek-efek yang dijual dengan janji dibeli kembali

Efek-efek yang dibeli dengan janji dijual kembali

Efek-efek yang dibeli dengan janji untuk dijual kembali disajikan sebagai aset keuangan dalam laporan posisi keuangan sebesar jumlah penjualan kembali dikurangi dengan bunga yang belum diamortisasi dan cadangan kerugian penurunan nilai.

Selisih antara harga beli dan harga jual kembali diperlakukan sebagai pendapatan bunga yang ditangguhkan (belum diamortisasi) dan diakui sebagai pendapatan selama periode sejak efek-efek tersebut dibeli hingga dijual kembali dengan menggunakan suku bunga efektif.

Efek-efek yang dibeli dengan janji untuk dijual kembali diklasifikasikan sebagai kredit yang diberikan dan piutang yang diukur dengan biaya perolehan diamortisasi.

Efek-efek yang dijual dengan janji 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 yang diukur dengan biaya perolehan diamortisasi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Deposits from other banks (continued)

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.

s. Securities purchased under agreement to resell and securities sold under agreement to repurchase

Securities purchased under agreement to resell

Securities purchased under agreement to resell are presented as financial assets in the statement of financial position, at the net resale price of unamortized interest and net of allowance for impairment losses.

The difference between the purchase price and the resale price is treated as unearned interest income (unamortized) and recognized as income over the period starting from when those securities are purchased until they are resold using effective interest rate.

Securities purchased under agreement to resell are classified as loans and receivables measured at amortized cost.

Securities sold under agreement to repurchase

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 agreement to repurchase are classified as financial liabilities measured at amortized cost.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

t. 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.

u. 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.

v. 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.

w. Modal saham

Modal saham diukur pada nilai nominal untuk semua saham yang diterbitkan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. 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.

u. 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.

v. 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.

w. Capital stock

Capital stock is measured at par value for all shares issued.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

x. 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.

y. Dana syirkah temporer

Dana *syirkah* temporer merupakan investasi dengan akad *mudharabah mutlaqah*, yaitu pemilik dana (*shahibul maa*) memberikan kebebasan kepada pengelola dana (*mudharib/BTN Unit Syariah*) dalam pengelolaan investasinya dengan keuntungan dibagikan sesuai kesepakatan. Dana *syirkah* temporer terdiri dari giro *mudharabah*, tabungan *mudharabah*, dan deposito *mudharabah*.

Giro dan tabungan *mudharabah* merupakan investasi yang bisa ditarik kapan saja (*on call*) atau sesuai dengan persyaratan tertentu yang disepakati. Giro dan tabungan *mudharabah* dinyatakan sebesar saldo tabungan nasabah di Bank.

Deposito *mudharabah* merupakan investasi yang hanya bisa ditarik pada waktu tertentu sesuai dengan perjanjian antara pemegang deposito *mudharabah* dengan Bank. Deposito *mudharabah* dinyatakan sebesar nilai nominal sesuai dengan perjanjian antara pemegang deposito dengan Bank.

Dana *syirkah* temporer tidak dapat digolongkan sebagai kewajiban. Hal ini karena BTN Unit Syariah tidak berkewajiban untuk mengembalikan jumlah dana awal dari pemilik dana kecuali akibat kelalaian atau wanprestasi ketika mengalami kerugian. Di sisi lain dana *syirkah* temporer tidak dapat digolongkan sebagai ekuitas karena mempunyai waktu jatuh tempo dan pemilik dana tidak mempunyai hak kepemilikan yang sama dengan pemegang saham seperti hak *voting* dan hak atas realisasi keuntungan yang berasal dari aset lancar dan aset non-investasi (current and other non-investment accounts).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. 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.

y. Temporary syirkah funds

*Temporary syirkah funds represent investments from other parties conducted on the basis mudharabah mutlaqah contract in which the owners of the funds (*shahibul maa*) grant freedom to the fund manager (*mudharib/Unit BTN Syariah*) in the management of their investments with profit distributed based on the contract. Temporary syirkah funds consist of mudharabah current accounts, mudharabah saving deposits, and mudharabah time deposits.*

*Mudharabah current accounts and saving deposits represent investment which could be withdrawn anytime (*on call*) or can be withdrawn based on certain agreed terms. Mudharabah current accounts and savings deposits are stated based on the customer's savings deposit balance in Bank.*

Mudharabah time deposits represent investment that can only be withdrawn at a certain time based on the agreement between the customer and the Bank. Mudharabah time deposits are stated at nominal amount as agreed between the deposit holder and the Bank.

Temporary syirkah fund cannot be classified as liability. This was due to the Unit BTN Syariah does not have any liability to return the initial fund to the owners, except for losses due to BTN Syariah's management negligence or default of loss is incurred. On the other hand, temporary syirkah fund cannot be classified as shareholders' equity, because of the maturity period and the depositors do not have the same rights as the shareholders' such as voting rights and the rights of realised gain from current assets and other non-investment accounts.

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y. Dana *syirkah* temporer (lanjutan)

Pemilik dana *syirkah* temporer mendapatkan imbalan bagi hasil sesuai dengan *nisbah* yang ditetapkan.

Hak nasabah atas bagi hasil dana *syirkah* temporer merupakan bagian bagi hasil milik nasabah yang didasarkan pada prinsip *mudharabah* atas hasil pengelolaan dana mereka oleh Bank. Pendapatan yang dibagikan adalah yang telah diterima (cash basis).

Pembagian hasil usaha dilakukan berdasarkan prinsip bagi hasil usaha yaitu dari pendapatan Bank yang diterima berupa laba kotor (gross profit margin).

Pendapatan marjin dan bagi hasil atas pembiayaan yang diberikan dan atas aset produktif lainnya akan dibagikan kepada nasabah penyimpan dana dan Bank sesuai dengan proporsi dana yang dipakai dalam pembiayaan yang diberikan dan aset produktif lainnya. Selanjutnya, pendapatan marjin dan bagi hasil yang tersedia untuk nasabah tersebut kemudian dibagihasilkan ke nasabah penabung dan deposan sebagai *shahibul maal* dan Bank sebagai *mudharib* sesuai porsi *nisbah* bagi hasil yang telah disepakati bersama sebelumnya. Pendapatan marjin dan bagi hasil dari pembiayaan dan aset produktif lainnya yang memakai dana Bank, seluruhnya menjadi milik Bank, termasuk pendapatan dari investasi Bank berbasis imbalan.

z. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Temporary *syirkah* funds (continued)

*The owner of temporary *syirkah* funds receives a return from the profit sharing based on a predetermined ratio.*

*Third parties' share on returns of temporary *syirkah* funds represents customer's share on the Bank's income derived from the management of their funds by the Bank under mudharabah principles. Income that will be distributed is the cash received (cash basis) from the share.*

The distribution of revenue is based on profit sharing scheme on the Bank's gross profit margin.

*Margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and the Bank based on proportion of fund used in the financing and other earning assets. Margin income and profit sharing income allocated to the fund owners are then distributed to fund owners and depositors as *shahibul maal* and the Bank as *mudharib* based on a predetermined ratio (*nisbah*). Margin income and profit sharing from financing facilities and other earning assets using the Bank's funds, are entirely shared for the Bank, including income from the Bank's fee-based transactions.*

z. 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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

z. Pendapatan dan beban bunga (lanjutan)

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.

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.

aa. Pendapatan provisi dan komisi

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.

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.

ab. Pendapatan bagi hasil dan beban bonus secara syariah

Pendapatan bagi hasil secara syariah merupakan pendapatan *istishna*, marjin *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.

Pendapatan *istishna* diakui apabila telah terjadi penyerahan barang.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Interest income and expense (continued)

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.

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.

aa. Fees and commissions

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.

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.

ab. Sharia profit sharing income and bonus expense

*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.*

*Income from *istishna* is recognized at the date of transfer of assets.*

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ab. 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.

ac. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ab. 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).

ac. 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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ac. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. 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 remeasurement 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)

ad. Transaksi dan saldo dalam mata uang asing

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.

Pada tanggal-tanggal 31 Desember 2017 dan 2016, kurs yang digunakan untuk menjabarkan mata uang asing ke dalam Rupiah adalah sebagai berikut (Rupiah penuh):

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016
1 Dolar Amerika Serikat	13.567,50	13.472,50
1 Dolar Australia	10.594,19	9.723,11
1 Poundsterling Inggris	18.325,62	16.555,01
1 Euro Eropa	16.236,23	14.175,77
1 Yen Jepang	120,52	115,07
1 Ringgit Malaysia	3.352,07	3.003,23
1 Dolar Hongkong	1.736,21	1.737,34
1 Saudi Riyal	3.612,56	3.581,84
1 Renminbi	2.083,64	1.939,19
1 Dolar Singapura	10.154,56	9.311,93

ae. Pajak penghasilan

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Foreign currency transactions and balances

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.

As of December 31, 2017 and 2016, the exchange rates used in translating the foreign currencies into Rupiah are as follows (full Rupiah):

ae. Income tax

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.

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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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ae. 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.

af. 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);

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. 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.

af. 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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af. Pelaporan segmen (lanjutan)

Segmen operasi adalah suatu komponen dari entitas (lanjutan):

- 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
- c) tersedia informasi keuangan yang dapat dipisahkan.

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.

ag. Laba per saham dasar dan dilusian

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.

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.

ah. Biaya emisi penerbitan saham

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 "Tambah Modal Disetor - Neto", sebagai bagian dari Ekuitas pada laporan posisi keuangan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Segment reporting (continued)

An operating segment is a component of an entity (continued):

- 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) for which discrete financial information is available.*

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.

ag. Basic and diluted earnings per share

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.

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.

ah. Shares issuance costs

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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ai. 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).

aj. Cadangan kerugian penurunan nilai aset non-produktif dan komitmen dan kontinjenji

Pada setiap akhir periode pelaporan, Bank menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian pada tanggal laporan atas penurunan nilai aset tertentu (yaitu aset tidak berwujud dengan umur manfaat tidak terbatas, aset tidak berwujud yang belum dapat digunakan, atau goodwill yang diperoleh dalam suatu kombinasi bisnis) diperlukan, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Stock Options

The Bank has granted stock options to the Board of 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.

aj. Allowance for impairment losses on non-earning assets and commitments and contingencies

Bank assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, Bank makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value or Cash Generating Unit's (CGU) 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. If 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.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aj. Cadangan kerugian penurunan nilai aset non-produktif dan komitmen dan kontinjenси (lanjutan)

Dalam menentukan nilai wajar dikurangi biaya pelepasan, mengacu pada PSAK No. 68: "Pengukuran Nilai Wajar" (Catatan 2d).

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 kontinjenси), namun Bank tetap harus menghitung cadangan kerugian penurunan nilai mengacu pada Pernyataan Standar Akuntansi Keuangan yang berlaku.

ak. 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.

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.

al. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aj. Allowance for impairment losses on non-earning assets and commitments and contingencies (continued)

In determining fair value less costs of disposal, refer to SFAS No. 68, "Fair Value Measurements" (Note 2d).

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.

ak. 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.

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.

al. 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.

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a. Agunan yang diambil alih (lanjutan)

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.

am. Instrumen derivatif

Instrumen keuangan derivatif diukur dan diakui di laporan posisi keuangan pada nilai wajar dikurangi cadangan kerugian penurunan nilai.

Setiap kontrak derivatif dicatat sebagai aset apabila memiliki nilai wajar positif dan sebagai liabilitas apabila memiliki nilai wajar negatif.

Tagihan dan liabilitas derivatif diklasifikasikan sebagai aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi.

Keuntungan atau kerugian yang terjadi dari perubahan nilai wajar diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

Nilai wajar instrumen derivatif ditentukan diskonto arus kas dan model penentu harga atau harga yang diberikan oleh broker (quoted price) atas instrumen lainnya yang memiliki karakteristik serupa, yang mengacu pada PSAK No. 68: "Pengukuran Nilai Wajar" (Catatan 2d).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

al. Foreclosed collaterals (continued)

The excess in loan balances which has not been paid by debtors over the value of foreclosed collaterals is charged to allowance for possible loan write-off 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.

am. Derivatives Instrument

Derivatives financial instruments are valued and recognized in the statement of financial position at fair value net of allowance for possible losses.

Each derivatives contract is recorded as asset when the fair value is positive and as liability when the fair value is negative.

Derivatives receivable and payable are classified as financial assets and liabilities measured at fair value through profit or loss.

Gains or losses resulting from fair value changes are recognized in the statement of profit or loss and other comprehensive income.

The fair value of derivatives instruments is determined based on discounted cash flows and pricing models or quoted prices from brokers of other instruments with similar characteristics, which refers to SFAS No. 68: "Fair Value Measurement" (Note 2d)

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

an. Perubahan atas kebijakan akuntansi dan pengungkapan

Bank telah menerapkan standar akuntansi pada tanggal 1 Januari 2017, yang dianggap relevan dengan laporan keuangan Bank, yaitu:

- PSAK No. 1 (Amandemen 2015), "Penyajian Laporan Keuangan tentang Prakarsa Pengungkapan", memberikan klarifikasi terkait penerapan persyaratan materialitas, fleksibilitas urutan sistematis catatan atas laporan keuangan dan pengidentifikasiannya kebijakan akuntansi signifikan. Amandemen PSAK No. 1 ini juga mengakibatkan amandemen terhadap PSAK (consequential amendment) sebagai berikut: PSAK No. 3 "Laporan Keuangan", PSAK No. 5 "Segmen Operasi", PSAK No. 60 "Instrumen Keuangan: Pengungkapan", dan PSAK No. 62 "Kontrak Asuransi".
- PSAK No.3 (Penyesuaian 2016), "Laporan Keuangan", mengklarifikasi bahwa pengungkapan yang dipersyaratkan harus dicantumkan dalam laporan keuangan atau melalui referensi silang dari laporan keuangan seperti komentar manajemen atau laporan risiko yang tersedia untuk pengguna laporan keuangan dan pada saat yang sama. Jika pengguna laporan keuangan tidak dapat mengakses informasi yang ada pada referensi silang dengan persyaratan dan waktu yang sama maka laporan keuangan entitas dianggap tidak lengkap.
- PSAK No. 24 (Penyesuaian 2016), "Imbalan Kerja". Penyesuaian ini mengklarifikasi bahwa pasar obligasi korporasi berkualitas tinggi dinilai berdasarkan denominasi mata uang obligasi tersebut dan bukan berdasarkan negara di mana obligasi tersebut berada.
- PSAK No. 60 (Penyesuaian 2016), "Instrumen Keuangan: Pengungkapan". Penyesuaian ini mengklarifikasi bahwa entitas harus menilai sifat dari imbalan kontrak jasa untuk menentukan apakah entitas memiliki keterlibatan berkelanjutan dalam aset keuangan dan apakah persyaratan pengungkapan terkait keterlibatan berkelanjutan terpenuhi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

an. Changes in accounting policy and disclosures

The Bank adopted the revised accounting standard on January 1, 2017, which is considered relevant to the Bank's Financial Statements, as follows:

- SFAS No. 1 (2015 Amendment), "Presentation of Financial Statements about Disclosure Initiative", clarifies on materiality, systematic hierarchy flexibility of notes to financial statements and identification of significant accounting policy. This SFAS No. 1 amendment have impacted other SFAS (consequential amendment) as follows: SFAS No. 3 "Financial Reporting", SFAS No. 5 "Operating Segments", SFAS No. 60 "Financial Instruments: Disclosures", and SFAS No. 62 "Insurance Contract".
- SFAS No. 3 (2016 Adjustment), "Financial Reporting", clarifies that the required disclosures should be included in the financial statements or through cross-references of financial statements such as management comments or risk reports available to users of financial statements and at the same time. If the users of the financial statements can not access the information contained in cross-references with the same terms and times, the entity's financial statements are considered incomplete.
- SFAS No. 24 (2016 Adjustment), "Employee Benefit". This adjustment clarifies that the high-quality corporate bond market is valued based on the denomination of the bonds instead of the country in which the bond is located.
- SFAS No. 60 (2016 Adjustment), "Financial Instrument: Disclosure". This adjustment clarifies that the entity shall assess the nature of service contract benefits to determine whether the entity has a continuing involvement in the financial asset and whether the disclosure requirements related to sustainable engagement are met.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

a. Perubahan atas kebijakan akuntansi dan pengungkapan (lanjutan)

Bank telah menerapkan standar akuntansi pada tanggal 1 Januari 2017, yang dianggap relevan dengan laporan keuangan Bank, yaitu (lanjutan) :

- PSAK No.101 (Revisi 2016), "Penyajian Laporan Keuangan Syariah", merupakan revisi terhadap ilustrasi laporan keuangan asuransi syariah sebagai dampak dari revisi PSAK 108 "Akuntansi Asuransi Syariah". Dimana penyisihan manfaat polis masa depan disajikan dilaporan posisi keuangan sebagai liabilitas.
- PSAK No.102 (Amandemen 2016), "Akuntansi Murabahah", PSAK No.103 (Amandemen 2016), "Akuntansi Salam", PSAK No.104 (Amandemen 2016), "Akuntansi Istishna", PSAK No.107 (Amandemen 2016), "Akuntansi Ijarah", amandemen ini merubah definisi nilai wajar mengikuti definisi nilai wajar pada PSAK No. 68 "Pengukuran Nilai Wajar". Nilai wajar didefinisikan sebagai 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.

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 kontinjenji, pada akhir periode pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

an. Changes in accounting policy and disclosures (continued)

The Bank adopted the revised accounting standard on January 1, 2017, which is considered relevant to the Bank's Financial Statements, as follows (continued) :

- SFAS No. 101 (Revised 2016), "Presentation of Sharia Financial Statements", is a revision of the illustration of the sharia insurance financial statements as a result of the revision of SFAS No. 108 "Accounting for Sharia Insurance", where the provision for future policy benefits is presented in the statement of financial position as liabilities.
- SFAS No. 102 (2016 Amendment), "Murabahah Accounting", SFAS No. 103 (Amendment 2016), "Salam Accounting ", SFAS No. 104 (Amendment 2016), "Istishna Accounting", SFAS No. 107 (Amendment 2016), "Ijarah Accounting", changes the definition of fair value to follow the definition of fair value in SFAS No. 68 "Measurement of Fair Value". Fair value is defined as the price to be received to sell an asset or price to be paid to transfer a liability in a regular transaction between market participants on the date of measurement.

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.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN
(lanjutan)**

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 kontingen, pada akhir periode pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya (lanjutan):

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:

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 2d.

**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

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 (continued):

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:

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 2d.

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3. PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (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)

Nilai wajar instrumen keuangan

Semua aset dan liabilitas dimana nilai wajar diukur atau diungkapkan dalam laporan keuangan dapat dikategorikan pada level hierarki nilai wajar, berdasarkan tingkatan input terendah yang signifikan atas pengukuran nilai wajar secara keseluruhan:

- Level 1 : harga kuotasi (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran.
- Level 2 : input selain harga kuotasi 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.

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.

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)

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.*

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.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN
(lanjutan)**

Pertimbangan (lanjutan)

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*.

Kontinjenensi

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.

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.

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**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Judgments (continued)

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.

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.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
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(lanjutan)**

Estimasi dan Asumsi (lanjutan)

Cadangan kerugian penurunan nilai dari kredit dan
pembiayaan/piutang syariah (lanjutan)

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 debitir, 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.

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.

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**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Estimates and Assumptions (continued)

Allowance for impairment losses on loans and
sharia financing/receivables (continued)

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.

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.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
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(lanjutan)**

Estimasi dan Asumsi (lanjutan)

Umur ekonomis dari aset tetap (lanjutan)

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:

- Kinerja yang rendah secara signifikan jika dibandingkan dengan ekspektasi dari hasil operasi historis maupun proyeksi hasil operasi di masa yang akan datang;
- perubahan yang signifikan dalam cara penggunaan aset atau strategi bisnis secara keseluruhan; dan
- Industri atau tren ekonomi yang secara signifikan bernilai negatif.

Bank mengakui kerugian penurunan nilai apabila nilai tercatat aset melebihi nilai yang dapat dipulihkan.

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**3. USE OF SIGNIFICANT ACCOUNTING
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(continued)**

Estimates and Assumptions (continued)

Useful lives of premises and equipment (continued)

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:

- significant underperformance relative to expected historical or projected future operating results;*
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and*
- significant negative industry or economic trends.*

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN
(lanjutan)**

Estimasi dan Asumsi (lanjutan)

Penurunan nilai aset non-keuangan (lanjutan)

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.

Pertimbangan signifikan diperlukan dalam menentukan provisi perpajakan

Bank menentukan provisi perpajakan berdasarkan estimasi atas kemungkinan adanya tambahan beban pajak. Jika hasil akhir dari hal ini berbeda dengan jumlah yang dicatat semula, maka perbedaan tersebut akan berdampak terhadap laba/rugi.

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.

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**3. USE OF SIGNIFICANT ACCOUNTING
JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Estimates and Assumptions (continued)

Impairment of non-financial assets (continued)

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.

Significant judgement is required in determining the provision for taxes

The Bank provides for tax provision based on estimates whether the additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit/loss.

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, 2017		31 Desember/December 31, 2016	
	Jumlah notional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah notional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah		1.022.212		998.981
Mata uang asing				Rupiah
Dolar Amerika Serikat	187.833	2.548	235.020	3.166
Dolar Singapura	214.420	2.177	418.290	3.895
Riyal Arab Saudi	65.384	236	68.132	246
Dolar Australia	11.815	125	23.030	224
Euro Eropa	7.090	115	5.625	80
Pound Sterling Inggris	2.910	53	2.912	48
Ringgit Malaysia	9.480	32	5.078	15
Yen Jepang	236.000	28	21.000	2
Renminbi	13.081	27	12.405	24
Dolar Hong Kong	160	1	110	1
		5.342		7.701
Total		1.027.554		1.006.682
				Total

Saldo dalam mata uang Rupiah termasuk uang pada Anjungan Tunai Mandiri (ATM) sebesar Rp192.754 dan Rp187.839, masing-masing pada tanggal 31 Desember 2017 dan 2016.

The Rupiah balance includes cash in ATMs (Automated Teller Machines) of Rp192,754 and Rp187,839, as of December 31, 2017 and 2016, respectively.

5. GIRO PADA BANK INDONESIA

	31 Desember/ December 31, 2017		31 Desember/ December 31, 2016	
	Jumlah notional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah notional mata uang asing/ Notional amount in foreign currencies (angka penuh/full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah		12.509.337		10.693.013
Mata uang asing				Rupiah
Dolar Amerika Serikat	3.335.000	45.248	324.000	4.365
Total		12.554.585		10.697.378
				Total

Dalam giro pada Bank Indonesia termasuk giro yang didasarkan pada prinsip perbankan syariah sebesar Rp1.059.796 dan Rp814.251 masing-masing pada tanggal 31 Desember 2017 dan 2016.

Current accounts with Bank Indonesia include current accounts based on sharia banking principles amounting to Rp1,059,796 and Rp814,251 as of December 31, 2017 and 2016, respectively.

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5. GIRO PADA BANK INDONESIA (lanjutan)

Rasio GWM Bank (tidak diaudit) pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	31 Desember December 31, 2017	31 Desember December 31, 2016
Konvensional		
Rupiah		
Utama	7,02%	6,72%
Sekunder	6,42%	6,45%
Dolar Amerika Serikat	8,38%	8,47%
Syariah		
Rupiah	5,00%	5,08%

Saldo giro pada Bank Indonesia disediakan untuk memenuhi persyaratan Giro Wajib Minimum (GWM) dari Bank Indonesia.

Rasio GWM pada tanggal 31 Desember 2017 dihitung berdasarkan Peraturan Bank Indonesia (PBI) No. 19/6/PBI/2017 tanggal 17 April 2017 tentang "Perubahan Kelima 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 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".

Pada tanggal-tanggal 31 Desember 2017 dan 2016, sesuai dengan ketentuan Bank Indonesia tersebut di atas, Bank harus memenuhi persyaratan GWM Utama dalam Rupiah masing-masing sebesar 6,5%, 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 December 2017 dan 2016 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".

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**5. CURRENT ACCOUNTS WITH BANK INDONESIA
(continued)**

The minimum reserve requirement ratios of the Bank (unaudited) of December 31, 2017 and 2016, are as follows:

	31 Desember December 31, 2017	31 Desember December 31, 2016	
Conventional			
Rupiah			
Primary	6,72%	6,45%	
Secondary	6,42%	6,45%	
United States Dollar	8,47%	8,47%	
Sharia			
Rupiah	5,08%	5,08%	

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, 2017 is based on Bank Indonesia regulation (PBI) 19/6/PBI/2017 dated April 17, 2017, regarding "Fifth 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, 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".

As of December 31, 2017 and 2016, based on the above Bank Indonesia regulations, Bank is required to maintain primary GWM in Rupiah amounting to 6.5%, 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, 2017 and 2016 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".

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5. GIRO PADA BANK INDONESIA (lanjutan)

Pada tanggal-tanggal 31 Desember 2017 dan 2016, 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%.

Selain GWM Utama dan Sekunder Bank juga harus memenuhi PBI (OJK) No. 18/14/PBI/2013 tentang "Perubahan Keempat atas Peraturan Bank Indonesia No. 15/15/PBI/2013 tentang Giro Wajib Minimum Bank Umum Dalam Rupiah dan Valuta Asing Bagi Bank Umum Konvensional", dimana Bank dikenakan GWM LFR jika LFR Bank kurang dari batas bawah Bank Indonesia (BI) yaitu sebesar 80% atau melebihi batas atas BI yaitu 92% dengan KPMM Bank lebih kecil dari KPMM insentif BI yang sebesar 14%.

Bank telah memenuhi ketentuan Bank Indonesia tentang Giro Wajib Minimum.

Sisa umur jatuh tempo atas giro pada Bank Indonesia dikategorikan sebagai kurang dari satu bulan (Catatan 47).

6. GIRO PADA BANK LAIN

a. Berdasarkan mata uang

	31 Desember/Desember 31, 2017		31 Desember/December 31, 2016		
	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		206.393		117.971	Rupiah
Mata uang asing					Foreign currencies
Dolar Amerika Serikat	23.077.433	313.103	14.113.945	190.150	United States Dollar
Singapura Dollar	2.368.534	24.051	724.533	6.747	Singapore Dollar
Yen Jepang	103.744.638	12.503	53.957.234	6.209	Japanese Yen
Euro Eropa	104.380	1.695	104.380	1.480	European Euro
Renminbi	120.902	252	119.338	231	Renminbi
		351.604		204.817	
Total		557.997		322.788	Total
Dikurangi cadangan kerugian penurunan nilai		(1.696)		(1.482)	Less allowance for impairment losses
Neto		556.301		321.306	Net

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6. GIRO PADA BANK LAIN (lanjutan)

b. Berdasarkan bank

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
Rupiah			Rupiah
Pihak Ketiga			Third Parties
PT Bank Maybank Indonesia Tbk	118.142	81.885	PT Bank Maybank Indonesia Tbk
PT Bank Central Asia Tbk	76.102	26.038	PT Bank Central Asia Tbk
Standard Chartered Bank, Jakarta	6.016	2.432	Standard Chartered Bank, Jakarta
PT Bank Pembangunan Daerah Jawa Tengah	2.612	5.171	PT Bank Pembangunan Daerah Jawa Tengah
Citibank N.A., Jakarta	925	925	Citibank N.A., Jakarta
PT Bank Pembangunan Daerah Bengkulu	265	51	PT Bank Pembangunan Daerah Bengkulu
Lainnya	202	346	Others
	204.264	116.848	
Pihak Berelasi (Catatan 44)			Related Parties (Note 44)
PT Bank Rakyat Indonesia (Persero) Tbk	1.721	15	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Syariah Mandiri	362	800	PT Bank Syariah Mandiri
PT Bank Negara Indonesia (Persero) Tbk	36	287	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	10	21	PT Bank Mandiri (Persero) Tbk
	2.129	1.123	
Mata uang asing			Foreign currencies
Pihak Ketiga			Third Parties
PT Bank Central Asia Tbk	58.493	30.319	PT Bank Central Asia Tbk
PT Bank DBS Indonesia	24.050	6.747	PT Bank DBS Indonesia
Citibank N.A., Jakarta	6.478	6.432	Citibank N.A., Jakarta
Indonesische Overzeese Bank N.V., Amsterdam	1.696	1.480	Indonesische Overzeese Bank N.V., Amsterdam
PT Bank ICBC Indonesia	252	231	PT Bank ICBC Indonesia
Standard Chartered Bank, Jakarta	145	143.773	Standard Chartered Bank, Jakarta
	91.114	188.982	
Pihak Berelasi (Catatan 44)			Related Parties (Note 44)
PT Bank Mandiri (Persero) Tbk	244.078	5.757	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	16.412	10.078	PT Bank Negara Indonesia (Persero) Tbk
	260.490	15.835	
Total	557.997	322.788	Total
Dikurangi cadangan kerugian penurunan nilai	(1.696)	(1.482)	<i>Less allowance for impairment losses</i>
Neto	556.301	321.306	Net

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6. GIRO PADA BANK LAIN (lanjutan)

b. Berdasarkan bank (lanjutan)

Dalam giro pada bank lain termasuk giro yang didasarkan pada prinsip perbankan syariah sebesar Rp362 dan Rp800, masing-masing pada tanggal 31 Desember 2017 dan 2016.

c. Tingkat suku bunga rata-rata per tahun untuk giro pada bank lain adalah sebagai berikut:

	2017	2016
Rupiah	0,33%	0,25%
Mata uang asing	0,04%	0,01%

d. Kolektibilitas

Pada tanggal 31 Desember 2017 dan 2016, kolektibilitas giro pada bank lain adalah sebagai berikut :

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Lancar	556.301	321.308	Current Loss
Macet	1.696	1.480	
Total	557.997	322.788	Total Less allowance for impairment losses
Dikurangi cadangan kerugian penurunan nilai	(1.696)	(1.482)	
Neto	556.301	321.306	Net

e. Pada tanggal 31 Desember 2017 dan 2016, tidak terdapat saldo giro pada bank lain yang digunakan sebagai agunan.

f. Perubahan cadangan kerugian penurunan nilai giro pada bank lain adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Saldo awal tahun (Pembalikan) penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 34)	1.482	1.572	Balance at beginning of year (Reversal of) provision for impairment losses during the year (Note 34)
214	(90)		
Saldo akhir period	1.696	1.482	Balance at end of period

6. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b. By bank (continued)

Current accounts with other banks include current accounts based on sharia banking principles amounting to Rp362 and Rp800, as of December 31, 2017 and 2016, respectively.

c. Average annual interest rates for current accounts with other banks are as follows:

	2016	Rupiah Foreign currencies
Rupiah	0,25%	
Mata uang asing	0,01%	

d. Collectibility

As of December 31, 2017 and 2016, the collectibility of current accounts with other banks are as follows:

e. As of December 31, 2017 and 2016, there are no current accounts with other banks which are used as collateral.

f. The movements in the allowance for impairment losses on current accounts with other banks are as follows:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Saldo awal tahun (Pembalikan) penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 34)	1.482	1.572	Balance at beginning of year (Reversal of) provision for impairment losses during the year (Note 34)
214	(90)		
Saldo akhir period	1.696	1.482	Balance at end of period

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6. GIRO PADA BANK LAIN (lanjutan)

- f. Perubahan cadangan kerugian penurunan nilai giro pada bank lain adalah sebagai berikut (lanjutan):

Manajemen berpendapat bahwa jumlah cadangan kerugian atas giro pada bank lain yang dibentuk telah memadai.

- g. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 47.

7. PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN

- a. Berdasarkan mata uang dan jenis

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
Rupiah			Rupiah
Pihak Ketiga			Third Parties
Deposit Facility			Deposit Facility
Bank Indonesia	14.798.542	15.046.082	Bank Indonesia
Term Deposit			Term Deposit
Bank Indonesia	5.998.644	-	Bank Indonesia
Deposit Facility Syariah			Deposit Facility Sharia
Bank Indonesia	3.894.000	2.535.000	Bank Indonesia
	24.691.186	17.581.082	
Pihak Berelasi (Catatan 44)			Related Party (Note 44)
Tabungan			Savings Deposits
PT Bank Mandiri (Persero) Tbk	6.317	268	PT Bank Mandiri (Persero) Tbk
Total	24.697.503	17.581.350	Total

Dalam penempatan pada Bank Indonesia dan bank lain termasuk penempatan yang didasarkan pada prinsip perbankan syariah sebesar Rp3.894.000 dan Rp2.535.000, masing-masing pada tanggal 31 Desember 2017 dan 2016.

6. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

- f. The movements in the allowance for impairment losses on current accounts with other banks are as follows (continued):

The management believes that the allowance for impairment losses provided on current accounts with other banks is adequate.

- g. Information with respect to classification of impaired and not impaired of financial assets are disclosed in Note 47.

7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

- a. Based on currency and type

As of December 31, 2017 and 2016, placements with Bank Indonesia and other banks include placements based on sharia banking principles amounting to Rp3,894,000 and Rp2,535,000, respectively.

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7. PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN (lanjutan)

- b. Berdasarkan Sisa Umur Hingga Jatuh Tempo

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
≤ 1 bulan	24.697.503	17.581.350	≤ 1 month

- 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		
2017	2016	

Rupiah	5,20%	5,89%	Rupiah
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- d. Seluruh penempatan pada bank lain dan Bank Indonesia pada tanggal-tanggal 31 Desember 2017 dan 2016 diklasifikasikan sebagai lancar.
- e. Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai tidak diperlukan pada tanggal 31 Desember 2017 dan 2016, 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 47.

d. All placements with other banks and Bank Indonesia as of December 31, 2017 and 2016, are classified as current.

e. Management believes that no allowance for impairment losses is necessary as of December 31, 2017 and 2016, 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 47.

8. EFEK-EFEK

- a. Berdasarkan mata uang, jenis dan penerbit

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
<u>Nilai wajar melalui laba rugi</u>			<u>Fair value through profit or loss</u>
Rupiah			Rupiah
Pihak Ketiga			Third Parties
Sertifikat Deposito			Deposits Certificates of
Bank Indonesia	4.857.775	548.521	Bank Indonesia

8. SECURITIES

- a. Based on currency, type and issuer

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8. EFEK-EFEK (lanjutan)

- a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
Tersedia untuk dijual			Available-for-sale
Rupiah			Rupiah
Pihak Ketiga			Third Parties
Sertifikat Deposito Bank Indonesia	578.665	294.876	Deposits Certificates of Bank Indonesia
Sertifikat Bank Indonesia	-	1.179.355	Bank Indonesia Certificates
Obligasi			Bonds
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	50.363	49.474	Phase I Series B 2016
Tahap II Seri C 2015	46.739	46.998	Phase II Series C 2015
PT Bank Tabungan Pensiunan Nasional Tbk			PT Bank Tabungan Pensiunan Nasional Tbk
Tahap II 2017	24.969	-	Phase II 2017
PT BPD Sulawesi Selatan dan Barat (Sulselbar)			PT BPD Sulawesi Selatan and Barat (Sulselbar)
Sukuk Mudharabah II 2016	16.580	15.452	Sukuk Mudharabah II 2016
PT BPD Sumatera Barat (Bank Nagari)			PT BPD Sumatera Barat (Bank Nagari)
Sukuk Mudharabah II 2015	10.650	10.303	Sukuk Mudharabah II 2015
PT Bank CIMB Niaga Tbk			PT Bank CIMB Niaga Tbk
Tahap I Seri A 2016	-	89.107	Phase I Series A 2016
PT Bank Maybank Indonesia Tbk			PT Bank Maybank Indonesia Tbk
Tahap II Seri B 2012	-	19.911	Phase II Series B 2012
PT Bank UOB Indonesia			PT Bank UOB Indonesia
Tahap II Seri A 2016	-	29.665	Phase II Series A 2016
PT Berlian Laju Tanker Tbk			PT Berlian Laju Tanker Tbk
Seri III 2007	-	5.018	Series III 2007
Negotiable Certificate of Deposits			Negotiable Certificate of Deposits
PT BPD Jawa Barat dan Banten Tbk			PT BPD Jawa Barat and Banten Tbk
Tahap I Seri B 2017	24.295	-	Phases I Series B 2017
Tahap I Seri C 2017	23.457	-	Phases I Series C 2017
Tahap II Seri A 2017	47.660	-	Phases II Series A 2017
Tahap II Seri B 2017	88.840	-	Phases II Series B 2017
PT Bank CIMB Niaga Tbk			PT Bank CIMB Niaga Tbk
Tahap II 2016	-	49.170	Phase II 2016
Tahap III Seri C 2017	58.578	-	Phase III Series C 2017
PT Bank Tabungan Pensiunan Nasional Tbk			PT Bank Tabungan Pensiunan Nasional Tbk
Seri A 2016	-	73.080	Series A 2016
PT Bank Sumitomo Mitsui Indonesia			PT Bank Sumitomo 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 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
Medium Term Notes			Medium Term Notes
PT BPD Jawa Barat dan Banten Tbk			PT BPD Jawa Barat and Banten Tbk
Tahap II 2016	100.039	100.000	Phases II 2016
PT BPD Jawa Tengah			PT BPD Jawa Tengah
MTN Syariah Mudharabah			MTN Syariah Mudharabah
Tahap I 2017	24.946	-	Phase I 2017

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8. EFEK-EFEK (lanjutan)

- a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</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>
Reksadana			Mutual Funds
Reksadana EMCO Terproteksi	82.432	82.553	Protected EMCO Mutual Funds
Efek Beragun Aset			Asset Backed Securities
EBA - SP - BTN02			EBA - SP - BTN02
Kelas B	80.765	80.000	Class B
EBA - SP - BTN03			EBA - SP - BTN03
Kelas B	80.765	-	Class B
KIK EBA BTN 04			KIK EBA BTN 04
Kelas B	60.946	60.000	Class B
EBA - SP - BTN01			EBA - SP - BTN01
Kelas B	17.199	17.000	Class B
EBA - SP - BTN03			EBA - SP - BTN03
Kelas A	12.763	-	Class A
	1.430.651	2.371.633	
<u>Pihak Berelasi (Catatan 44)</u>			<u>Related Parties (Note 44)</u>
Obligasi			Bonds
PT Bank Rakyat Indonesia (Persero) Tbk			PT Bank Rakyat Indonesia (Persero) Tbk
Tahap III Seri A 2017	202.180	-	Phase III Series A 2017
Tahap III Seri B 2016	102.211	99.554	Phase III Series B 2016
Tahap II Seri B 2016	30.851	101.669	Phase II Series B 2016
Tahap II Seri A 2016	-	100.150	Phase II Series A 2016
Tahap I Seri A 2016	-	99.074	Phase I Series A 2016
PT Bank Mandiri (Persero) Tbk			PT Bank Mandiri (Persero) Tbk
Tahap II 2017 Seri D	126.581	-	Phase II Series D 2017
Tahap I 2016 Seri A	25.363	24.323	Phase I Series A 2016
PT Bank Mandiri Taspen Pos			PT Bank Mandiri Taspen Pos
Tahap I Seri A 2017	35.720	-	Phase I Series A 2017
Lembaga Pembangunan			Lembaga Pembangunan
Ekspor Indonesia			Ekspor Indonesia
Tahap I 2014 Seri C	-	20.163	Phase I Series C 2014
PT Pupuk Indonesia (Persero)			PT Pupuk Indonesia (Persero)
Tahun 2014 Seri A	-	20.137	Year 2014 Series A
PT Kereta Api Indonesia (Persero)			PT Kereta Api Indonesia (Persero)
Tahun 2017 Seri A	29.834	-	Year 2017 Series A
PT Timah (Persero) Tbk			PT Timah (Persero) Tbk
Tahap I Tahun 2017	5.005	-	Phase I 2017
PT Perusahaan Listrik Negara (Persero)			PT Perusahaan Listrik Negara (Persero)
Sukuk Tahap II 2017 Seri B	51.726	-	Sukuk Phase II Series B 2017
Sukuk Tahap II 2017 Seri A	25.078	-	Sukuk Phase II Series A 2017
<u>Negotiable Certificate of Deposits</u>			<u>Negotiable Certificate of Deposits</u>
PT Bank Negara Indonesia (Persero) Tbk			PT Bank Negara Indonesia (Persero) Tbk
Tahap II Seri A 2017	172.987	-	Phases II Series A 2017
Seri E 2016	131.342	120.312	Series E 2016
Seri F 2016	90.830	82.600	Series F 2016
Tahap II Seri B 2016	14.799	13.558	Phases II Series B 2016
Tahap II Seri A 2016	-	94.030	Phases II Series A 2016

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- a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
<u>Tersedia untuk dijual (lanjutan)</u>			<u>Available-for-sale (continued)</u>
Rupiah (lanjutan)			Rupiah (continued)
<u>Pihak Berelasi (Catatan 44) (lanjutan)</u>			<u>Related Parties (Note 44) (continued)</u>
<i>Negotiable Certificate of Deposits (lanjutan)</i>			<i>Negotiable Certificate of Deposits (continued)</i>
PT Bank Mandiri (Persero) Tbk			<i>PT Bank Mandiri (Persero) Tbk</i>
Seri 2A 2016	-	92.570	<i>Series 2A 2016</i>
Efek Beragunan Aset			<i>Asset Backed Securities</i>
PT Indonesia Power			<i>PT Indonesia Power</i>
KIK EBA IP PLN	141.235	-	<i>KIK EBA IP PLN</i>
<i>Medium Term Notes</i>			<i>Medium Term Notes</i>
PT Bank Rakyat Indonesia			<i>PT Bank Rakyat Indonesia</i>
(Persero) Tbk			<i>(Persero) Tbk</i>
Tahap I 2016	-	99.670	<i>Phase I 2016</i>
	<u>1.185.742</u>	<u>967.810</u>	
	<u>2.616.393</u>	<u>3.339.443</u>	
<u>Dimiliki hingga jatuh tempo</u>			<u>Held-to-maturity</u>
Rupiah			<i>Rupiah</i>
<u>Pihak Ketiga</u>			<i>Third Parties</i>
Obligasi			<i>Bonds</i>
PT Berlian Laju Tanker Tbk			<i>PT Berlian Laju Tanker Tbk</i>
Sukuk Ijarah 2007	2.000	2.000	<i>Sukuk Ijarah 2007</i>
Efek Beragunan Aset			<i>Asset Backed Securities</i>
EBA-SP -BTN 02			<i>EBA - SP -BTN02</i>
Kelas A1	12.879	20.000	<i>Class A1</i>
KIK EBA BTN 05	354	1.701	<i>KIK EBA BTN 05</i>
Kelas A1	354	1.701	<i>Class A1</i>
KIK EBA BTN 01	6.353	21.274	<i>KIK EBA BTN 01</i>
Kelas B	6.353	21.274	<i>Class B</i>
KIK EBA BTN 02	42.200	42.200	<i>KIK EBA BTN 02</i>
Kelas B	42.200	42.200	<i>Class B</i>
KIK EBA BTN 03	60.000	60.000	<i>KIK EBA BTN 03</i>
Kelas B	60.000	60.000	<i>Class B</i>
KIK EBA BTN 05	120.000	120.000	<i>KIK EBA BTN 05</i>
Kelas B	120.000	120.000	<i>Class B</i>
	<u>243.786</u>	<u>267.175</u>	
<u>Pihak Berelasi (Catatan 44)</u>			<u>Related Parties (Note 44)</u>
Obligasi			<i>Bonds</i>
PT Perusahaan Listrik			<i>PT Perusahaan Listrik</i>
Negara (Persero)			<i>Negara (Persero)</i>
Sukuk Ijarah IV 2010	3.000	3.000	<i>Sukuk Ijarah IV 2010</i>
Sukuk Ijarah II 2007	-	28.002	<i>Sukuk Ijarah II 2007</i>
	<u>3.000</u>	<u>31.002</u>	
	<u>246.786</u>	<u>298.177</u>	
Total Cadangan kerugian penurunan nilai	7.720.954	4.186.141	<i>Total Allowance for impairment losses</i>
Neto	<u>(14.923)</u>	<u>(14.441)</u>	<i>Net</i>
	<u>7.706.031</u>	<u>4.171.700</u>	

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8. EFEK-EFEK (lanjutan)

b. Jatuh tempo dan suku bunga

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	5,04% s.d 6,20%, dan 5,60% s.d 6,75% untuk periode yang berakhir masing masing pada tanggal 31 Desember 2017 dan 2016/ 5.04% to 6.20% and 5.60% to 6.75% for periods ended December 31, 2017 and 2016, respectively	Rupiah Bank Indonesia
PT Bank OCBC NISP Tbk Tahap II Seri C 2015	Obligasi/Bonds	10 Februari/ February 10, 2018	9,80% tetap/ fixed	PT Bank OCBC NISP Tbk 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 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 CIMB Niaga Tbk Tahap I Seri A 2016	Obligasi/Bonds	13 November/ November 13, 2017	7,25% tetap/ fixed	PT Bank CIMB Niaga Tbk Phase I Series A 2016
Tahap II 2016	Negotiable Certificate of Deposits	16 Maret/ March 16, 2017	7,80% tetap/ fixed	Phase II 2016
Tahap III Seri C 2017	Negotiable Certificate of Deposits	18 Mei/ May 18, 2018	7,45% tetap/ fixed	Phase III Series C 2017
PT Bank Maybank Indonesia Tbk Tahap II Seri B 2012	Obligasi/Bonds	31 Oktober/ October 31, 2017	8,00% tetap/ fixed	PT Bank Maybank Indonesia Tbk Phase II Series B 2012
PT Bank Tabungan Pensiunan Nasional Tbk Seri A 2016 Tahap II 2017	Negotiable Certificate of Deposits Obligasi/Bonds	8 Mei/ May 8, 2017 27 Oktober/ October 27, 2018	7,30% tetap/ fixed 6,60% tetap/ fixed	PT Bank Tabungan Pensiunan Nasional Tbk Series A 2016 Phase II 2017
PT Bank Sumitomo Mitsui Indonesia Tahap II 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 Negotiable	8 Januari/ January 8, 2018 21 Juni/ June 21, 2018	9,00% tetap/ fixed 7,60% tetap/ fixed	PT BPD Jawa Barat dan Banten Tbk Phase II 2016
Tahap I Seri B 2017	Certificate of Deposits Negotiable	21 Desember/ December 21, 2018	7,80% tetap/ fixed	Phase I Series B 2017
Tahap I Seri C 2017	Certificate of Deposits Negotiable	2 Oktober/ October 2, 2018	6,85% tetap/ fixed	Phase I Series C 2017
Tahap II Seri A 2017	Certificate of Deposits Negotiable	2 Oktober/ October 2, 2019	7,20% tetap/ fixed	Phase II Series A 2017
Tahap II Seri B 2017	Certificate of Deposits	October 2, 2019		Phase II Series B 2017

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8. EFEK-EFEK (lanjutan)

b. Jatuh tempo dan suku bunga (lanjutan)

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
Rupiah (lanjutan)				
PT BPD Jawa Tengah MTN Syariah Mudharabah Tahap I 2017	Medium Term Notes	12 Desember/ December 12, 2020	8,05% tetap/ fixed	PT BPD Jawa Tengah MTN Syariah Mudharabah Phase I 2017
PT Bank KEB Hana Indonesia Tahap I Seri A 2016 Tahap I Seri B 2016	Negotiable Certificate of Deposits Negotiable Certificate of Deposits	12 Juni/ June 12, 2017 20 September/ September 20, 2017	7,81% tetap/ fixed 7,93% tetap/ fixed	PT KEB Hana Bank Indonesia Phase I Series A 2016 Phase I Series B 2016
PT Bank Negara Indonesia Tbk Tahap II Seri A 2016 Tahap II Seri B 2016	Negotiable Certificate of Deposits Negotiable Certificate of Deposits	2 Oktober/ October 2, 2017 26 Maret/ March 26, 2018	7,20% tetap/ fixed 7,60% tetap/ fixed	PT Bank Negara Indonesia Tbk Phases II Series A 2016 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
Tahap II Seri A 2017	Negotiable Certificate of Deposits	15 Maret/ March 15, 2018	7,55% tetap/ fixed	Phases II Series A 2017
Lembaga Pembiayaan Eksport Indonesia Tahap I 2014 Seri C	Obligasi/Bonds	5 Juni/ June 5, 2017	9,25% tetap/ fixed	Lembaga Pembiayaan Eksport 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 Kereta Api Indonesia (Persero) Tahun 2017 Seri A	Obligasi/Bonds	21 November/ November 21, 2022	7,75% tetap/ fixed	PT Kereta Api Indonesia (Persero) Year 2017 Series A
PT Timah (Persero) Tbk Tahap I Tahun 2017	Obligasi/Bonds	28 September/ September 28, 2020	8,50% tetap/ fixed	PT Timah (Persero) Tbk Phase I 2017
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
Tahap III Seri A 2017	Obligasi/Bonds	24 Agustus/ August 24, 2020	7,60% tetap/ fixed	Phase III Series A 2017
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 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

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8. EFEK-EFEK (lanjutan)

b. Jatuh tempo dan suku bunga (lanjutan)

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 Perusahaan Listrik Negara (Persero) <i>Sukuk Ijarah II 2007</i>	Obligasi/Bonds	10 Juli/ July 10, 2017	10,40%	PT Perusahaan Listrik Negara (Persero) <i>Sukuk Ijarah II 2007</i>
<i>Sukuk Ijarah IV 2010</i>	Obligasi/Bonds	12 Januari/ January 12, 2020	12,55%	<i>Sukuk Ijarah IV 2010</i>
<i>Sukuk Tahap II 2017 Seri A</i>	Obligasi/Bonds	3 November/ November 3, 2022	7,20% tetap/ fixed	<i>Sukuk Phase II Series A</i> 2017
<i>Sukuk Tahap II 2017 Seri B</i>	Obligasi/Bonds	3 November/ November 3, 2027	8,20% tetap/ fixed	<i>Sukuk Phase II Series B</i> 2017
PT Bank Mandiri (Persero) Tbk Tahap I Seri A 2016	Obligasi/Bonds	30 September/ September 30, 2021	7,95% tetap/ fixed	PT Bank Mandiri (Persero) Tbk <i>Phase I Series A 2016</i>
Tahap II Seri D 2017	Obligasi/Bonds	15 Juni/ June 15, 2020	7,80% tetap/ fixed	<i>Phase II Series D 2017</i>
Seri 2A 2016	Negotiable Certificate of Deposits	21 Desember/ December 21, 2017	7,55% tetap/ fixed	<i>Series 2A 2016</i>
PT Mandiri Taspen Pos Tahap I 2017 Seri A	Obligasi/Bonds	11 Juli/ July 11, 2020	8,50% tetap/ fixed	PT Mandiri Taspen Pos <i>Phase I Series A 2017</i>
PT Indonesia Power KIK EBA IP PLN	Efek Beragunan Aset/ Asset Backed Securities	19 September/ September 19, 2022	8,25%	PT Indonesia Power KIK EBA IP PLN
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

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8. EFEK-EFEK (lanjutan)

b. Jatuh tempo dan suku bunga (lanjutan)

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
<i>Rupiah (lanjutan)</i>				
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
EBA - SP – BTN03 Kelas B	Efek Beragunan Aset / Asset Backed Securities	7 Juli/ July 7, 2029	Arus kas tidak tetap/ Variable cash flows	EBA - SP – BTN03 Class B
EBA - SP – BTN03 Kelas A	Efek Beragunan Aset / Asset Backed Securities	28 April/ April 28, 2019	8,00%	EBA – SP – BTN03 Class A

c. Berdasarkan sisa umur hingga jatuh tempo
(efek-efek yang dimiliki hingga jatuh tempo)

c. Remaining period to maturity (held-to-maturity securities)

	31 Desember December 31, 2017	31 Desember December 31, 2016	
≤ 1 tahun	13.233	28.002	≤ 1 year
> 1 tahun ≤ 5 tahun	51.553	66.474	> 1 year ≤ 5 years
> 5 tahun ≤ 10 tahun	180.000	181.701	> 5 years ≤ 10 years
> 10 tahun	2.000	22.000	> 10 years
	246.786	298.177	

d. Peringkat

Daftar peringkat efek-efek seperti yang dilaporkan oleh PT Pemeringkat Efek Indonesia adalah sebagai berikut:

d. Rating

The ratings of securities, as reported by PT Pemeringkat Efek Indonesia, are as follows:

Penerbit	Jenis/ Type	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	Issuer
PT Bank OCBC NISP Tbk Tahap II Seri C 2015 Tahap I Seri A 2016 Tahap I Seri B 2016	Obligasi/Bonds Obligasi/Bonds Obligasi/Bonds	idAAA - idAAA	idAAA idAAA idAAA	PT Bank OCBC NISP Tbk Phase II Series C 2015 Phase I Series A 2016 Phase I Series B 2016
PT Bank CIMB Niaga Tbk Tahap I Seri A 2016	Obligasi/Bonds	-	idAAA	PT Bank CIMB Niaga Tbk Phase I Series A 2016
PT Bank UOB Indonesia Tahap II Seri A 2016	Obligasi/Bonds	-	idAAA	PT Bank UOB Indonesia Phase II Series A 2016
PT Bank Maybank Indonesia Tbk Tahap II Seri B 2012	Obligasi/Bonds	-	idAAA	PT Bank Maybank Indonesia Tbk Phase II Series B 2012

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8. EFEK-EFEK (lanjutan)

d. Peringkat (lanjutan)

Daftar peringkat efek-efek seperti yang dilaporkan oleh PT Pemeringkat Efek Indonesia adalah sebagai berikut: (lanjutan)

Penerbit	Jenis/ Type	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	Issuer
PT Berlian Laju Tanker Tbk Seri III 2007 Sukuk Ijarah 2007	Obligasi/Bonds Obligasi/Bonds	idD (Sy)	idD idD (Sy)	PT Berlian Laju Tanker Tbk Series III 2007 Sukuk Ijarah 2007
Lembaga Pembiayaan Ekspor Indonesia Tahap I 2014 Seri C	Obligasi/Bonds	-	idAAA	Lembaga Pembiayaan Ekspor Indonesia Phase I Series C 2014
PT Pupuk Indonesia (Persero) Tahun 2014 Seri A	Obligasi/Bonds	-	AAA(idn)	PT Pupuk Indonesia (Persero) Year 2014 Series A
PT Bank Rakyat Indonesia (Persero) Tbk Tahap II Seri A 2016 Tahap I Seri A 2016 Tahap II Seri B 2016 Tahap III Seri B 2016 Tahap I 2016 Tahap III Seri A 2017	Obligasi/Bonds Obligasi/Bonds Obligasi/Bonds Obligasi/Bonds Medium Term Notes Obligasi/Bonds	- - idAAA idAAA - idAAA	idAAA idAAA idAAA idAAA idAAA -	PT Bank Rakyat Indonesia (Persero) Tbk Phase II Series A 2016 Phase I Series A 2016 Phase II Series B 2016 Phase III Series B 2016 Phase I 2016 Phase III Series A 2017
PT Bank Mandiri (Persero) Tbk Tahap I Seri A 2016 Tahap II Seri D 2017	Obligasi/Bonds Obligasi/Bonds	idAAA idAAA	idAAA -	PT Bank Mandiri (Persero) Tbk Phase I Series A 2016 Phase II Series D 2017
PT Mandiri Taspen Pos Tahap I Seri A 2017	Obligasi/Bonds	AA(idn)	-	PT Mandiri Taspen Pos Phase I Series A 2017
PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah II 2007 Sukuk Ijarah IV 2010 Sukuk Tahap II 2017 Seri A Sukuk Tahap II 2017 Seri B	Obligasi/Bonds Obligasi/Bonds Obligasi/Bonds Obligasi/Bonds	- idAAA(Sy) idAAA(sy) idAAA(sy)	idAAA(Sy) idAAA(Sy) - -	PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah II 2007 Sukuk Ijarah IV 2010 Sukuk Phase II 2017 Series A Sukuk Phase II 2017 Series B
PT BPD Sulawesi Selatan dan Barat (Sulselbar) Sukuk Mudharabah II 2016	Obligasi/Bonds	idA+(sy)	idA+(sy)	PT BPD Sulawesi Selatan and Barat (Sulselbar) Sukuk Mudharabah II 2016
PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015	Obligasi/Bonds	idA(sy)	idA(sy)	PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015
PT BPD Jawa Tengah MTN Mudharabah I 2017	Medium Term Notes	idAA-(sy)	-	PT BPD Jawa Tengah MTN Mudharabah I 2017
PT BPD Jawa Barat dan Banten Tbk Tahap II 2016	Medium Term Notes	idAA-	idAA-	PT BPD Jawa Barat and Banten Tbk Phase II 2016
PT Bank Tabungan Pensiunan Nasional Tbk Tahap II Tahun 2017	Obligasi/Bonds	AAA(idn)	-	PT Bank Tabungan Pensiunan Nasional Tbk Phase II Year 2017
PT Timah (Persero) Tbk Tahun 2017	Obligasi/Bonds	idA+	-	PT Timah (Persero) Tbk Year 2017 Series A
PT Kereta Api Indonesia (Persero) Tahap I 2017	Obligasi/Bonds	idAAA	-	PT Kereta Api Indonesia (Persero) Phase I 2017
PT Indonesia Power KIK EBA IP PLN	Efek Beragunan Aset/ Asset Backed Securities	idAAA(sf)	-	PT Indonesia Power Phase I 2017

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8. EFEK-EFEK (lanjutan)

d. Peringkat (lanjutan)

Daftar peringkat efek-efek seperti yang dilaporkan oleh PT Pemeringkat Efek Indonesia adalah sebagai berikut: (lanjutan)

Penerbit	Jenis/ Type	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	Issuer
KIK - EBA BTN 05 - KPR BTN Kelas A1	Efek Beragun Aset- KPR/Residential	idAAA	idAAA	Securities KIK EBA BTN 05 - KPR BTN Class A1
EBA - SP -BTN 02 KPR BTN Kelas A	Efek Beragun Aset- KPR/Residential	idAAA	idAAA	EBA - SP - BTN 02 KPR BTN Class A
EBA - SP -BTN 03 KPR BTN Kelas A	Efek Beragun Aset- KPR/Residential	idAAA	-	EBA - SP - BTN 03 KPR BTN Class A

e. Kolektibilitas

Kolektibilitas efek-efek adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Lancar	7.602.315	4.121.506	Current
Dalam Perhatian Khusus	68.724	39.940	Special Mention
Kurang Lancar	4.545	2.614	Substandard
Diragukan	7.372	3.401	Doubtful
Macet	37.998	18.680	Loss
Total	7.720.954	4.186.141	Total
Cadangan kerugian penurunan nilai	(14.923)	(14.441)	Allowance for impairment losses
Neto	7.706.031	4.171.700	Net

f. Perubahan cadangan kerugian penurunan nilai efek-efek adalah sebagai berikut:

	31 Desember December 31, 2017	31 Desember/ December 31, 2016	
Rupiah			Rupiah
Saldo awal tahun	14.441	12.001	Balance at beginning of year
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 34)	482	2.440	Provision for impairment losses during the year (Note 34)
Saldo akhir	14.923	14.441	Balance at end

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 Rp294.486 dan Rp218.091, masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 yang disajikan dalam akun "Keuntungan dari penjualan efek-efek - neto" di laporan laba rugi dan penghasilan komprehensif lain.

e. Collectibility

The collectability of securities are as follows:

f. The movements in the allowance for impairment losses on securities are as follows:

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 Rp294,486 and Rp218,091, for the year ended December 31, 2017 and 2016, respectively, which is presented in the statement of profit or loss and other comprehensive income as "Gain on sale of securities - net".

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8. EFEK-EFEK (lanjutan)

- h. Bank mengakui keuntungan yang belum direalisasi-neto dari kenaikan nilai efek-efek untuk nilai wajar melalui laba rugi sebesar Rp8.145 dan Rp6.443, masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, yang disajikan dalam akun "Keuntungan yang belum direalisasi dari perubahan nilai wajar efek-efek-neto" di laporan laba rugi dan penghasilan komprehensif lain.
- i. Nilai pasar efek-efek yang diklasifikasikan sebagai "Nilai Wajar melalui laporan Laba Rugi dan Tersedia untuk Dijual" pada tanggal 31 Desember 2017 dan 2016, masing-masing berkisar dari 84,39% sampai dengan 106,50% dan 82,60% sampai dengan 103,03%.
- j. Bank mengakui keuntungan dan kerugian yang belum direalisasi bersih (setelah pajak tangguhan) sebesar Rp17.425 dan Rp3.586 dari perubahan nilai wajar efek-efek yang tersedia untuk dijual masing-masing pada posisi 31 Desember 2017 dan 2016 dalam akun keuntungan dan kerugian neto yang belum direalisasi atas efek-efek dan obligasi pemerintah yang tersedia untuk dijual, setelah pajak tangguhan net dalam laporan posisi keuangan.
- k. Mutasi kerugian efek-efek tersedia untuk dijual yang belum direalisasi adalah sebagai berikut:

	31 Desember/ December 31, 2017	
Saldo awal tahun	(3.586)	
Rugi yang belum direalisasi yang diakui di ekuitas	21.543	
Jumlah yang direalisasi ke laba rugi	6.472	
Efek pajak	(7.004)	
Saldo akhir tahun	17.425	

	31 Desember/ December 31, 2016	
Saldo awal tahun	(1.675)	<i>Balance at beginning of year</i>
Rugi yang belum direalisasi yang diakui di ekuitas	(7.167)	<i>Unrealized loss recognized in equity</i>
Jumlah yang direalisasi ke laba rugi	4.619	<i>Amount realized to profit or loss</i>
Efek pajak	637	<i>Tax effect</i>
Saldo akhir tahun	(3.586)	<i>Balance at end of year</i>

- l. Terdapat investasi surat - surat berharga dengan pihak - pihak berelasi sebesar Rp1.188.742 dan Rp998.812, masing-masing pada tanggal 31 Desember 2017 dan 2016 (Catatan 44).
- m. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 47.

- l. As of December 31, 2017 and 2016, investments in securities with related parties amounted to Rp1,188,742 and Rp998,812, respectively (Note 44).
- m. Information with respect to classification of impaired and not impaired financial assets are disclosed in Note 47.

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9. OBLIGASI PEMERINTAH

a. Berdasarkan mata uang dan jenis

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Pihak berelasi			Related parties
<u>Nilai wajar melalui laba rugi</u>			<u>Fair value through profit or loss</u>
<u>Rupiah</u>			<u>Rupiah</u>
Tingkat bunga tetap			Fixed interest rate
ORI 14	148.827	-	ORI 14
FR 0074	36.806	-	FR 0074
FR 0070	33.283	-	FR 0070
FR 0053	21.458	-	FR 0053
FR 0061	20.783	9.751	FR 0061
FR 0076	10.261	-	FR 0076
ORI 13	3.178	4.650	ORI 13
SR 0009	2.759	-	SR 0009
SR 0007	997	5.515	SR 0007
ORI 12	103	726	ORI 12
SR 0008	103	18.426	SR 0008
FR 0059	-	18.877	FR 0059
FR 0068	-	10.055	FR 0068
FR 0069	-	10.065	FR 0069
ORI 11	-	1.105	ORI 11
SR 0006	-	1.470	SR 0006
	<hr/> 278.558	<hr/> 80.640	
 <i>Zero Coupon Bonds</i>			 <i>Zero Coupon Bonds</i>
SPN 03170307	-	989.431	SPN 03170307
SPN 03170209	-	19.874	SPN 03170209
	<hr/> -	<hr/> 1.009.305	
	<hr/> 278.558	<hr/> 1.089.945	
 Mata uang asing			 Foreign Currencies
<u>Dolar Amerika Serikat</u>			<u>United States Dollar</u>
Tingkat bunga tetap			Fixed interest rate
INDON 2023N	81.027	-	INDON 2023N
INDOIS 2027	55.924	-	INDOIS 2027
INDON 2027	41.812	27.079	INDON 2027
INDON 2028N	40.618	-	INDON 2028N
INDON 2022	-	13.555	INDON 2022
	<hr/> 219.381	<hr/> 40.634	
	<hr/> 497.939	<hr/> 1.130.579	
 Tersedia untuk dijual			 Available-for-sale
<u>Rupiah</u>			<u>Rupiah</u>
Tingkat bunga tetap			Fixed interest rate
ORI 013	303.516	292.989	ORI 013
FR 0064	233.227	253.494	FR 0064
FR 0065	58.300	126.927	FR 0065
FR 0062	57.494	65.478	FR 0062
SR 0008	31.045	-	SR 0008
FR 0070	22.188	10.197	FR 0070
FR 0056	11.258	20.534	FR 0056
FR 0073	-	20.917	FR 0073
FR 0053	-	20.507	FR 0053
FR 0059	-	42.372	FR 0059
	<hr/> 717.028	<hr/> 853.415	
 <i>Zero Coupon Bonds</i>			 <i>Zero Coupon Bonds</i>
SPN 12170804	-	192.488	SPN 12170804
SPN 12170302	-	257.443	SPN 12170302
SPN 12170106	-	194.934	SPN 12170106
SPN 12170203	-	49.745	SPN 12170203
	<hr/> -	<hr/> 694.610	

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9. OBLIGASI PEMERINTAH (lanjutan)

a. Berdasarkan mata uang dan jenis (lanjutan)

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
Tersedia untuk dijual (lanjutan)			Available-for-sale (continued)
Rupiah (lanjutan)			<i>Rupiah (continued)</i>
Tingkat bunga mengambang			<i>Floating interest rate</i>
VR 0031	1.088.775	1.092.756	VR 0031
VR 0028	807.560	799.476	VR 0028
VR 0029	704.693	701.436	VR 0029
VR 0027	559.468	555.199	VR 0027
VR 0026	383.262	379.558	VR 0026
Obligasi Syariah Negara			<i>Government Sharia Bond</i>
PBS 013	25.229	-	PBS 013
PBS 011	8.889	-	PBS 011
PBS 014	4.252	-	PBS 014
	3.582.128	3.528.425	
Mata uang asing			Foreign Currencies
Dolar Amerika Serikat			<i>United States Dollar</i>
Tingkat bunga tetap			<i>Fixed interest rate</i>
INDON 2047N	57.953	-	INDON 2047N
	57.953	-	
	4.357.109	5.076.450	
Dimiliki hingga jatuh tempo			Held-to-maturity
Rupiah			<i>Rupiah</i>
Tingkat bunga tetap			<i>Fixed interest rate</i>
ORI 012	607.086	607.283	ORI 012
FR 0063	290.101	284.449	FR 0063
FR 0053	247.456	246.867	FR 0053
FR 0056	214.838	214.487	FR 0056
FR 0070	125.090	124.530	FR 0070
FR 0034	66.569	68.116	FR 0034
FR 0066	35.594	34.548	FR 0066
FR 0069	12.712	12.511	FR 0069
ORI 011	-	199	ORI 011
	1.599.446	1.592.990	
Tingkat Bunga mengambang			<i>Floating interest rate</i>
VR 0031	1.123.940	1.123.563	VR 0031
VR 0029	199.865	199.789	VR 0029
Obligasi Syariah Negara			<i>Government Sharia Bond</i>
IFR 0002	50.011	50.029	IFR 0002
Sukuk Negara			<i>Sukuk Negara</i>
SR 0007	559	555	SR 0007
SR 0006	-	245	SR 0006
	1.374.375	1.374.181	
	2.973.821	2.967.171	
Mata uang asing			Foreign Currencies
Dolar Amerika Serikat			<i>United States Dollar</i>
Tingkat bunga tetap			<i>Fixed interest rate</i>
INDON 2018	203.877	-	INDON 2018
INDON 2019	60.318	-	INDON 2019
INDOIS 2019	35.461	-	INDOIS 2019
INDOIS 2021	27.774	27.764	INDOIS 2021
INDOIS 2018	27.674	28.073	INDOIS 2018
INDON 2017	-	13.602	INDON 2017
	355.104	69.439	
	3.328.925	3.036.610	
Total	8.183.973	9.243.639	Total

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9. OBLIGASI PEMERINTAH (lanjutan)

- b. Berdasarkan jatuh tempo dan suku bunga

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate	Description
<u>Nilai wajar melalui laporan laba rugi</u>			
Rupiah			<u>Fair value through profit or loss</u>
Tingkat bunga tetap			<u>Rupiah</u>
ORI 011	15 Oktober/ October 15, 2017	8,50% tetap/ fixed	Fixed interest rate
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
ORI 014	15 Oktober/ October 15, 2020	5,85% tetap/ fixed	ORI 014
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
SR 0009	10 Maret/ March 10, 2020	6,90% tetap/ fixed	SR 0009
FR 0053	15 Juli/ July 15, 2021	8,25% tetap/ fixed	FR 0053
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
FR 0074	15 Agustus/ August 15, 2032	7,50% tetap/ fixed	FR 0074
Zero Coupon Bonds			<u>Zero Coupon Bonds</u>
SPN	Beragam/ Various	Beragam/ Various	<u>SPN</u>
Dolar Amerika Serikat			<u>United States Dollar</u>
Tingkat bunga tetap			Fixed interest rate
INDON 2027	18 Juli/ July 18, 2027	3,85% tetap/ fixed	INDON 2027
INDOIS 2027	29 Maret/ March 29, 2027	4,15% tetap/ fixed	INDOIS 2027
INDON 2023N	11 Januari/ January 11, 2023	2,95% tetap/ fixed	INDON 2023N
INDON 2028	11 Januari/ January 11, 2028	3,50% tetap/ fixed	INDON 2028
INDON 2022	8 Januari/ January 8, 2022	3,70% tetap/ fixed	INDON 2022
<u>Tersedia untuk dijual</u>			
Rupiah			<u>Available-for-sale</u>
Tingkat bunga tetap			<u>Rupiah</u>
ORI 013	15 Oktober/ October 15, 2019	6,60% tetap/ fixed	Fixed interest rate
SR 008	10 Maret/ March 10, 2019	8,30% tetap/ fixed	ORI 013
FR 0053	15 Juli/ July 15, 2021	8,25% tetap/ fixed	SR 008
FR 0056	15 September/ September 15, 2026	8,38% tetap/ fixed	FR 0053
FR 0059	15 April/ April 15, 2027	7,00% tetap/ fixed	FR 0056
FR 0062	15 April/ April 15, 2042	6,38% tetap/ fixed	FR 0059
FR 0064	15 Mei/ May 15, 2028	6,13% tetap/ fixed	FR 0062
Obligasi Syariah Negara			<u>Government Sharia Bonds</u>
PBS 013	15 Mei/ May 15, 2019	6,25% tetap/ fixed	PBS 013
PBS 011	15 Agustus/ August 15, 2023	8,75% tetap/ fixed	PBS 011
PBS 014	15 Mei/ May 15, 2021	6,50% tetap/ fixed	PBS 014

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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
Tersedia untuk dijual (lanjutan)			
Rupiah (lanjutan)			<i>Available-for-sale (continued)</i>
Tingkat bunga tetap (lanjutan)			<i>Rupiah (continued)</i>
FR 0065	15 Mei/ May 15, 2033	6,63% tetap/ fixed	Fixed interest rate (continued)
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
Tingkat bunga mengambang			<i>Floating interest rate</i>
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
Zero Coupon Bonds			<i>Zero Coupon Bonds</i>
SPN	Beragam/ Various	Beragam/ Various	SPN
Dimiliki hingga jatuh tempo			
Rupiah			<i>Held-to-maturity</i>
Tingkat bunga tetap			<i>Rupiah</i>
FR 0034	15 Juni/ June 15, 2021	12,80% tetap/ fixed	Fixed interest rate
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 0063	15 Mei/ May 15, 2023	5,63% tetap/ fixed	FR 0063
FR 0066	15 Mei/ May 15, 2018	5,25% tetap/ fixed	FR 0066
FR 0069	15 April/ April 15, 2019	7,88% tetap/ fixed	FR 0069
FR 0070	15 Maret/ March 15, 2024	8,38% tetap/ fixed	FR 0070
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
Tingkat bunga mengambang			<i>Floating interest rate</i>
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
Obligasi Syariah Negara			<i>Government Sharia Bond</i>
IFR 0002	15 Agustus/ August 15, 2018	11,95% tetap/ fixed	IFR 0002
Sukuk Negara			<i>Sukuk Negara</i>
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

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9. OBLIGASI PEMERINTAH (lanjutan)

- b. Berdasarkan jatuh tempo dan suku bunga (lanjutan)

Keterangan	Tanggal jatuh tempo/ <i>Maturity date</i>	Suku Bunga/ <i>Interest Rate</i>	Description
<u>Dimiliki hingga jatuh Tempo (lanjutan)</u>			<u>Held-to-maturity (continued)</u>
<u>Dolar Amerika Serikat</u>			<u>United States Dollar</u>
<u>Tingkat bunga tetap</u>			<u>Fixed interest rate</u>
INDON 2017	9 Maret/ <i>March 9, 2017</i>	6,88% tetap/ <i>fixed</i>	INDON 2017
INDON 2019	4 Maret/ <i>March 4, 2019</i>	11,63% tetap/ <i>fixed</i>	INDON 2019
INDOIS 2018	21 November/ <i>November 21, 2018</i>	4,00% tetap/ <i>fixed</i>	INDOIS 2018
INDOIS 2019	15 Maret/ <i>March 15, 2019</i>	6,13% tetap/ <i>fixed</i>	INDOIS 2019
INDOIS 2021	29 Maret/ <i>March 29, 2021</i>	3,40% tetap/ <i>fixed</i>	INDOIS 2021
INDON 2018	29 Januari/ <i>January 29, 2018</i>	6,88% tetap/ <i>fixed</i>	INDON 2018

Obligasi pemerintah (tersedia untuk dijual) sejumlah nominal Rp1.570.000, masing-masing pada tanggal 31 Desember 2017 dan 31 Desember 2016, telah dijual dengan janji dibeli kembali (Catatan 21).

Pembayaran kupon obligasi pemerintah dengan tingkat bunga tetap dan mengambang masing-masing dibayarkan tiap semester dan triwulan.

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 95,50% sampai dengan 110,94% dan 77,26% sampai dengan 104,59% masing-masing pada tanggal 31 Desember 2017 dan 2016.

Kerugian yang belum direalisasi akibat penurunan nilai wajar obligasi pemerintah yang tersedia untuk dijual (setelah pajak tangguhan) pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp39.167 dan Rp111.981, yang disajikan dalam akun "Kerugian neto yang belum direalisasi atas obligasi pemerintah yang tersedia untuk dijual setelah pajak tangguhan" pada ekuitas dalam laporan posisi keuangan.

As of December 31, 2017 and December 31, 2016, government bonds (available-for-sale) with nominal amounts of Rp1,570,000, respectively, were sold under repurchase agreements (Note 21).

Coupon payments of government bonds with fixed and floating interest rates are payable semi-annualy 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 95.50% to 110.94% and 77.26% to 104.59% of nominal amounts as of December 31, 2017 and 2016 respectively.

As of December 31, 2017 and 2016, the unrealized loss due to the decrease in the fair value of available-for-sale government bonds (after deferred tax) amounted to Rp39,167 and Rp111,981, respectively, which are presented as "Net-unrealized losses on available-for-sale government bonds net of deferred tax" in the equity section of the statement of financial position.

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9. OBLIGASI PEMERINTAH (lanjutan)

Mutasi kerugian obligasi pemerintah tersedia untuk dijual yang belum direalisasi adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Saldo awal tahun	(111.981)	(132.015)	<i>Balance at beginning of year</i>
Laba yang belum direalisasi yang diakui di ekuitas	96.308	17.821	<i>Unrealized gain recognized in equity</i>
Jumlah yang direalisasi ke laba rugi	777	8.891	<i>Amount realized to profit or loss</i>
Efek pajak	(24.271)	(6.678)	<i>Tax effect</i>
Saldo akhir tahun	(39.167)	(111.981)	<i>Balance at end of year</i>

Bank mengakui keuntungan bersih atas penjualan obligasi pemerintah masing-masing sebesar Rp101.934 dan Rp54.430, untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016, yang disajikan dalam akun "Keuntungan dari penjualan obligasi pemerintah - neto" di laporan laba rugi dan penghasilan komprehensif lain.

Bank mengakui kerugian dan keuntungan yang belum direalisasi-neto atas perubahan nilai wajar obligasi pemerintah melalui laba rugi sebesar Rp1.801 dan Rp3.507 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, yang disajikan dalam akun "Keuntungan (Kerugian) yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto" di laporan laba rugi dan penghasilan komprehensif lain.

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 2017 dan 2016, Bank merupakan satu-satunya pihak yang memegang unit reksadana tersebut.

9. GOVERNMENT BONDS (continued)

Movements in unrealized loss on available-for-sale government bonds are as follows:

The Bank recognized net gain on sale of government bonds amounting to Rp101,934 and Rp54,430 for the year ended December 31, 2017 and 2016, 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 loss and gain-net from the change in fair value of government bonds classified as fair value through profit or loss amounting to Rp1,801 and Rp3,507 for the year ended December 31, 2017 and 2016, respectively, which is presented in the statement of profit and loss in other comprehensive income as "Unrealized gain (loss) from change in fair value of government bonds - net".

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, 2017 and 2016, the Bank is the only party who holds the mutual fund unit.

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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:

a. Jenis Kredit dan Pembiayaan/Piutang Syariah

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. Types of Loans and Sharia Financing/Receivables

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Konvensional			Conventional
Konsumsi			Consumer
Pemilikan rumah (KPR)	132.353.301	108.473.513	Housing loan
Non-kepemilikan rumah	10.744.816	11.048.739	Non-housing loan
	<hr/> 143.098.117	<hr/> 119.522.252	
Modal kerja	30.881.041	24.993.038	Working capital
Investasi	5.183.895	4.239.938	Investment
Sindikasi	78.057	78.801	Syndicated
Direksi dan karyawan			Directors and employees
- Pihak ketiga	1.673.333	1.311.095	Third parties -
- Pihak yang berelasi	88.340	76.836	Related parties -
	<hr/> 181.002.783	<hr/> 150.221.960	
Syariah			Sharia
Konsumsi			Consumer
Pemilikan rumah (KPR)	12.819.467	9.485.871	Housing loan
Non-kepemilikan rumah	280.094	368.405	Non-housing loan
	<hr/> 13.099.561	<hr/> 9.854.276	
Modal kerja	4.315.861	3.755.961	Working capital
Investasi	571.965	613.858	Investment
Direksi dan karyawan			Directors and employees
- Pihak yang berelasi	411	326	Related parties -
	<hr/> 17.987.798	<hr/> 14.224.421	
Total	198.990.581	164.446.381	Total
Dikurangi cadangan kerugian penurunan nilai	(2.355.987)	(2.116.034)	Less allowance for impairment losses
Neto	196.634.594	162.330.347	Net

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10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH (lanjutan)

b. Sektor Ekonomi

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Konvensional			Conventional
Perumahan	168.467.003	139.656.263	Property
Konstruksi	5.569.783	4.018.020	Construction
Jasa usaha	3.462.806	2.491.346	Business service
Perdagangan, restoran, dan hotel	1.557.731	1.684.382	Trading, restaurant and hotel
Jasa-jasa sosial	836.737	892.096	Social service
Transportasi, Pergudangan, dan Komunikasi	202.793	173.478	Transportation, warehousing, and communication
Manufaktur	153.708	202.443	Manufacturing
Pertambangan	164.435	200.941	Mining
Listrik, gas dan air	128.923	37.981	Electricity, gas and water
Pertanian	63.377	82.488	Farming
Lain-lain*)	395.487	782.522	Other*)
	181.002.783	150.221.960	
Syariah			Sharia
Perumahan	12.819.486	9.485.914	Property
Jasa usaha	2.233.304	2.348.097	Business service
Konstruksi	2.935.008	2.390.410	Construction
	17.987.798	14.224.421	
Total	198.990.581	164.446.381	Total
Dikurangi cadangan kerugian penurunan nilai	(2.355.987)	(2.116.034)	Less allowance for impairment losses
Neto	196.634.594	162.330.347	Net

*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

*) Consists of household and other economic sectors

c. Kolektibilitas

	31 Desember/December 31, 2017			31 Desember/December 31, 2016		
	Nilai tercatat/ Carrying amount	Cadangan kerugian penurunan nilai/ Allowance for impairment losses		Nilai tercatat/ Carrying amount	Cadangan kerugian penurunan nilai/ Allowance for impairment losses	
Konvensional						
Individual						
Lancar	169.074	27.422		76.902	76.901	Conventional
Dalam perhatian khusus	88.359	31.432		38.743	38.743	Individual
Kurang lancar	-	-		4.836	1.614	Current
Diragukan	20.618	19.587		5.164	976	Special mention
Macet	378.942	265.495		437.899	251.838	Substandard
	656.993	343.936		563.544	370.072	Doubtful
Kolektif						Loss
Lancar	159.592.404	13.536		129.939.825	9.993	Collective
Dalam perhatian khusus	16.036.307	9.425		15.633.457	12.713	Current
Kurang lancar	200.870	1.155		218.410	1.756	Special mention
Diragukan	308.091	5.238		312.162	5.652	Substandard
Macet	4.208.118	1.651.271		3.554.562	1.324.749	Doubtful
	180.345.790	1.680.625		149.658.416	1.354.863	Loss
Syariah						
Lancar	16.485.799	212.623		12.946.390	166.971	Sharia
Dalam perhatian khusus	1.330.565	84.599		1.134.820	174.510	Current
Kurang lancar	35.541	1.655		36.745	6.670	Special mention
Diragukan	19.821	2.905		15.560	1.284	Substandard
Macet	116.072	29.644		90.906	41.664	Doubtful
	17.987.798	331.426		14.224.421	391.099	Loss
Total	198.990.581	2.355.987		164.446.381	2.116.034	Total

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10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH (lanjutan)

- d. Transaksi dengan pihak-pihak berelasi

	<i>31 Desember/ December 31, 2017</i>	<i>31 Desember/ December 31, 2016</i>	
Konvensional			Conventional
Konsumsi			Consumer
Pemilikan rumah (KPR)	4.292	4.272	Housing Loan
Non-kepemilikan rumah	93.358	420.922	Non-housing loan
	<hr/> 97.650	<hr/> 425.194	
Modal Kerja	4.195.370	1.585.383	Working capital
Investasi	119.945	31.734	Investment
Sindikasi	78.057	78.801	Syndicated
	<hr/> 4.491.022	<hr/> 2.121.112	
Syariah			Sharia
Konsumsi			Consumer
Pemilikan rumah (KPR)	19	43	Housing Loan
Non- kepemilikan rumah	392	283	Non-housing loan
	<hr/> 411	<hr/> 326	
Total	4.491.433	2.121.438	Total

- e. Jangka waktu (sesuai dengan perjanjian kredit dan pembiayaan/piutang syariah)

	<i>31 Desember/ December 31, 2017</i>	<i>31 Desember/ December 31, 2016</i>	
Konvensional			Conventional
≤ 1 tahun	2.683.103	1.812.580	≤ 1 year
> 1 tahun ≤ 2 tahun	2.833.512	1.926.387	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	16.134.245	16.490.235	> 2 years ≤ 5 years
> 5 tahun	159.351.923	129.992.758	> 5 years
	<hr/> 181.002.783	<hr/> 150.221.960	
Syariah			Sharia
≤ 1 tahun	210.251	137.540	≤ 1 year
> 1 tahun ≤ 2 tahun	1.885.546	1.552.346	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	2.652.691	2.756.627	> 2 years ≤ 5 years
> 5 tahun	13.239.310	9.777.908	> 5 years
	<hr/> 17.987.798	<hr/> 14.224.421	
Total	198.990.581	164.446.381	Total
Dikurangi Cadangan kerugian penurunan nilai	(2.355.987)	(2.116.034)	Less allowance for impairment losses
Neto	196.634.594	162.330.347	Net

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10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH (lanjutan)

f. Sisa Umur Jatuh Tempo

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Konvensional			Conventional
≤ 1 tahun	12.460.834	10.431.543	≤ 1 year
> 1 tahun ≤ 2 tahun	8.720.032	7.357.219	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	20.125.611	18.520.767	> 2 years ≤ 5 years
> 5 tahun	139.696.306	113.912.431	> 5 years
	<hr/>	<hr/>	
	181.002.783	150.221.960	
Syariah			Sharia
≤ 1 tahun	2.688.741	2.316.243	≤ 1 year
> 1 tahun ≤ 2 tahun	1.719.455	1.403.582	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	1.529.458	1.745.688	> 2 years ≤ 5 years
> 5 tahun	12.050.144	8.758.908	> 5 years
	<hr/>	<hr/>	
	17.987.798	14.224.421	
Total	198.990.581	164.446.381	Total
Dikurangi Cadangan kerugian penurunan nilai	(2.355.987)	(2.116.034)	Less Allowance for impairment losses
Neto	196.634.594	162.330.347	Net
	<hr/>	<hr/>	

g. Informasi pokok lainnya

- i. Termasuk di dalam kredit yang diberikan adalah pembiayaan/piutang syariah yang diberikan dengan rincian sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Piutang Murabahah	12.033.936	9.079.308	Murabahah receivables
Pembiayaan Musyarakah	3.952.369	3.154.014	Musyarakah financing
Piutang Istishna	1.090.406	780.494	Istishna receivables
Pembiayaan Mudharabah	795.318	1.013.242	Mudharabah financing
Pinjaman qardh	115.769	197.363	Funds of qardh
	<hr/>	<hr/>	
Total	17.987.798	14.224.421	Total
Dikurangi Cadangan kerugian penurunan nilai	(331.426)	(391.099)	Less Allowance for impairment losses
Neto	17.656.372	13.833.322	Net
	<hr/>	<hr/>	

- ii. Tingkat suku bunga rata-rata per tahun untuk kredit konsumen sebesar 12,29% dan 12,68% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016. Tingkat suku bunga rata-rata per tahun untuk kredit komersial masing-masing sebesar 11,46% dan 12,36% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016.

g. Other significant information

- i. Loans include sharia financing/receivables with details, as follows:

- ii. Average annual interest rates for consumer loans are 12.29% and 12.68% for the year ended December 31, 2017 and 2016, respectively. Average annual interest rates for commercial loans are 11.46% and 12.36% for the year ended December 31, 2017 and 2016, respectively.

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10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH (lanjutan)

g. Informasi pokok lainnya (lanjutan)

- iii. Kredit konsumsi terdiri dari kredit pemilikan rumah (KPR) dan kredit yang berkaitan dengan perumahan. Pada tanggal 31 Desember 2017 dan 2016, KPR masing-masing sebesar RpNihil dan Rp595.025 telah dijadikan jaminan pinjaman yang diterima dari PT Sarana Multigriya Finansial (Persero) (SMF) (pihak berelasi).
- 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 17, 18 dan 19).
- 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. 19 tanggal 10 Oktober 2016 dan Akta Cessie No. 40 tanggal 31 Oktober 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.

- 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. 47 tanggal 17 April 2017 dan Akta Cessie No. 97 tanggal 28 April 2017.

Nilai KPR yang dijual tersebut adalah sebesar Rp1.000.000 yang terdiri dari 11.237 debitur dengan harga jual sebesar nilai pokok KPR pada tanggal cut-off final (10 April 2017). Penjualan ini memenuhi kriteria penjualan putus karena risiko dan manfaat atas kepemilikan KPR telah dialihkan kepada pembeli.

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10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)

g. Other significant information (continued)

- iii. Consumer loans consist of housing loans and other housing-related loans. As of December 31, 2017 and 2016, housing loans amounted to RpNil and Rp595,025, respectively, are used as collateral for loans obtained from PT Sarana Multigriya Finansial (Persero) (SMF) (related party).
- 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 17, 18 and 19).
- v. 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.

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.

- vi. The Bank has sold and transferred its housing loans (KPR) to PT Sarana Multigriya Finansial (Persero) based on sale-purchase deed No. 47 dated April 17, 2017 and Deed of Cessie No. 97 dated April 28, 2017.

The principal amount of KPR sold is amounted to Rp1,000,000 which consists of 11,237 debtors with selling price same as principal amount of KPR as of final cut off date (April 10, 2017). 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/ PIUTANG SYARIAH (lanjutan)

g. Informasi pokok lainnya (lanjutan)

- 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 periode yang berakhir pada tanggal 31 Desember 2017 dan 2016 sebesar 4,97% dan 5,89%, dengan jangka waktu berkisar antara 1 sampai dengan 15 tahun. Kredit ini akan 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 Rp175.858 dan Rp224.398 pada tanggal 31 Desember 2017 dan 2016 (Catatan 15).
- viii. Kredit yang diberikan dan pembiayaan/ piutang syariah kepada pihak-pihak berelasi pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp4.491.433 dan Rp2.121.438 (Catatan 44). 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 2017 dan 2016 adalah sebesar 2,26% dan 1,29%.
- ix. Perubahan cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah adalah sebagai berikut:

	<i>31 Desember/ December 31, 2017</i>	<i>31 Desember/ December 31, 2016</i>	
Saldo awal tahun	2.116.034	2.050.578	<i>Balance at beginning of year</i>
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 34)	883.450	705.188	<i>Provision for impairment losses during the year (Note 34)</i>
Penerimaan kembali kredit yang telah dihapusbukukan Penghapusbukuan kredit	21.872 (665.369)	19.489 (659.221)	<i>Recovery of loans written-off Loans written-off</i>
Saldo akhir tahun	2.355.987	2.116.034	<i>Balance at the end of year</i>

10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)

g. Other significant information (continued)

- 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 4.97% and 5.89%, for year ended December 31, 2017 and 2016, with term ranging from 1 to 15 years. This loan will be repaid through employee deduction salary. 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 Rp175,858 and Rp224,398 as of December 31, 2017 and 2016, respectively (Note 15).
- viii. As of December 31, 2017 and 2016, the outstanding balances of loans and sharia financing/receivables from related parties amounted to Rp4,491,433 and Rp2,121,438, respectively (Note 44). As of December 31, 2017 and 2016, the percentage of loans and sharia financing/receivables from related parties represent approximately 2.26% and 1.29%, 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:

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10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH (lanjutan)

g. Informasi pokok lainnya (lanjutan)

- ix. Perubahan cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah adalah sebagai berikut (lanjutan):

Termasuk di dalam saldo cadangan kerugian adalah cadangan kerugian pembiayaan/piutang syariah sebesar Rp331.426 dan Rp391.099, masing-masing pada tanggal 31 Desember 2017 dan 2016.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah yang dibentuk telah memadai.

- x. 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.
- xi. Dalam laporan Bank ke OJK disebutkan bahwa pada tanggal 31 Desember 2017 dan 2016, Bank telah mematuhi ketentuan Batas Maksimum Pemberian Kredit (BMPK), baik terhadap pihak-pihak berelasi maupun kepada pihak yang tidak berelasi.
- xii. 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:

10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)

g. Other significant information (continued)

- ix. The movements in the allowance for impairment losses on loans and sharia financing/receivables are as follows (continued):

As of December 31, 2017 and 2016, the balance of allowance for impairment losses includes allowance for impairment losses on sharia financing/receivables amounting to Rp331,426 and Rp391,099, respectively.

Management believes that the amount of allowance for impairment losses on the loans and sharia financing/receivables is adequate.

- x. 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.

- xi. Based on the report submitted by the Bank to OJK as of December 31, 2017 and 2016, the Bank is in compliance with the legal lending limit (BMPK) regulations, both for the related and non-related party borrowers.

- xii. 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/ PIUTANG SYARIAH (lanjutan)

g. Informasi pokok lainnya (lanjutan)

- xii. 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)

Kolektibilitas	31 Desember/December 31, 2017		31 Desember/December 31, 2016		Collectability
	Konvensional/ Conventional	Syariah/ Sharia	Konvensional/ Conventional	Syariah/ Sharia	
Kurang Lancar	200.870	35.541	223.246	36.745	Substandard
Diragukan	328.709	19.821	317.326	15.560	Doubtful
Macet	4.587.061	116.072	3.992.461	90.906	Loss
	5.116.640	171.434	4.533.033	143.211	
Cadangan kerugian Penurunan nilai atas NPL/NPF	(1.942.746)	(34.204)	(1.586.585)	(49.618)	Allowance for impairment losses for NPL/NPF
	3.173.894	137.230	2.946.448	93.593	
Kredit yang diberikan dan pembiayaan/piutang syariah	181.002.783	17.987.798	150.221.960	14.224.421	Loans and sharia financing/ receivables
% Non-performing kredit yang diberikan dan pembiayaan/piutang syariah - Gross (Gross NPL/NPF)	2,83%	0,95%	3,02%	1,01%	% 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)	1,75%	0,76%	1,96%	0,66%	% 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.

Rasio NPL/NPF Gross (total konvensional dan syariah) adalah 2,66% dan 2,84% masing-masing pada tanggal 31 Desember 2017 dan 2016.

Rasio NPL/NPF Neto (total konvensional dan syariah) adalah 1,66% dan 1,85% masing-masing pada tanggal 31 Desember 2017 dan 2016.

10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)

g. Other significant information (continued)

- xii. 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)

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.

The Gross NPL/NPF Ratio (total conventional and sharia) is 2.66% and 2.84% as of December 31, 2017 and 2016, respectively.

The Net NPL/NPF Ratio (total conventional and sharia) is 1.66% and 1.85% as of December 31, 2017 and 2016, respectively.

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10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH (lanjutan)

g. Informasi pokok lainnya (lanjutan)

- xiii. Kredit yang diberikan dan pembiayaan/ piutang syariah *non-performing* berdasarkan sektor ekonomi:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Konvensional			Conventional
Perumahan	4.091.898	3.471.625	Property
Perdagangan, restoran dan hotel	356.155	372.193	Trading, restaurant and hotel
Konstruksi	267.103	310.859	Construction
Jasa Usaha	117.573	90.271	Business service
Manufaktur	52.485	61.973	Manufacturing
Jasa-jasa sosial	67.776	35.383	Social service
Pertanian	45.120	47.561	Farming
Transportasi, Pergudangan, dan Komunikasi	9.622	46.269	Transportation, warehousing, and communication
Pertambangan	32.388	23.462	Mining
Listrik, gas dan air	904	94	Electricity, gas and water
Lain-lain*)	75.615	73.343	Other*)
	5.116.639	4.533.033	
Syariah			Sharia
Perumahan	53.628	49.152	Property
Jasa usaha	94.861	78.662	Business service
Konstruksi	22.945	15.397	Construction
	171.434	143.211	
Total	5.288.073	4.676.244	Total
Dikurangi cadangan kerugian penurunan nilai	(1.976.950)	(1.636.204)	Less allowance for impairment losses
Neto	3.311.123	3.040.040	Net

*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

*) Consists of household and other economic sectors

- xiv. Rasio cadangan kerugian penurunan nilai kredit *non-performing* terhadap total kredit *non-performing* adalah 37,39% dan 34,99% masing-masing pada tanggal 31 Desember 2017 dan 2016.

xiv. The ratio of NPL's allowance for impairment losses to total NPL share 37,39% and 34,99% as of December 31, 2017 and 2016, respectively.

- xv. Rasio kredit usaha kecil (KUK) terhadap total kredit adalah sebesar 0,11% dan 0,34% masing-masing pada tanggal 31 Desember 2017 dan 2016.

xv. The ratio of small-scale enterprise loans to total loans is 0,11% and 0,34% as of December 31, 2017 and 2016, respectively.

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10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH (lanjutan)

g. Informasi pokok lainnya (lanjutan)

- xvi. 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% (tidak diaudit) dari jumlah kredit sindikasi masing-masing pada tanggal 31 Desember 2017 dan 2016.
- xvii. Kredit dan pembiayaan/piutang syariah yang direstrukturisasi berdasarkan kolektibilitas dan sektor ekonomi (tidak diaudit):

10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)

g. Other significant information (continued)

- xvi. Syndicated loans represent loans provided to customers under syndication agreements with other banks. As of December 31, 2017 and 2016, the Bank's share as a co-lender in syndicated loans is 6.00% (unaudited) for each, respectively, of the total syndicated loans.

- xvii. Restructured loans and sharia financing/receivables by collectibility and economic sector (unaudited):

31 Desember/December 31, 2017						
	Lancar/ Current	Dalam perhatian khusus/ Special mention	Kurang lancar/ Substandard	Diragukan/ Doubtful	Macet/ Loss	Total
Perumahan	4.757.649	5.077.376	106.608	91.829	761.758	10.795.220
Konstruksi	668.060	186.595	12.472	2.720	52.103	921.950
Perdagangan, restoran dan hotel	321.938	102.845	970	41	252.858	678.652
Jasa usaha	472.490	172.982	11.257	5.408	30.070	692.207
Listrik, gas dan air	13.788	-	-	-	-	13.788
Jasa-jasa sosial	68.447	12.517	-	3.617	34.770	119.351
Manufaktur	4.781	4.852	-	753	4.807	15.193
Pertambangan	11.378	11.544	-	10.227	15.667	48.816
Transportasi, pergudangan dan komunikasi	1.531	41.934	-	-	3.039	46.504
Pertanian	9.377	873	-	-	-	10.250
Lain-lain*)	4.214	13.014	323	30	3.524	21.105
Total	6.333.653	5.624.532	131.630	114.625	1.158.596	13.363.036

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
Konstruksi	483.044	196.403	330	5.164	23.335	708.276
Jasa usaha	227.768	189.202	13.400	723	6.597	437.690
Perdagangan, restoran dan hotel	113.993	164.594	2.646	21	66.046	347.300
Listrik, gas dan air	11.599	-	-	-	-	11.599
Pertambangan	197	23.578	-	-	4.765	28.540
Transportasi, pergudangan dan komunikasi	45.618	9.529	-	-	2.277	57.424
Jasa-jasa sosial	32.258	30.901	-	-	5.026	68.185
Pertanian	2.314	437	-	-	1.941	4.692
Manufaktur	4.908	4.599	-	85	1.236	10.828
Lain-lain*)	5.905	4.609	107	323	2.019	12.963
Total	3.220.596	4.496.734	81.456	67.143	515.646	8.381.575

*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

*) Consists of household and other economic sectors

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g. Informasi pokok lainnya (lanjutan)

xviii. Pada tanggal 31 Desember 2017 dan 2016, Bank memiliki saldo kredit yang dihapusbukukan masing-masing sebesar Rp2.217.692 dan Rp1.713.935. Ikhtisar mutasi kredit hapus buku adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Saldo awal tahun	1.713.935	1.252.630	<i>Balance at beginning of year</i>
Penghapusbukuan selama tahun berjalan	665.369	659.221	<i>Write-off during the current year</i>
Penerimaan kembali kredit yang telah dihapusbukukan	(161.612)	(197.916)	<i>Recovery of loans written-off</i>
Saldo akhir tahun	2.217.692	1.713.935	<i>Balance at the end of year</i>

xix. Jumlah minimum cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah, yang wajib dibentuk sesuai dengan ketentuan Otoritas Jasa Keuangan adalah sebesar Rp3.809.133 dan Rp3.407.281, masing-masing pada tanggal 31 Desember 2017 dan 2016.

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 47.

10. LOANS AND SHARIA FINANCING RECEIVABLES (continued)

g. Other significant information (continued)

xviii. The Bank has loans written-off as of December 31, 2017 and 2016 amounted to Rp2,217,692 and Rp1,713,935, respectively. The summary of the movements of the loans written-off is as follows:

xix. Minimum allowance for impairment losses for loans and sharia financing receivables required by Financial Service Authority amounted to Rp3,809,133 and Rp3,407,281 as of December 31, 2017 and 2016, 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 47.

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11. TAGIHAN AKSEPTASI

Rincian tagihan akseptasi kepada nasabah adalah sebagai berikut:

a. Berdasarkan Jenis dan Mata Uang

Rupiah
Pihak Berelasi
Surat Kredit Berdokumen
Dalam Negeri (SKBDN)
Total

11. ACCEPTANCES RECEIVABLE

The details of acceptances receivable from customers are as follows:

a. *By Type and Currency*

<i>31 Desember/ December 31, 2017</i>	<i>Rupiah</i>
	<i>Related Parties</i>
	<i>Domestic Document</i>
	<i>Letter of Credit</i>
	Total

b. Berdasarkan Kolektibilitas

Pada tanggal-tanggal 31 Desember 2017, semua tagihan akseptasi diklasifikasikan sebagai Lancar.

c. Berdasarkan Jangka Waktu

b. *By Collectibility*

All acceptances receivable were classified as current as of December 31, 2017.

c. *By Period*

<i>31 Desember/ December 31, 2017</i>	<i>≤ 1 month</i>	<i>> 1 month – 3 months</i>	<i>> 3 months – 1 year</i>	Total
≤ 1 bulan	5.277			
> 1 bulan – 3 bulan	863			
> 3 bulan – 1 tahun	1.941			
Total	8.081			

Bank melakukan penilaian atas penurunan nilai tagihan akseptasi secara individual dengan adanya bukti obyektif penurunan nilai.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai tidak diperlukan pada tanggal 31 Desember 2017, karena Manajemen berkeyakinan bahwa tagihan akseptasi dapat ditagih.

The Bank assessed acceptance receivables individually for impairment based on whether an objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2017, because Management believes that acceptances receivable are fully collectible.

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12. PENYERTAAN SAHAM

Rincian penyertaan saham adalah sebagai berikut

31 Desember/December 31, 2017				
Nama Perusahaan	Jenis usaha/ Type of business	Persentase kepemilikan/ Percentage of ownership	Nilai tercatat/ Carrying value	Company name
PT Berlian Laju Tengker Tbk	Jasa pelayaran angkutan laut	0.01%	270	PT Berlian Laju Tengker Tbk
Cadangan kerugian penurunan nilai			(270)	Allowances for impairment losses

Pada tanggal 6 Maret 2017, Bank memperoleh penyertaan saham dikarenakan *debt to equity swap* obligasi yang dilakukan perusahaan terkait. Bank melakukan penilaian atas penurunan nilai penyertaan saham secara individual dengan adanya bukti obyektif penurunan nilai.

Pada tanggal 31 Desember 2017 semua penyertaan diklasifikasikan macet.

Perubahan cadangan kerugian penurunan nilai saham adalah sebagai berikut:

31 Desember/ December 31, 2017		
Saldo awal	-	Beginning balance
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 34)	270	Provision for impairment losses during the year (Note 34)
Saldo Akhir	270	Ending Balance

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas penyertaan saham yang dibentuk telah memadai.

Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 47.

On March 6, 2017, Bank acquired investment in shares because of the debt to equity swap of the entity. Bank assessed investment in shares individually for impairment based on whether an objective evidence of impairment exists.

As of December 31, 2017, all investment in associated entities are classified as loss.

The movements in the allowance for impairment losses on investment in shares are as follows:

Management believes that the allowance for impairment losses provided on investment in shares is adequate.

Information with respect to classification of impaired and not impaired of financial assets are disclosed in Note 47.

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13. ASET TETAP

Akun ini terdiri dari:

13. PREMISES AND EQUIPMENT

This account consists of:

<i>31 Desember/December 31, 2017</i>				
	<i>Saldo Awal/ Beginning Balance</i>	<i>Penambahan/ Reklasifikasi/ Additions/ Reclassifications</i>	<i>Pengurangan/ Reklasifikasi/ Deductions/ Reclassifications</i>	<i>Saldo Akhir/ Ending Balance</i>
Biaya/nilai revaluasi				Cost/evaluation value
Tanah	3.579.861	92	-	Land
Bangunan	1.174.514	182.289	2.094	Buildings
Peralatan kantor dan kendaraan bermotor	1.751.407	205.720	11.015	Office furniture, fixtures and motor vehicle
	6.505.782	388.101	13.109	
Aset dalam penyelesaian	51.550	15.464	6.855	Constructions in progress
	6.557.332	403.565	19.964	
Akumulasi Penyusutan				Accumulated Depreciation
Bangunan	444.222	57.679	1.105	Buildings
Peralatan kantor dan kendaraan bermotor	1.453.731	158.109	9.022	Office furniture, fixtures and motor vehicles
	1.897.953	215.788	10.127	
Nilai Buku Neto	4.659.379		4.837.319	Net Book Value

<i>31 Desember/December 31, 2016</i>				
	<i>Saldo Awal/ Beginning Balance</i>	<i>Penambahan/ Reklasifikasi* / Additions/ Reclassifications</i>	<i>Pengurangan/ Reklasifikasi/ Deductions/ Reclassifications</i>	<i>Saldo Akhir/ Ending Balance</i>
Biaya/nilai revaluasi				Cost/evaluation value
Tanah	537.559	3.042.845	543	Land
Bangunan	1.051.747	125.856	3.089	Buildings
Peralatan kantor dan kendaraan bermotor	1.575.241	180.832	4.666	Office furniture, fixtures and motor vehicle
	3.164.547	3.349.533	8.298	
Aset dalam penyelesaian	72.740	88.464	109.654	Constructions in progress
	3.237.287	3.437.997	117.952	
Akumulasi Penyusutan				Accumulated Depreciation
Bangunan	392.181	52.444	403	Buildings
Peralatan kantor dan kendaraan bermotor	1.291.705	166.958	4.932	Office furniture, fixtures and motor vehicles
	1.683.886	219.402	5.335	
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

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13. ASET TETAP (lanjutan)

Jumlah penyusutan aset tetap yang dibebankan pada Periode yang berakhir pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp215.788 dan Rp219.402 (Catatan 35).

Nilai tercatat bruto dari aset tetap yang telah didepresiasi penuh oleh Bank namun masih digunakan masing-masing adalah sebesar Rp569.556 dan Rp100.824 pada tanggal 31 Desember 2017 dan 2016 (tidak diaudit).

Hak atas tanah terdiri dari hak milik dan hak guna bangunan. Manajemen berpendapat bahwa jangka waktu hak atas tanah dapat diperbarui 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 2017 dan 2016 masing-masing sebesar Rp 2.137.434 dan Rp2.049.722.

Persentase tingkat penyelesaian aset dalam penyelesaian pada tanggal 31 Desember 2017 dan 2016 berkisar antara 60% sampai dengan 75%.

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13. PREMISES AND EQUIPMENT (continued)

Depreciation of premises and equipment charged to operations amounted to Rp215,788 and Rp219,402, for the year ended December 31, 2017 and 2016, respectively (Note 35).

The gross carrying amount of the Bank's fully depreciated premises and equipment that are still in use amounted to Rp569,556 and Rp100,824 as of December 31, 2017 and 2016, respectively (unaudited).

Landrights 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.

The 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, 2017 and 2016 amounted to Rp2,137,434 and Rp2,049,722, respectively.

The percentage of completion of the constructions in progress as of December 31, 2017 and 2016, is approximately 60% and to 75%

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13. ASET TETAP (lanjutan)

Penilaian atas tanah dilakukan oleh penilai independen eksternal KJPP Immanuel, Johnny, dan Rekan melalui laporannya pada tanggal 19 April 2016. Penilaian dilakukan sesuai dengan dan tunduk kepada ketentuan-ketentuan dari Kode Etik Penilaian Indonesia (KEPI) dan Standar Penilaian Indonesia serta Peraturan No. VIII.C.4 tentang Pedoman Penilaian dan Penyajian Laporan Penilaian di Pasar Modal, 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.

Informasi mengenai penilaian kembali aset tetap untuk kelompok aset tanah yang dilakukan Bank adalah sebagai berikut:

Nilai Buku sebelum Revaluasi/ Carrying Amount Before Revaluation	Nilai Buku setelah Revaluasi/ Carrying Amount after Revaluation	Keuntungan/(Kerugian) Revaluasi/ Gain/(Loss) Revaluation		
Tanah 537.559	3.580.298	3.042.739		Land

Kenaikan nilai tercatat yang timbul dari revaluasi dicatat sebagai "Surplus Revaluasi Aset Tetap", dan disajikan dalam penghasilan komprehensif lain sebesar 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.

Jika tanah dicatat sebesar harga perolehan, maka pada tanggal 31 Desember 2017 dan 2016 adalah sebesar Rp537.214 dan Rp537.559.

13. PREMISES AND EQUIPMENT (continued)

The valuations of land are performed by the external independent appraisers KJPP Immanuel, Johnny, dan Rekan through its report dated April 19, 2016. Appraisals are performed based on Indonesian Appraisers Ethics Code and Indonesian Appraise Standards, and regulation No. VIII.C.4 concerning the guidance on valuation and presentation for the appraisal report on the capital market 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.

Information on the revaluation of land 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.

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.

If land is recorded on historical cost basis, the amount as of December 31, 2017 and 2016, would be Rp537,214 and Rp537,559.

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13. ASET TETAP (lanjutan)

Nilai wajar hak atas tanah termasuk pada hirarki nilai wajar level 3.

Tidak ada aset tetap yang dimiliki Bank yang dijadikan jaminan pada tanggal-tanggal 31 Desember 2017 dan 2016.

Manajemen berpendapat bahwa tidak terdapat penurunan nilai aset tetap dan jumlah nilai pertanggungan asuransi cukup untuk menutup risiko kerugian yang mungkin timbul atas aset tetap pada tanggal-tanggal 31 Desember 2017 dan 2016.

14. BUNGA YANG MASIH AKAN DITERIMA

Akun ini terdiri dari:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Kredit yang diberikan	2.189.968	1.760.054	Loans
Obligasi pemerintah	77.036	82.076	Government bonds
Efek-efek dan penempatan pada bank lain	29.436	22.699	Securities and placement with other Banks
Total	2.296.440	1.864.829	Total

15. ASET LAIN-LAIN

Akun ini terdiri dari:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
<u>Pihak ketiga</u>			<u>Third party</u>
Tagihan kepada pihak ketiga	1.241.497	1.237.495	Third party receivables
Biaya dibayar di muka	660.106	545.949	Prepaid expenses
Beban yang ditangguhkan untuk pinjaman karyawan (Catatan 10g)	175.858	224.398	Deferred expense for employee loan (Note 10g)
Agunan yang diambil alih	77.591	77.591	Foreclosed collateral
Uang muka pajak (Catatan 39)	413.079	10.652	Prepaid taxes (Note 39)
Aset <i>Istishna</i> dalam penyelesaian	273	812	<i>Istishna</i> assets in progress
Lainnya	119.927	92.181	Others
Total	2.688.331	2.189.078	Total

13. PREMISES AND EQUIPMENT (continued)

The fair value of landrights included in the fair value hierarchy as level 3.

As of December, 31 2017 and 2016, there are no fixed assets owned by the Bank which are pledged as collateral.

Management believes that there is no impairment in value of premises and equipments and the amount of insurance coverage is adequate to cover the risk of loss that may arise on the premises and equipments as of December 31, 2017 and 2016.

14. INTERESTS RECEIVABLE

This account consists of:

15. OTHER ASSETS

This account consists of:

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15. ASET LAIN-LAIN (lanjutan)

Tagihan kepada pihak ketiga merupakan tagihan kepada nasabah dan pihak lainnya seperti tagihan kepada Pemerintah Republik Indonesia (Perumpera), 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.

Berdasarkan surat Kementerian Pekerjaan Umum dan Perumahan Rakyat No. UM.01.03-Dp/374 tanggal 23 Desember 2016, tagihan Fasilitas Likuiditas Pembiayaan Perumahan (FLPP) dari Bank atas KPR Sejahtera FLPP tahun 2015 dikonversi menjadi subsidi bunga. Pada tanggal 31 Desember 2017 dan 2016, tagihan Bank kepada Pemerintah Republik Indonesia terkait transaksi tersebut masing-masing sebesar Rp80.419 dan Rp351.684 yang termasuk dalam tagihan kepada pihak ketiga.

16. LIABILITAS SEGERA

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Kewajiban kepada pihak ketiga			<i>Third party payables</i>
Hutang pajak	2.037.322	1.778.551	<i>Taxes payable</i>
Pajak penghasilan			<i>Income tax</i>
Pasal 29 (Catatan 39)	100.801	95.756	<i>Article 29 (Note 39)</i>
Pasal 4 (2)	97.729	80.730	<i>Article (4) 2</i>
Pasal 25		46.861	<i>Article 25</i>
Pajak pertambahan nilai	8.200	18.679	<i>Value added tax</i>
Pasal 21	27.151	17.236	<i>Article 21</i>
Bagi hasil yang belum dibagikan	28.037	23.347	<i>Undistributed profit sharing</i>
Deposito berjangka jatuh tempo	501.036	9.578	<i>Matured time deposits</i>
Bunga atas deposito berjangka namun belum diambil nasabah	8.503	5.960	<i>Interest on time deposits not collected by customers</i>
Lainnya	5.095	5.188	<i>Others</i>
Total	2.813.874	2.081.886	Total

Kewajiban kepada pihak ketiga termasuk dana titipan notaris untuk penyelesaian dokumen kredit dan kewajiban pembayaran transaksi ATM.

15. OTHER ASSETS (continued)

Third party receivables represent receivables from customers and other parties such as the receivables from the Government of the Republic of Indonesia, (Perumpera) 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.

Based on a letter from the Ministry of Public Works and Public Housing No. UM.01.03-Dp/374 dated December 23, 2016, the Bank's FLPP receivable from KPR Sejahtera FLPP 2015 was converted to interest subsidy. On December 31, 2017 and 2016, the Bank's bills to the Government of the Republic of Indonesia on such transactions amounting to Rp80,419 and Rp351,684, respectively, are included in Third Party Receivables.

16. LIABILITIES DUE IMMEDIATELY

Third party payables include notarial fund for settlement of low document and liability for payment of ATM transaction.

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17. GIRO

Akun ini terdiri dari:

	31 Desember/December 31, 2017			31 Desember/December 31, 2016	
	Jumlah nominal mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah nominal mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
Pihak ketiga					<i>Third parties</i>
Rupiah	576.764	10.819.476	669.693	8.992.846	<i>Rupiah</i>
Dolar Amerika Serikat		7.825		9.022	<i>United States Dollar</i>
		<hr/> 10.827.301		<hr/> 9.001.868	
Pihak berelasi (Catatan 44)					<i>Related parties (Note 44)</i>
Rupiah	1.147.218	41.926.286	24.642	35.903.839	<i>Rupiah</i>
Dolar Amerika Serikat		15.565		332	<i>United States Dollar</i>
		<hr/> 41.941.851		<hr/> 35.904.171	
Total		52.769.152		44.906.039	Total

Pada tanggal 31 Desember 2017 dan 2016, saldo giro termasuk giro yang didasarkan pada prinsip perbankan syariah adalah masing-masing sebesar Rp2.749.326 dan Rp2.262.359.

Tingkat suku bunga rata-rata untuk giro Rupiah adalah sebesar 1,74% dan 1,48% masing-masing tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, dan tingkat suku bunga rata-rata untuk giro Dolar Amerika Serikat adalah sebesar 0,01% dan 0,00% untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016.

Giro yang digunakan sebagai jaminan atas fasilitas kredit yang diberikan oleh Bank pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp10.850 dan RpNil (Catatan 10).

Dana Syirkah Temporer - Giro Mudharabah

a. Berdasarkan jenis produk

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Giro BTN Prima iB	1.885.978	940.016	<i>Giro BTN Prima iB</i>
Total	1.885.978	940.016	Total

As of December 31, 2017 and 2016, demand deposits balance include deposits based on sharia banking principles amounted to Rp 2,749,326 and Rp2,262,359, respectively.

The average annual interest rates for Rupiah demand deposits are 1.74% and 1.48% for the year ended December 31, 2017 and 2016, respectively, and for United States Dollar denominated demand deposits are 0.01% and 0.00% for the year ended December 31, 2017 and 2016, respectively.

Demand deposits amounted to Rp10,850 and RpNil as of December 31, 2017 and 2016, respectively, are pledged as collateral for loans provided by the Bank (Note 10).

Temporary Syirkah Funds - Current Accounts

a. By product

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17. GIRO (lanjutan)

Dana Syirkah Temporer - Giro Mudharabah
(lanjutan)

b. Berdasarkan hubungan

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Pihak Ketiga	1.731.342	910.943	<i>Third Parties</i>
Pihak Berelasi (Catatan 44)	154.636	29.073	<i>Related Party (Note 44)</i>
Total	1.885.978	940.016	Total

Nisbah dan tingkat bagi hasil rata-rata untuk giro Mudharabah untuk tahun yang berakhir pada 31 Desember 2017 dan 2016 adalah sebagai berikut:

The average rate of ratio and profit sharing for Mudharabah current accounts for the year ended December 31, 2017 and 2016 are as follows:

	2017	
	<i>Nisbah (%)/ Ratio (%)</i>	<i>Tingkat bagi hasil (%)/ Profit sharing rate (%)</i>
Giro Mudharabah	14 : 86	1.83%

Mudharabah current accounts

	2016	
	<i>Nisbah (%)/ Ratio (%)</i>	<i>Tingkat bagi hasil (%)/ Profit sharing rate (%)</i>
Giro Mudharabah	14 : 86	1.97%

Mudharabah current accounts

18. TABUNGAN

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Rupiah			<i>Rupiah</i>
Tabungan Batara	38.217.936	32.776.835	<i>Batara savings deposits</i>
Tabungan Batara Wadiyah	622.401	567.791	<i>Batara Wadiyah savings deposits</i>
Total	38.840.337	33.344.626	Total

Pada tanggal 31 Desember 2017 dan 2016, saldo tabungan termasuk tabungan yang didasarkan pada prinsip perbankan syariah masing-masing sebesar Rp622.401 dan Rp567.791.

18. SAVINGS DEPOSITS

As of December 31, 2017 and 2016, savings deposits balance include savings deposits based on sharia banking principles amounted to Rp622,401 and Rp567,791.

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18. TABUNGAN (lanjutan)

Tingkat suku bunga rata-rata untuk tabungan sebesar 3,75% dan 4,22% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016.

Tabungan yang digunakan sebagai jaminan atas fasilitas kredit yang diberikan oleh Bank pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp1.193.113 dan Rp776.397 (Catatan 10).

Tabungan Batara dan wadiyah dari pihak-pihak berelasi pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp546.944 dan Rp389.497 (Catatan 44).

Dana Syirkah Temporer - Tabungan Mudharabah

a. Berdasarkan jenis produk

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Tabungan BTN Prima iB	2.017.946	1.389.226	Tabungan BTN Prima iB
Tabungan BTN Haji & Umroh iB	86.040	91.009	Tabungan BTN Haji & Umroh iB
Tabungan Qurban BTN iB	1.754	1.347	Tabungan Qurban BTN iB
Tabungan BTN Emas iB	502	-	Tabungan BTN Emas iB
Total	2.106.242	1.481.582	Total

b. Berdasarkan hubungan

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Pihak Ketiga	1.905.085	1.480.391	Third Parties
Pihak Berelasi (Catatan 44)	201.157	1.191	Related Party (Note 44)
Total	2.106.242	1.481.582	Total

Tabungan Mudharabah merupakan simpanan dana pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan Bank atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

18. SAVINGS DEPOSITS (continued)

The average annual interest rates for savings deposits are 3.75% and 4.22%, for the year ended December 31, 2017 and 2016, respectively.

Savings deposits amounted to Rp1,193,113 and Rp776,397 as of December 31, 2017 and 2016, respectively, are pledged as collateral for loans provided by the Bank to its customers (Note 10).

As of December 31, 2017 and 2016, Batara and wadiyah savings deposits from depositors who are related parties of the Bank amounted to Rp546,944 and Rp389,497, respectively (Note 44).

Temporary Syirkah Funds – Mudharabah Savings Deposits

a. By product

b. By relationship

Mudharabah savings deposits represent deposits from third parties who receive a share in the revenue derived by the Bank from the use of such funds based on a pre-determined and pre-agreed ratio.

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18. TABUNGAN (lanjutan)

Dana Syirkah Temporer - Tabungan Mudharabah (lanjutan)

Nisbah dan tingkat bagi hasil rata-rata untuk tabungan *Mudharabah* untuk periode dan tahun yang berakhir pada 31 Desember 2017 dan 2016 adalah sebagai berikut:

		2017		
		Nisbah (%) / Ratio (%)	Tingkat bagi hasil (%) / Profit sharing rate (%)	
Tabungan BTN Prima iB	25 : 75	3,26%		Tabungan BTN Prima iB
Tabungan BTN Haji & Umroh iB	15,5 : 84,5	2,02%		Tabungan BTN Haji & Umroh iB
Tabungan Qurban BTN iB	15,5 : 84,5	2,02%		Tabungan Qurban BTN iB
Tabungan BTN Emas iB	25 : 75	3,26%		Tabungan BTN Emas iB

		2016		
		Nisbah (%) / Ratio (%)	Tingkat bagi hasil (%) / Profit sharing rate (%)	
Tabungan BTN Prima iB	25 : 75	3,52%		Tabungan BTN Prima iB
Tabungan BTN Haji & Umroh iB	15,5 : 84,5	2,18%		Tabungan BTN Haji & Umroh iB
Tabungan Qurban BTN iB	15,5 : 84,5	2,18%		Tabungan Qurban BTN iB

19. DEPOSITO BERJANGKA

- a. Tingkat suku bunga rata-rata per tahun untuk deposito berjangka adalah sebagai berikut:

		2017	2016	
Rupiah				Rupiah
1 bulan		5,80%	6,01%	1 month
3 bulan		5,93%	6,24%	3 months
6 bulan		5,69%	6,09%	6 months
12 bulan		5,42%	6,35%	12 months
24 bulan		6,28%	6,94%	24 months
Dolar Amerika Serikat		0,32%	0,05%	<i>United States Dollar</i>

19. TIME DEPOSITS

- a. Average annual interest rates for time deposits are as follows:

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19. DEPOSITO BERJANGKA (lanjutan)

- b. Rincian deposito berjangka berdasarkan mata uang dan jangka waktu kontrak:

	31 Desember/December 31, 2017		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	Jumlah nosional mata uang asing/ <i>Notional amount in foreign currencies</i> (angka penuh/ <i>full amount</i>)	Ekuivalen/ <i>Equivalent</i> Rupiah
Rupiah				Rupiah
1 bulan	40.561.063		33.593.333	1 month
3 bulan	20.444.161		16.971.244	3 months
6 bulan	7.736.325		3.838.964	6 months
12 bulan	3.035.715		2.085.437	12 months
24 bulan	13.336.814		12.818.702	24 months
	85.114.078		69.307.680	
Dolar Amerika Serikat				United States Dollar
1 bulan	26.183.252	355.241	16.077.340	1 month
3 bulan	921.079	12.497	931.872	3 months
12 bulan	8.538	116	8.538	12 months
	367.854		229.273	
Total	85.481.932		69.536.953	Total

- c. Rincian deposito berjangka berdasarkan mata uang dan sisa umur hingga jatuh tempo:

	31 Desember/ December 31, 2017		31 Desember/ December 31, 2016	
	Rupiah		Rupiah	
Rupiah				Rupiah
≤ 1 bulan	50.298.156		41.132.014	≤ 1 month
> 1 bulan ≤ 3 bulan	16.559.741		12.553.375	> 1 month ≤ 3 months
> 3 bulan ≤ 6 bulan	2.975.964		2.607.002	> 3 months ≤ 6 months
> 6 bulan ≤ 12 bulan	14.299.278		651.341	> 6 months ≤ 12 months
> 12 bulan ≤ 24 bulan	980.939		12.363.948	> 12 months ≤ 24 months
	85.114.078		69.307.680	
Dolar Amerika Serikat				United States Dollar
≤ 1 bulan	355.241		216.603	≤ 1 month
> 1 bulan ≤ 3 bulan	12.497		12.555	> 1 month ≤ 3 months
> 6 bulan ≤ 12 bulan	116		115	> 6 months ≤ 12 months
	367.854		229.273	
Total	85.481.932		69.536.953	Total

- c. Details of time deposits by currency and remaining period to maturity are as follows:

	31 Desember/ December 31, 2017		31 Desember/ December 31, 2016	
	Rupiah		Rupiah	
Rupiah				Rupiah
≤ 1 bulan	50.298.156		41.132.014	≤ 1 month
> 1 bulan ≤ 3 bulan	16.559.741		12.553.375	> 1 month ≤ 3 months
> 3 bulan ≤ 6 bulan	2.975.964		2.607.002	> 3 months ≤ 6 months
> 6 bulan ≤ 12 bulan	14.299.278		651.341	> 6 months ≤ 12 months
> 12 bulan ≤ 24 bulan	980.939		12.363.948	> 12 months ≤ 24 months
	85.114.078		69.307.680	
Dolar Amerika Serikat				United States Dollar
≤ 1 bulan	355.241		216.603	≤ 1 month
> 1 bulan ≤ 3 bulan	12.497		12.555	> 1 month ≤ 3 months
> 6 bulan ≤ 12 bulan	116		115	> 6 months ≤ 12 months
	367.854		229.273	
Total	85.481.932		69.536.953	Total

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19. DEPOSITO BERJANGKA (lanjutan)

Pada tanggal 31 Desember 2017 dan 2016, deposito berjangka yang didasarkan pada prinsip perbankan syariah masing-masing sebesar RpNihil.

Deposito berjangka yang dijadikan jaminan atas fasilitas kredit yang diberikan oleh Bank kepada konsumennya pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp1.397.870 dan Rp1.323.948 (Catatan 10).

Deposito berjangka dari pihak-pihak berelasi pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp52.326.084 dan Rp43.226.110 (Catatan 44).

Dana Syirkah Temporer - Deposito Mudharabah

a. Berdasarkan jangka waktu kontrak

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
1 bulan	5.903.565	5.795.382	1 month
3 bulan	4.492.474	3.890.262	3 months
6 bulan	961.585	72.392	6 months
12 bulan	32.454	20.394	12 months
24 bulan	74	71	24 months
Total	11.390.152	9.778.501	Total

b. Berdasarkan sisa umur jatuh tempo

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
≤ 1 bulan	7.680.706	6.412.565	≤ 1 month
> 1 bulan ≤ 3 bulan	3.550.531	3.297.855	> 1 month ≤ 3 months
> 3 bulan ≤ 6 bulan	142.529	59.753	> 3 months ≤ 6 months
> 6 bulan ≤ 12 bulan	16.383	8.257	> 6 months ≤ 12 months
> 12 bulan ≤ 24 bulan	3	71	> 12 months ≤ 24 months
Total	11.390.152	9.778.501	Total

19. TIME DEPOSITS (continued)

As of December 31, 2017 and 2016, time deposits based on sharia banking principles amounted to RpNil, respectively.

As of December 31, 2017 and 2016, time deposits amounted to Rp1,397,870 and Rp1,323,948, respectively, are pledged as collateral for loans provided by the Bank to its customers (Note 10).

As of December 31, 2017 and 2016, time deposits from depositors who are related parties of the Bank amounted to Rp52,326,084 and Rp43,226,110, respectively (Note 44).

Temporary Syirkah Funds – Mudharabah Time Deposits

a. By contractual period

b. By remaining period to maturity

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
≤ 1 bulan	7.680.706	6.412.565	≤ 1 month
> 1 bulan ≤ 3 bulan	3.550.531	3.297.855	> 1 month ≤ 3 months
> 3 bulan ≤ 6 bulan	142.529	59.753	> 3 months ≤ 6 months
> 6 bulan ≤ 12 bulan	16.383	8.257	> 6 months ≤ 12 months
> 12 bulan ≤ 24 bulan	3	71	> 12 months ≤ 24 months
Total	11.390.152	9.778.501	Total

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19. DEPOSITO BERJANGKA (lanjutan)

Dana Syirkah Temporer - Deposito Mudharabah
(lanjutan)

c. Berdasarkan hubungan

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Pihak Ketiga	6.431.893	5.637.175	<i>Third Parties</i>
Pihak Berelasi (Catatan 44)	4.958.259	4.141.326	<i>Related Party (Note 44)</i>
Total	11.390.152	9.778.501	Total

Deposito mudharabah merupakan investasi pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

Nisbah dan tingkat bagi hasil rata-rata untuk deposito mudharabah untuk periode dan tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	2017		2016		
	<i>Nisbah (%) / Ratio (%)</i>	<i>Tingkat bagi hasil (%)/ Profit sharing rate (%)</i>	<i>Nisbah (%) / Ratio (%)</i>	<i>Tingkat bagi hasil (%)/ Profit sharing rate (%)</i>	
1 bulan	40 : 60	4,24	40 : 60	4,58	1 month
3 bulan	43 : 57	5,61	43 : 57	6,05	3 months
6 bulan	44 : 56	5,74	44 : 56	6,19	6 months
12 bulan	44 : 56	5,74	44 : 56	6,19	12 months
24 bulan	39 : 61	5,09	39 : 61	5,49	24 months

Deposito mudharabah yang dijadikan jaminan atas piutang dan pembiayaan yang diberikan oleh Bank masing-masing berjumlah RpNil pada tanggal 31 Desember 2017.

Mudharabah time deposits represent investment from other parties who receive share in the income derived from the use of such funds based on a predetermined and pre-agreed ratio.

The average rate of ratio and profit sharing for Mudharabah time deposits for the period and year ended 31 December 2017 and 2016, are as follows:

Mudharabah deposits that were used as collateral for the Bank's receivables and financing respectively amounted to RpNil of 31 December 2017.

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20. SIMPANAN DARI BANK LAIN

Tingkat suku bunga rata-rata per tahun untuk simpanan dari bank lain adalah sebagai berikut:

	2017	2016	
Giro	1,30%	2,13%	<i>Demand Deposit</i>
Deposito	4,11%	6,00%	<i>Time Deposits</i>
<i>Inter-bank call money</i>	4,31%	4,70%	<i>Inter-bank call money</i>

Rincian simpanan dari bank lain berdasarkan sisa umur sampai dengan saat jatuh tempo adalah sebagai berikut:

	31 Desember/December 31, 2017					
	≤ 1 bulan/ month	> 1 - 3 bulan/ months	> 3 - 6 bulan/ months	> 6 - 12 bulan/ months	Total	
Rupiah						Rupiah
Deposito	5.040.230	-	-	-	5.040.230	<i>Time deposits</i>
Giro	23.203	-	-	-	23.203	<i>Demand deposits</i>
Total	5.063.433	-	-	-	5.063.433	Total
31 Desember/December 31, 2016						
	≤ 1 bulan/ month	> 1 - 3 bulan/ months	> 3 - 6 bulan/ months	> 6 - 12 bulan/ months	Total	
Rupiah						Rupiah
Deposito	2.830.020	-	52.128	-	2.882.148	<i>Time deposits</i>
Giro	11.740	-	-	-	11.740	<i>Demand deposits</i>
<i>Inter-bank call money</i>	750.000	-	-	-	750.000	<i>Inter-bank call money</i>
Total	3.591.760	-	52.128	-	3.643.888	Total

Simpanan dari bank lain yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar RpNil dan Rp500.000 (Catatan 44).

Pada tanggal 31 Desember 2017 dan 2016 tidak terdapat simpanan dari bank lain yang dijadikan jaminan.

As of December 31, 2017 and 2016, deposits from other banks which are related parties of the Bank amounted to RpNil and Rp500,000, respectively (Note 44).

As of December 31, 2017 and 2016, there are no deposits from other banks which are pledged as collateral.

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20. SIMPANAN DARI BANK LAIN (lanjutan)

Dana *Syirkah* Temporer - Simpanan Dari Bank Lain

Akun ini terdiri dari:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Pihak Ketiga Rupiah			<i>Third Parties Rupiah</i>
Deposito berjangka <i>Mudharabah</i>	378.032	6.320	<i>Time deposits Mudharabah</i>
Giro <i>Mudharabah</i>	2.334	232	<i>Current accounts Mudharabah</i>
Tabungan <i>Mudharabah</i>	1.632	2.294	<i>Saving deposits Mudharabah</i>
Total	381.998	8.846	Total

Simpanan bank lain berdasarkan dana *syirkah* temporer yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2017 dan 2016 sebesar RpNihil.

Tabungan dan giro *Mudharabah* merupakan simpanan dana pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan Bank atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

Deposito *Mudharabah* merupakan investasi pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

Berdasarkan tingkat suku bunga dan bagi hasil per tahun

	2017	2016	
Giro	1,83%	1,97%	<i>Current accounts</i>
Tabungan	3,26%	3,52%	<i>Saving</i>
Deposito berjangka	5,53%	5,96%	<i>Time deposits</i>

20. DEPOSITS FROM OTHER BANKS (continued)

Temporary Syirkah Funds – Deposits From Other Banks

This account consists of:

Deposits from other banks based on temporary syirkah funds which are related parties on the bank as of December 31, 2017 and 2016 amounted to RpNil, respectively.

Mudharabah savings deposits and current account represent deposits from third parties who receive a share in the revenue derived by the Bank from the use of such funds based on a pre-determined and pre-agreed ratio.

Mudharabah time deposits represent investment from other parties who receive share in the income derived from the use of such funds based on a predetermined and pre-agreed ratio.

By annual interest rates and profit sharing

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21. EFEK-EFEK YANG DIJUAL DENGAN JANJI DIBELI KEMBALI

Rincian efek-efek yang dijual dengan janji dibeli kembali dengan pihak ketiga adalah sebagai berikut:

**31 Desember/December 31, 2017 dan/and
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	23 Juli/ July 23, 2020	500.000	-	500.000
Standard Chartered Bank	VR0031	SPN+1,40%	500.000	18 Januari/ January 18, 2011	22 Juli/ July 22, 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

Efek-efek yang dijual dengan janji dibeli kembali yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2017 dan 2016 sebesar RpNihil (Catatan 44).

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The details of securities sold under repurchase agreements with third parties are as follows:

**31 Desember/December 31, 2017 dan/and
31 Desember/December 31, 2016**

As of December 31, 2017 and 2016, securities sold under repurchase agreement with related parties amounted to RpNil (Note 44).

22. LIABILITAS AKSEPTASI

Rincian liabilitas akseptasi kepada nasabah adalah sebagai berikut:

a. Berdasarkan Jenis dan Mata Uang

22. ACCEPTANCES PAYABLE

The details of acceptances payable from customers are as follows:

a. *By Type and Currency*

31 Desember/December 31, 2017		
<u>Rupiah</u> <u>Pihak Berelasi (Catatan 44)</u>	<u>Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)</u>	<u>Ekuivalen/ Equivalent Rupiah</u>
Surat Kredit Berdokumen Dalam Negeri (SKBDN)	-	8.081

b. Berdasarkan Jangka Waktu:

b. By Period

31 Desember/ December 31, 2017		
	<u>≤ 1 bulan</u> <u>> 1 bulan – 3 bulan</u> <u>> 3 bulan – 1 tahun</u>	<u>≤ 1 month</u> <u>> 1 month – 3 month</u> <u>> 3 month – 1 year</u>
Total	8.081	Total

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**23. SURAT-SURAT
DITERBITKAN**

BERHARGA	YANG	31 Desember/ December 31, 2017
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Rupiah

Obligasi Berkelanjutan III Tahap I setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp6.552 dan RpNilil pada tanggal 31 Desember 2017 dan 2016

Pihak ketiga	3.308.160	-
Pihak berelasi (Catatan 44)	1.685.288	-

Obligasi Berkelanjutan II Tahap II setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp2.036 dan Rp2.735 pada tanggal 31 Desember 2017 dan 2016

Pihak ketiga	1.569.934	1.433.692
Pihak berelasi (Catatan 44)	1.428.030	1.563.573

Obligasi Berkelanjutan II Tahap I setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp2.808 dan Rp3.849 pada tanggal 31 Desember 2017 dan 2016

Pihak ketiga	2.057.073	1.936.513
Pihak berelasi (Catatan 44)	940.119	1.059.638

Obligasi Berkelanjutan I Tahap II setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.499 dan Rp1.704 pada tanggal 31 Desember 2017 dan 2016

Pihak ketiga	1.929.553	1.612.625
Pihak berelasi (Catatan 44)	68.948	385.671

Obligasi Berkelanjutan I Tahap I setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp2.136 dan Rp2.524 pada tanggal 31 Desember 2017 dan 2016

Pihak ketiga	1.908.958	1.773.758
Pihak berelasi (Catatan 44)	88.905	223.717

Obligasi BTN XV setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.631 dan Rp2.006 pada tanggal 31 Desember 2017 dan 2016

Pihak ketiga	1.207.483	1.208.133
Pihak berelasi (Catatan 44)	90.886	89.861

Obligasi BTN XIV setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.317 dan Rp1.767 pada tanggal 31 Desember 2017 dan 2016

Pihak ketiga	1.036.672	1.049.375
Pihak berelasi (Catatan 44)	612.011	598.858

23. SECURITIES ISSUED

BERHARGA	YANG	31 Desember/ December 31, 2016
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Rupiah

Shelf Registration Bonds III Phase I net of unamortized issuance cost amounted to Rp6,552 and RpNilil as of December 31, 2017 and 2016, respectively

*Third parties
Related parties (Note 44)*

Shelf Registration Bonds II Phase II net of unamortized issuance cost amounted to Rp2,036 and Rp2,735 as of December 31, 2017 and 2016, respectively

*Third parties
Related parties (Note 44)*

Shelf Registration Bonds II Phase I net of unamortized issuance cost amounted to Rp2,808 and Rp3,849 as of Desember 31, 2017 and 2016, respectively

*Third parties
Related parties (Note 44)*

Shelf Registration Bonds I Phase II net of unamortized issuance cost amounted to Rp1,499 and Rp1,704 as of December 31, 2017 and 2016, respectively

*Third parties
Related parties (Note 44)*

Shelf Registration Bonds I Phase I net of unamortized issuance cost amounted to Rp2,136 and Rp2,524 as of Desember 31, 2017 and 2016, respectively

*Third parties
Related parties (Note 44)*

BTN Bonds XV net of unamortized issuance cost amounted to Rp1,631 and Rp2,006 as of Desember 31, 2017 and 2016, respectively

*Third parties
Related parties (Note 44)*

BTN Bonds XIV net of unamortized issuance cost amounted to Rp1,317 and Rp1,767 as of December 31, 2017 and 2016, respectively

*Third parties
Related parties (Note 44)*

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>
Rupiah (lanjutan)		
<i>Negotiable Certificate of Deposits (NCD)</i>		
setelah dikurangi diskonto		
masing-masing sebesar Rp131.559		
dan Rp61.505 pada tanggal		
31 Desember 2017 dan		
2016		
Pihak ketiga	2.092.001	869.065
Pihak berelasi (Catatan 44)	456.438	1.115.431
Total	20.480.459	14.919.910

a. Obligasi

i. Obligasi Berkelanjutan III Tahap I

Bank menerbitkan Obligasi Berkelanjutan III BTN Tahap I Tahun 2017 dengan jumlah nilai nominal sebesar Rp5.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 8,30%, 8,50%, 8,70% dan 8,90% yang dibayarkan tiap tiga bulanan masing-masing untuk Obligasi Berkelanjutan III Tahap I Seri A, B, C dan Seri D dan akan jatuh tempo masing-masing pada tanggal 13 Juli 2020, 13 Juli 2022, 13 Juli 2024 dan 13 Juli 2027. Penerbitan Obligasi Berkelanjutan III Tahap I tahun 2017 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisioner Otoritas Jasa Keuangan No. S-352/D.04/2017 tanggal 22 Juni 2017.

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.

Pada tanggal 31 Desember 2017, Obligasi Berkelanjutan III BTN Tahap I mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

23. SECURITIES ISSUED (continued)

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
Rupiah (continued)			
<i>Negotiable Certificate of Deposits (NCD)</i>			
net of discounts amounted to			
Rp131,559 and Rp61,505			
as of December 31, 2017			
and 2016, respectively			
Third parties			
Related parties (Note 44)			
Total	20.480.459	14.919.910	Total

a. Bonds

i. Shelf Registration Bonds III Phase I

The Bank issued Shelf Registration Bonds III Phase I of 2017 with a total nominal value of Rp5,000,000, 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 8.30%, 8.50%, 8.70% and 8.90%, payable every three months for Shelf Registration Bonds III Phase I Series A, B, C and D, respectively, and will mature on July 13, 2020, July 13, 2022, July 13, 2024 and July 13, 2027, respectively. The issuance of Shelf Registration Bonds III Phase I of 2017 became effective based on Letter No. S-352/D.04/2017 dated June 22, 2017 of the Commissioner Board of the Financial Services Authority.

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.

As of December 31, 2017, Shelf Registration Bonds III Phase I are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

a. Obligasi (lanjutan)

i. Obligasi Berkelanjutan III Tahap I (lanjutan)

Bertindak sebagai wali amanat Obligasi Berkelanjutan III Tahap I adalah PT Bank Mandiri (Persero) Tbk.

ii. Obligasi Berkelanjutan II Tahap II

Bank menerbitkan Obligasi Berkelanjutan II 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 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 Tahap II tahun 2016 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisioner Otoritas Jasa Keuangan No. S-297/D.04/2015 tanggal 30 Juni 2015.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditor Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditor 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.

Pada tanggal 31 Desember 2017 dan 2016, Obligasi Berkelanjutan II Tahap II mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan II Tahap II adalah PT Bank Mega Tbk.

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23. SECURITIES ISSUED (continued)

a. Bonds (continued)

i. Shelf Registration Bonds III Phase I (continued)

The trustee for Shelf Registration Bonds III Phase I is PT Bank Mandiri (Persero) Tbk.

ii. Shelf Registration Bonds II Phase II

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.

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.

As of December 31, 2017 and 2016, Shelf Registration Bonds II Phase II are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for Shelf Registration Bonds II Phase II is PT Bank Mega Tbk.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

a. Obligasi (lanjutan)

iii. Obligasi Berkelanjutan II Tahap I

Bank menerbitkan Obligasi Berkelanjutan II 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 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 Tahap I tahun 2015 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisioner Otoritas Jasa Keuangan No. S-207/D.04/2015 tanggal 30 Juni 2015.

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.

Pada tanggal 31 Desember 2017 dan 2016, Obligasi Berkelanjutan II Tahap I mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan II Tahap I adalah PT Bank Mega Tbk.

23. SECURITIES ISSUED (continued)

a. Bonds (continued)

iii. *Shelf Registration Bonds II Phase I*

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.

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.

As of December 31, 2017 and 2016, Shelf Registration Bonds II Phase I are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for Shelf Registration Bonds II Phase I is PT Bank Mega Tbk.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

a. Obligasi (lanjutan)

iv Obligasi Berkelanjutan I Tahap II

Bank menerbitkan Obligasi Berkelanjutan I 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 I Tahap II tahun 2013 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6349/BL/2012 tanggal 28 Mei 2012.

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.

Pada tanggal 31 Desember 2017 dan 2016, Obligasi Berkelanjutan I BTN Tahap II mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan I BTN Tahap II adalah PT Bank Mega Tbk.

23. SECURITIES ISSUED (continued)

a. Bonds (continued)

iv. Shelf Registration Bonds I Phase II

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.

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.

As of December 31, 2017 and 2016, Shelf Registration Bonds I Phase II were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for Shelf Registration Bonds I Phase II is PT Bank Mega Tbk.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

a. Obligasi (lanjutan)

v. Obligasi Berkelaanjutan I BTN Tahap I

Bank menerbitkan Obligasi Berkelaanjutan 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 Berkelaanjutan BTN I Tahap I tahun 2012 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6349/BL/2012 tanggal 28 Mei 2012.

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.

Pada tanggal 31 Desember 2017 dan 2016, Obligasi Berkelaanjutan I BTN tahap I mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelaanjutan I BTN tahap I adalah PT Bank Mega Tbk.

23. SECURITIES ISSUED (continued)

a. Bonds (continued)

v. Shelf Registration Bonds I Phase I

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.

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.

As of December 31, 2017 and 2016, Shelf Registration Bonds I BTN Phase I were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for Shelf Registration Bonds I Phase I is PT Bank Mega Tbk.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

a. Obligasi (lanjutan)

vi. Obligasi BTN 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.

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.

Pada tanggal 31 Desember 2017 dan 2016, Obligasi BTN XV mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi BTN XV adalah PT Bank Mega Tbk.

23. SECURITIES ISSUED (continued)

a. Bonds (continued)

vi. BTN Bonds XV

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.

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.

As of December 31, 2017 and 2016, BTN Bonds XV were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for BTN Bonds XV is PT Bank Mega Tbk.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

a. Obligasi (lanjutan)

vii. Obligasi BTN 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 tempo pada 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.

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.

Pada tanggal 31 Desember 2017 dan 2016, Obligasi BTN XIV mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi BTN XIV adalah PT Bank Mega Tbk.

23. SECURITIES ISSUED (continued)

a. Bonds (continued)

vii. BTN Bonds XIV

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.

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.

As of December 31, 2017 and 2016, BTN Bonds XIV are rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for BTN Bonds XIV is PT Bank Mega Tbk.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

a. Obligasi (lanjutan)

Perjanjian perwalianamanatan 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.
- Mengurangi modal dasar dan modal disetor kecuali jika pengurangan tersebut dilakukan atas dasar permintaan/perintah dari Pemerintah Republik Indonesia dan/atau otoritas yang berwenang.

Selama tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, Bank telah mengamortisasi biaya emisi obligasi masing-masing sebesar Rp3.725 dan Rp2.810 yang dicatat dalam laporan laba rugi dan penghasilan komprehensif lain.

Pada tanggal-tanggal 31 Desember 2017 dan 2016, Bank telah memenuhi ketentuan dan kondisi yang ada dalam perjanjian perwalianamanatan tersebut.

Untuk periode yang berakhir pada tanggal 31 Desember 2017 dan 2016, Bank telah melakukan pembayaran bunga sesuai nilai kupon kepada pemegang obligasi yang diterbitkan Bank pada saat jatuh tempo pembayaran bunga.

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23. 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 fulfill 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 fulfill its obligations to the bondholders, except when required and/or directed by the Government and/or any governing authority.
- Reduce the authorized capital and paid-in capital except when required or directed by the Government and/or any governing authority

For year ended December 31, 2017 and 2016, the Bank has amortized the bonds issuance cost amounting to Rp3,725 and Rp2,810, respectively, recorded in the statements of profit or loss and other comprehensive income.

As of December 31, 2017 and 2016, the Bank has complied with the existing terms and conditions of the above trusteeship agreements.

For year ended December 31, 2017 and 2016, coupon payments to all bond holders have been made by the Bank on the respective interest payment due dates.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

b. Negotiable Certificate of Deposits

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 telah 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%.

Negotiable Certificate of Deposits (NCD) Tahap II Seri A dan Seri B dengan nilai nominal Rp440.000 dan Rp275.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

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:

- 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 telah 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 telah jatuh tempo pada tanggal 29 Mei 2017. NCD tersebut diterbitkan sebesar 96,50%.

23. SECURITIES ISSUED (continued)

b. Negotiable Certificate of Deposits

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 has matured 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%.*

Negotiable Certificate of Deposits (NCD) Phasel II Series A and Series B with a total nominal value of Rp440,000 and Rp275,000, has been redeemed by the Bank on the maturity date.

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:

- *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 has matured 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 has matured on May 29, 2017. The NCD were issued at 96.50%.*

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

b. Negotiable Certificate of Deposits (lanjutan)

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: (lanjutan)

Negotiable Certificate of Deposits (NCD) Tahap III Seri A dan Seri B dengan nilai nominal Rp20.000 dan Rp351.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

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:

- 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 telah 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 telah jatuh tempo pada tanggal 3 Juli 2017. NCD tersebut diterbitkan sebesar 96,15%.

Negotiable Certificate of Deposits (NCD) Tahap IV Seri A dan Seri B dengan nilai nominal Rp315.000 dan Rp185.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

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 telah dilunasi oleh Bank pada saat jatuh tempo tanggal 3 Juli 2017.

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23. SECURITIES ISSUED (continued)

b. Negotiable Certificate of Deposits (continued)

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: (continued)

Negotiable Certificate of Deposits (NCD) Phase III Series A and Series B with a total nominal value of Rp20,000 and Rp351,000, has been redeemed by the Bank on the maturity date.

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:

- *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 has matured 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 has matured on July 3, 2017. The NCD were issued at 96.15%.*

Negotiable Certificate of Deposits (NCD) Phase IV Series A and Series B with a total nominal value of Rp315,000 and Rp185,000, has been redeemed by the Bank on the maturity date.

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 which has been redeemed by the Bank upon maturity on July 3, 2017.

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

b. Negotiable Certificate of Deposits (lanjutan)

Pada tanggal 21 Februari 2017, Bank menerbitkan Negotiable Certificate of Deposits (NCD) Tahap I Tahun 2017 dengan nilai pokok sebesar Rp1.735.000 dalam 2 (dua) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp1.195.000 dengan tingkat bunga tetap sebesar 7,28% per tahun, untuk jangka waktu 180 (seratus delapan puluh) hari dan akan jatuh tempo pada tanggal 22 Agustus 2017. NCD tersebut diterbitkan sebesar 96,45%.
- Seri B: Nilai pokok NCD sebesar Rp540.000 dengan tingkat bunga tetap sebesar 7,43% per tahun, untuk jangka waktu 365 (tiga ratus enam puluh lima) dan akan jatuh tempo pada tanggal 16 Februari 2018. NCD tersebut diterbitkan sebesar 93,08%.

Negotiable Certificate of Deposits (NCD) Tahap I Seri A dan Seri B dengan nilai nominal Rp1.195.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

Pada tanggal 4 Oktober 2017, Bank menerbitkan Negotiable Certificate of Deposits (NCD) Tahap II Tahun 2017 dengan nilai pokok sebesar Rp1.050.000 dalam 2 (dua) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp230.000 dengan tingkat bunga tetap sebesar 6,00% per tahun, untuk jangka waktu 180 (seratus delapan puluh) hari dan akan jatuh tempo pada tanggal 3 April 2018. NCD tersebut diterbitkan sebesar 97,08%.
- Seri B: Nilai pokok NCD sebesar Rp820.000 dengan tingkat bunga tetap sebesar 6,25% per tahun, untuk jangka waktu 365 (tiga ratus enam puluh lima) dan akan jatuh tempo pada tanggal 5 Oktober 2018. NCD tersebut diterbitkan sebesar 94,04%.

23. SECURITIES ISSUED (continued)

b. Negotiable Certificate of Deposits (continued)

On February 21, 2017, Bank issued Negotiable Certificate of Deposits (NCD) Phase I year 2017 with principal value amounted to Rp1,735,000 within 2 (two) series as follows:

- *A Series: NCD principal value amounted to Rp1,195,000 with a fixed interest rate of 7.28% per annum, for 180 (one hundred and eighty) days period and will mature on August 22, 2017. The NCD were issued at 96.45%.*
- *B Series: NCD principal value amounted to Rp540,000 with a fixed interest rate of 7.43% per annum, for 365 (three hundred and sixty five) days period and will mature on February 16, 2018. The NCD were issued at 93.08%.*

Negotiable Certificate of Deposits (NCD) Phase I Series A and Series B with a total nominal value of Rp1,195,000, has been redeemed by the Bank on the maturity date.

On October 4, 2017, Bank issued Negotiable Certificate of Deposits (NCD) Phase II year 2017 with principal value amounted to Rp1,050,000 within 2 (two) series as follows:

- *A Series: NCD principal value amounted to Rp230,000 with a fixed interest rate of 6.00% per annum, for 180 (one hundred and eighty) days period and will mature on April 3, 2018. The NCD were issued at 97.08%.*
- *B Series: NCD principal value amounted to Rp820,000 with a fixed interest rate of 6.25% per annum, for 365 (three hundred and sixty five) days period and will mature on October 5, 2018. The NCD were issued at 94.04%.*

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23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)

b. Negotiable Certificate of Deposits (lanjutan)

Pada tanggal 3 Oktober 2017, Bank menerbitkan *Negotiable Certificate of Deposits (NCD)* Tahap III Tahun 2017 dengan nilai pokok sebesar Rp1.000.000 dan maksimal penerbitan sebanyak Rp550.000 dengan tingkat bunga tetap sebesar 6,50% per tahun, untuk jangka waktu 364 (tiga ratus enam puluh empat) hari dan akan jatuh tempo pada tanggal 2 Oktober 2018.

Pada tanggal 4 Desember 2017, Bank menerbitkan *Negotiable Certificate of Deposits (NCD)* Tahap IV Tahun 2017 dengan nilai pokok sebesar Rp540.000 dalam 3 (tiga) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp160.000 dengan tingkat bunga tetap sebesar 5,90% per tahun, untuk jangka waktu 181 (seratus delapan puluh satu) hari dan akan jatuh tempo pada tanggal 12 Juni 2018. NCD tersebut diterbitkan sebesar 97,12%.
- Seri B: Nilai pokok NCD sebesar Rp320.000 dengan tingkat bunga tetap sebesar 6,20% per tahun, untuk jangka waktu 365 (tiga ratus enam puluh lima) hari dan akan jatuh tempo pada tanggal 13 Desember 2018. NCD tersebut diterbitkan sebesar 94,08%.
- Seri C: Nilai pokok NCD sebesar Rp60.000 dengan tingkat bunga tetap sebesar 6,60% per tahun, untuk jangka waktu 730 (tujuh ratus tiga puluh) hari dan akan jatuh tempo pada tanggal 13 Desember 2019. NCD tersebut diterbitkan sebesar 88,19%.

23. SECURITIES ISSUED (continued)

b. Negotiable Certificate of Deposits (continued)

On October 3, 2017, the Bank issued *Negotiable Certificate of Deposits (NCD)* Phase III year 2017 with principal value amounted to Rp1,000,000 and maximum issued at Rp550,000 with a fixed interest rate of 6.50% per annum, for 364 (three hundred and sixty four) days period and has matured on October 2, 2018.

On December 4, 2017, Bank issued *Negotiable Certificate of Deposits (NCD)* Phase IV year 2017 with principal value amounted to Rp540,000 within 3 (three) series as follows:

- A Series: NCD principal value amounted to Rp160,000 with a fixed interest rate of 5.90% per annum, for 181 (one hundred and eighty one) days period and will mature on June 12, 2018. The NCD were issued at 97.12%.
- B Series: NCD principal value amounted to Rp320,000 with a fixed interest rate of 6.20% per annum, for 365 (three hundred and sixty five) days period and will mature on December 13, 2018. The NCD were issued at 94.08%.
- C Series: NCD principal value amounted to Rp60,000 with a fixed interest rate of 6.60% per annum, for 730 (seven hundred and thirty) days period and will mature on December 13, 2019. The NCD were issued at 88.19%.

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24. PINJAMAN YANG DITERIMA

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
Pihak Ketiga			Third Parties
Rupiah			Rupiah
PT Bank Central Asia Tbk	2.997.908	1.999.695	PT Bank Central Asia Tbk
PT Bank ICBC Indonesia	-	1.000.000	PT Bank ICBC Indonesia
	<hr/> 2.997.908	<hr/> 2.999.695	
Pihak Berelasi (Catatan 44)			Related Parties (Note 44)
Rupiah			Rupiah
PT Sarana Multigriya Finansial (Persero)	4.599.687	1.999.921	PT Sarana Multigriya Finansial (Persero)
Valas			Valas
PT Bank Negara Indonesia (Persero) Tbk	393.458	-	PT Bank Negara Indonesia (Persero) Tbk
	<hr/> 4.993.145	<hr/> 1.999.921	
Total	7.991.053	4.999.616	Total
	<hr/> <hr/>	<hr/> <hr/>	

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 Perjanjian Kredit No. 34 tanggal 20 Juni 2017. Berdasarkan perjanjian tersebut, Bank memperoleh fasilitas pinjaman dengan plafond sebesar Rp3 triliun yang memiliki bunga tetap sebesar 7,75% per tahun dan akan jatuh tempo pada tanggal 28 Juni 2018.

Pada tanggal 31 Desember 2017 dan 2016, Bank telah memenuhi ketentuan dan kondisi yang ada dalam perjanjian pinjaman.

b. Pinjaman dari PT Bank Negara Indonesia (Persero) Tbk (pihak berelasi)

Akun ini merupakan fasilitas pinjaman yang diperoleh dari PT Bank BNI (Persero) Tbk ditujukan untuk mendukung modal kerja PT Bank Tabungan Negara (Persero) Tbk.

Berdasarkan perjanjian No. INT/2.1/0773/R tanggal 4 Desember 2017, Bank mendapatkan pinjaman dengan plafond sebesar USD 29 juta (nilai penuh) dengan bunga tetap sebesar 2,2351% dan akan jatuh tempo pada tanggal 7 Desember 2018.

24. FUND BORROWINGS

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. 34 dated June 20, 2017. Based on the agreement, the Bank received loan with plafond amounting to Rp3 trillion with fixed interest rate of 7.75% per annum and will mature on June 28, 2018.

As of December 31, 2017 and 2016, the Bank has complied with all of the existing terms and conditions of the loan agreement.

b. Loan from PT Bank Negara Indonesia (Persero) Tbk (related parties)

This account represents loan facility obtained from PT Bank BNI (Persero) Tbk which is intended to support working capital of PT Bank Tabungan Negara (Persero) Tbk.

Based on loan agreement No. INT/2.1/0773/R dated December 4, 2017, the Bank received loan with plafond amounting to US\$29 million (full amount) with fixed interest rate of 2.2351% and will mature on December 7, 2018.

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24. PINJAMAN YANG DITERIMA (lanjutan)

b. Pinjaman dari PT Bank Negara Indonesia (Persero) Tbk (pihak berelasi) (lanjutan)

Pada tanggal 31 Desember 2017, Bank telah memenuhi ketentuan dan kondisi yang ada dalam seluruh perjanjian pinjaman yang diterima.

c. Pinjaman dari PT Sarana Multiqriya Finansial (Persero) (SMF) (pihak berelasi)

Bank memiliki beberapa perjanjian pinjaman dengan SMF sebagai berikut:

- Pinjaman SMF Tahap 1 Tahun 2017

Berdasarkan perjanjian No. 009/PP/SMF-BTN/II/2017 tanggal 3 Februari 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun (nilai penuh) dengan bunga tetap sebesar 8,55% dan akan jatuh tempo pada tanggal 3 Januari 2020.

- Pinjaman SMF Tahap 2 Tahun 2017

Berdasarkan perjanjian No. 013/PP/SMF-BTN/II/2017 tanggal 24 Februari 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp1,3 triliun dengan bunga tetap sebesar 7,95% dan akan jatuh tempo sebesar Rp1 triliun pada tanggal 24 Februari 2018 dan sebesar Rp300 miliar pada tanggal 27 Februari 2018.

- Pinjaman SMF Tahap 3 Tahun 2017

Berdasarkan perjanjian No. 031/PP/SMF-BTN/V/2017 tanggal 30 Mei 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,80% dan akan jatuh tempo pada tanggal 31 Mei 2018.

- Pinjaman SMF Tahap 4 Tahun 2017

Berdasarkan perjanjian No. 032/PP/SMF-BTN/VI/2017 tanggal 7 Juni 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,80% dan akan jatuh tempo pada tanggal 7 Juni 2018.

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24. FUND BORROWINGS (continued)

b. Loan from PT Bank Negara Indonesia (Persero) Tbk (related parties) (continued)

As of December 31, 2017, the Bank has complied with all of the existing terms and condition of the fund borrowing agreements.

c. Loan from PT Sarana Multiqriya Finansial (Persero) (SMF) (related parties)

The Bank has several loan agreements with SMF as follow:

- *SMF Loan Phases 1 Year 2017*

Based on loan agreement No. 009/PP/SMF-BTN/II/2017 dated February 3, 2017, the Bank received loan with plafond amounting to Rp1 trillion (full amount) with fixed interest rate of 8.55% and will mature on January 3, 2020.

- *SMF Loan Phases 2 Year 2017*

Based on loan agreement No. 013/PP/SMF-BTN/II/2017 dated February 24, 2017, the Bank received loan with plafond amounting to Rp1,3 trillion with fixed interest rate of 7.95%, will mature on February 24, 2018 amounting Rp1 trillion and will mature on February 27, 2018 amounting Rp300 billion.

- *SMF Loan Phases 3 Year 2017*

Based on loan agreement No. 031/PP/SMF-BTN/V/2017 dated May 30, 2017, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.80% and will mature on May 31, 2018.

- *SMF Loan Phases 4 Year 2017*

Based on loan agreement No. 032/PP/SMF-BTN/VI/2017 dated June 7, 2017, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.80% and will mature on June 7, 2018.

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24. PINJAMAN YANG DITERIMA (lanjutan)

c. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (pihak berelasi) (SMF) (lanjutan)

- Pinjaman SMF Tahap 5 Tahun 2017

Berdasarkan perjanjian No. 069/PP/SMF-BTN/XI/2017 tanggal 23 November 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun dengan bunga berubah setiap 3 bulan yaitu sebesar 6,50%, 6,60%, 6,70%, dan 6,80% dan akan jatuh tempo pada tanggal 7 Desember 2018.

- Pinjaman SMF Mudharabah Muqayadah

Berdasarkan perjanjian No. 083/AKAD/SMF-BTNS/XII/2017 tanggal 27 Desember 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp300 miliar dengan bagi hasil setara dengan 6,65% dan akan jatuh tempo pada tanggal 27 Desember 2018.

- Pinjaman SMF Tahap VI Tahun 2012

Berdasarkan perjanjian No.035/PP/SMF-BTN/XII/2012 tanggal 14 Desember 2012, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,75%.

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 14 Desember 2017.

- Pinjaman SMF Tahap XIV Tahun 2016

Berdasarkan perjanjian no. 088/PP/SMF-BTN/II/2016 tanggal 19 Februari 2016, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun dengan bunga tetap sebesar 9,15%.

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 19 Februari 2017.

- Pinjaman SMF Tahap XVII Tahun 2016

Berdasarkan perjanjian No. 042/PP/SMF-BTN/IX/2016 tanggal 26 September 2016, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,75%.

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24. FUND BORROWINGS (continued)

c. Loan from PT Sarana Multigriya Finansial (Persero) (related parties) (SMF) (continued)

- *SMF Loan Phases 5 Year 2017*

Based on loan agreement No. 069/PP/SMF-BTN/XI/2017 dated November 23, 2017, the Bank received loan with plafond amounting to Rp1 trillion with variable interest rate are 6.50%, 6.60%, 6.70%, and 6.80% and will mature on December 7, 2018.

- *SMF Loan Mudharabah Muqayadah*

Based on loan agreement No. 083/AKAD/SMF-BTNS/XII/2017 dated December 27, 2017, the Bank received loan with plafond amounting to Rp300 billion with indicative rate of 6.65% and will mature on December 27, 2018.

- *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%.

The Bank fully paid the loan at maturity date on December 14, 2017.

- *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%

The Bank fully paid the loan at maturity date 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%.

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24. PINJAMAN YANG DITERIMA (lanjutan)

c. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (pihak berelasi) (SMF) (lanjutan)

- Pinjaman SMF Tahap XVII Tahun 2016

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 26 September 2017.

Pada tanggal 31 Desember 2017 dan 2016, Bank telah memenuhi ketentuan dan kondisi yang ada dalam perjanjian pinjaman.

d. 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".

Perjanjian pinjaman dengan ICBC Indonesia telah mengalami beberapa kali perubahan. Perubahan terakhir didokumentasikan dalam Perjanjian Kredit No. 070/ICBC/TCT/BLF/IX/2017 tanggal 18 April 2017. Berdasarkan perjanjian tersebut, Bank mendapatkan pinjaman dengan plafond sebesar Rp1.35 triliun yang jatuh tempo tanggal 16 September 2018.

Pada bulan Maret 2017, Bank telah melakukan penarikan pinjaman sebesar Rp1 trilyun dengan bunga variabel awal sebesar 8,00% per tahun yang akan ditinjau ulang setiap 3 (tiga) bulanan. Pinjaman ini akan dilunasi Bank pada tanggal 30 September 2017.

Pada bulan April 2017, Bank melakukan penarikan pinjaman dengan jumlah sebesar Rp350 miliar dengan bunga variabel awal sebesar 8,00% per tahun yang akan ditinjau ulang setiap 3 (tiga) bulanan. Pinjaman ini telah dilunasi pada saat jatuh tempo tanggal 20 Oktober 2017.

Pada bulan Desember 2016, Bank kembali melakukan 4 (empat) kali penarikan pinjaman dengan jumlah sebesar Rp1 triliun dengan bunga variabel awal sebesar 8,00% per tahun yang akan ditinjau ulang setiap 3 (tiga) bulanan. Pinjaman ini telah dilunasi pada saat jatuh tempo tanggal 28 Desember 2017.

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.

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24. FUND BORROWINGS (continued)

c. Loan from PT Sarana Multigriya Finansial (Persero) (related parties) (SMF) (continued)

- SMF Loan Phases XVII Year 2016

The Bank fully paid the loan at maturity date on September 26, 2017.

As of December 31, 2017 and 2016, the Bank has complied with all of the existing terms and conditions of the loan agreement.

d. Loan from PT Bank ICBC Indonesia

This account represents loan facility obtained from ICBC Bank which is intended to finance Housing Loans (KPR) from government named "Program Satu Juta Rumah".

The loan agreement with ICBC Indonesia has been amended several times. The last amendment was documented under the amendment of loan agreement No. 070/ICBC/TCT/BLF/IX/2017 dated April 18, 2017. Based on loan agreement, the Bank received loan with plafond amounting to Rp1.35 trillion and will mature on September 16, 2018.

In March 2017, the Bank has initiated loan withdrawals amounting to Rp1 trillion with initial variable interest rate of 8.00% per annum which will be reviewed every 3 (three) months. The loan will mature on September 30, 2017.

In April 2017, the Bank has initiated loan withdrawals amounting to Rp350 billion with initial variable interest rate of 8.00% per annum which will be reviewed every 3 (three) months. The loan has been redeemed upon maturity date on October 20, 2017.

In December 2016, the Bank has initiated again 4 (four) loan withdrawals amounting to Rp1 trillion with initial variable interest rate of 8.00% per annum which will be reviewed every 3 (three) months. The loan has been redeemed upon maturity date on December 28, 2017.

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.

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24. PINJAMAN YANG DITERIMA (lanjutan)

e. Transaksi dengan pihak-pihak berelasi

Pinjaman yang diterima dari pihak-pihak berelasi pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp4.993.145 dan Rp1.999.921 (Catatan 44).

Pada tanggal 31 Desember 2017 dan 2016, Bank telah memenuhi ketentuan dan kondisi yang ada dalam seluruh perjanjian pinjaman yang diterima.

25. PINJAMAN SUBORDINASI

<u>Rupiah</u> <u>Pihak Berelasi (Catatan 44)</u>	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	<u>Rupiah</u> <u>Related Party (Note 44)</u>
PT Sarana Multigriya Finansial (Persero)	2.999.319	2.999.118	PT Sarana Multigriya Finansial (Persero)

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.

Pinjaman subordinasi ini telah mendapat persetujuan dari Otoritas Jasa Keuangan (OJK) melalui surat No. S-69/PB.31/2016 tanggal 30 Juni 2016.

Pada tanggal 31 Desember 2017 dan 2016, Bank telah memenuhi ketentuan dan kondisi yang ada dalam seluruh perjanjian pinjaman subordinasi yang diterima.

24. FUND BORROWINGS (continued)

e. Related parties transactions

As of December 31, 2017 and 2016, fund borrowings received from related parties amounted to Rp4,993,145 and Rp1,999,921, respectively (Note 44).

As of December 31, 2017 and 2016, the Bank has complied with all of the existing terms and condition of the fund borrowing agreements.

25. SUBORDINATED LOAN

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 Rp1,500,000. The time period of the subordinated loan is 5 years (60 months) that will mature on May 30, 2021 and June 20, 2021.

Subordinated loan has been approved by Financial Service Authority through letter No. S-69/PB.31/2016 dated June 30, 2016.

As of December 31, 2017 and 2016, the Bank has complied with all of the existing terms and conditions of the subordinated loan agreements.

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26. BUNGA YANG MASIH HARUS DIBAYAR

	<u>31 Desember/ December 31, 2017</u>	<u>31 Desember/ December 31, 2016</u>	
Deposito berjangka	244.938	228.346	<i>Time deposits</i>
Surat-surat berharga yang diterbitkan	207.743	114.724	<i>Securities issued</i>
Efek yang dijual dengan janji dibeli kembali	15.539	18.048	<i>Securities sold under repurchase agreements</i>
Pinjaman yang diterima	12.326	11.686	<i>Fund borrowings</i>
Pinjaman subordinasi	8.250	8.250	<i>Subordinated loan</i>
Simpanan dari bank lain	3.565	1.497	<i>Deposits from other Banks</i>
Total	492.361	382.551	Total

27. ESTIMASI KERUGIAN KOMITMEN DAN KONTINJENSI

Bank melakukan penilaian atas transaksi komitmen dan kontinjenzi yang mempunyai risiko kredit secara individual dengan menggunakan bukti obyektif, kecuali transaksi berdasarkan prinsip syariah penilaian dilakukan menggunakan panduan kolektibilitas Bank Indonesia (BI).

Kolektibilitas garansi yang diterbitkan dan fasilitas kredit yang belum ditarik yang mempunyai risiko kredit adalah sebagai berikut:

26. INTEREST PAYABLE

27. 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 collectability classification of guarantees issued and unused loan facility bearing credit risks are as follows:

	<u>31 Desember/December 31, 2017</u>		<u>31 Desember/December 31, 2016</u>	
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
Lancar Rupiah				Current Rupiah
Garansi yang diterbitkan (Catatan 40) Fasilitas kredit yang belum ditarik (committed)	2.930.233		2.435.320	<i>Guarantees issued (Note 40)</i>
	398.816		713.441	<i>Unused loan facility (committed)</i>
	3.329.049		3.148.761	
Mata uang asing				Foreign currencies
Garansi yang diterbitkan (Catatan 40) Dolar Amerika Serikat Dolar Singapura	5.229.775	70.955	21.739.051	<i>Guarantees issued (Note 40)</i>
			209.648	<i>United States Dollar</i>
		70.955		<i>Singapore Dollar</i>
		3.400.004	294.831	
			3.443.592	
Dalam Perhatian Khusus Rupiah				Special mention Rupiah
Fasilitas kredit yang belum ditarik (committed)	7.547		55.410	<i>Unused loan facility (committed)</i>
Total	3.407.551		3.499.002	Total

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27. ESTIMASI KERUGIAN KOMITMEN DAN KONTINJENSI (lanjutan)

Pada tanggal 31 Desember 2017 dan 2016 terdapat transaksi dengan pihak-pihak berelasi untuk fasilitas kredit yang belum ditarik masing-masing sebesar RpNihil.

Pada tanggal 31 Desember 2017 dan 2016, garansi bank yang diterbitkan kepada pihak-pihak berelasi, masing-masing sebesar Rp378.722 dan Rp565.849.

Manajemen berpendapat bahwa tidak diperlukan penyisihan estimasi kerugian komitmen dan kontijensi yang perlu dibentuk oleh manajemen.

28. LIABILITAS IMBALAN KERJA DAN LAIN-LAIN

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Liabilitas imbalan kerja			Employee benefits liabilities
Bonus dan tantiem	491.004	382.646	Bonuses and tantiem
Imbalan kerja jangka panjang (Catatan 41b)	260.316	169.793	Long term employee benefits (Note 41b)
	751.320	552.439	
Liabilitas lain-lain			Other liabilities
Dana jaminan pengembang (kewajiban pada pihak ketiga)	4.465.798	3.694.385	Developers' security deposits (liabilities to third party)
Lainnya	395.344	382.586	Others
	4.861.142	4.076.971	
Total	5.612.462	4.629.410	Total

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**28. LIABILITAS IMBALAN KERJA DAN LAIN-LAIN
(lanjutan)**

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.

Dalam tahun 2016, 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.

29. EKUITAS

a. Modal Saham

Rincian modal dasar, modal ditempatkan dan disetor penuh Bank adalah sebagai berikut:

31 Desember/December 31, 2017					
	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
	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)	6.353.999.999	500	3.177.000	60,00%	Series B Stock Government Maryono (President Director)
R. Mahelan Prabantarikso (Direktur)	98.500	500	49	0,00%	R. Mahelan Prabantarikso (Director)
Masyarakat (kepemilikan masing-masing dibawah 5% untuk setiap pihak)	64.000	500	32	0,00%	
	4.235.837.500		2.117.919	40,00%	Public (ownership less than 5% each)
Total	10.590.000.000		5.295.000	100,00% %	Total

**28. EMPLOYEE BENEFITS AND OTHER LIABILITIES
(continued)**

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.

In 2016, 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.

29. EQUITY

a. Capital Stock

The details of the Bank's authorized capital stock and issued and fully paid capital stock are as follows:

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29. EKUITAS (lanjutan)

a. Modal Saham (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 Dasar					Authorized Capital
Saham Seri A Dwiwarna	1	500	-	0,00%	<i>Series A Dwiwarna Stock</i>
Saham Biasa atas nama Seri B	20.478.431.999	500	10.239.216	100,00%	<i>Series B Common Stock</i>
	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%	<i>Series A Dwiwarna Stock Government</i>
Saham Seri B Pemerintah Maryono (Direktur Utama)*	6.353.999.999	500	3.177.000	60,00%	<i>Series B Stock Government Maryono</i>
Mansyur S. Nasution (Direktur)*	98.500	500	49	0,00%	<i>(President Director)* Mansyur S. Nasution</i>
Masyarakat (kepemilikan masing-masing dibawah 5% untuk setiap pihak)	375.000	500	188	0,00%	<i>(Director)*</i>
	4.235.526.500		2.117.763	40,00%	<i>Public (ownership less than 5% each)</i>
Total	10.590.000.000		5.295.000	100,00%	Total

* Termasuk dalam program MESOP

* Includes shares arising from the MESOP Programs

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.

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.

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29. EKUITAS (lanjutan)

a. Modal Saham (lanjutan)

31 Desember 2016

Dengan adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP III tahap 7 pada tahun 2016 (Catatan 30), 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.

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.

c. Penggunaan Laba

Penggunaan Laba Tahun 2016

Alokasi penggunaan laba untuk tahun yang berakhir pada tanggal 31 Desember 2016 adalah sebagai berikut:

- Dividen sebesar Rp523.781
- Laba ditahan yang telah ditentukan penggunaannya Rp2.095.125

Penggunaan Laba Tahun 2015

Alokasi penggunaan laba untuk Periode yang berakhir pada tanggal 31 Desember 2015 adalah sebagai berikut:

- dividen sebesar Rp370.181
- laba ditahan Rp1.480.726

29. EQUITY (continued)

a. Capital Stock (continued)

December 31, 2016

With the exercise of the purchased stock options during phase 7 of MESOP III in 2016 (Note 30), 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.

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.

c. Profit Distribution

Profit Distribution for Year 2016

Allocation of profit distribution for the year ended December 31, 2016 are as follow

- Dividends amounted to Rp523,781*
- Appropriated retained earnings amounted to Rp2,095,125*

Profit Distribution for Year 2015

Allocation of profit distribution for the year ended December 31, 2015 are as follow

- dividends amounted to Rp370,181*
- retained earnings amounted to Rp1,480,726*

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30. 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 penjatahan 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.
- 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.

30. 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.*
- 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.*

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30. PROGRAM KOMPENSASI MANAJEMEN DAN KARYAWAN BERBASIS SAHAM (MESOP) (lanjutan)

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 penjatahan 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: (lanjutan)

- 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 Periode 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.

Nilai wajar dari opsi yang diberikan merupakan estimasi dengan asumsi sebagai berikut:

Suku bunga bebas risiko	7,8%
Ekspektasi periode opsi	5 tahun/years
Ekspektasi ketidakstabilan harga saham	50%
Ekspektasi dividen yang dihasilkan	2%
Tingkat pengunduran diri karyawan	1%

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30. MANAGEMENT AND EMPLOYEE STOCK OPTION PLAN (MESOP) (continued)

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: (continued)

- 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.

The fair value of the option is estimated using the following assumptions:

7,8%	Risk free rate
5 tahun/years	Expected option period
50%	Expected volatility rate
2%	Expected dividend yield
1%	Employee resignation rate

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30. PROGRAM KOMPENSASI MANAJEMEN DAN KARYAWAN BERBASIS SAHAM (MESOP) (lanjutan)

MESOP Tahap 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 Periode yang berakhir pada tanggal 1 Februari 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.

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.

Nilai wajar dari opsi yang diberikan merupakan estimasi dengan asumsi sebagai berikut:

Suku bunga bebas risiko	7,975%
Ekspektasi periode opsi	5 tahun/years
Ekspektasi ketidakstabilan harga saham	50%
Ekspektasi dividen yang dihasilkan	2%
Tingkat pengunduran diri karyawan	1%

Risk free rate	7,975%
Expected option period	5 tahun/years
Expected volatility rate	50%
Expected dividend yield	2%
Employee resignation rate	1%

MESOP Tahap 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 Periode yang berakhir pada tanggal 1 Februari 2013.

30. MANAGEMENT AND EMPLOYEE STOCK OPTION PLAN (MESOP) (continued)

MESOP Stage II

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.

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.

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.

The fair value of the option is estimated using the following assumptions:

Risk free rate	7,975%
Expected option period	5 tahun/years
Expected volatility rate	50%
Expected dividend yield	2%
Employee resignation rate	1%

MESOP Stage III

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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30. PROGRAM KOMPENSASI MANAJEMEN DAN KARYAWAN BERBASIS SAHAM (MESOP) (lanjutan)

MESOP Tahap III (lanjutan)

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.

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.

Nilai wajar dari opsi yang diberikan merupakan estimasi dengan asumsi sebagai berikut:

Suku bunga bebas risiko	5,023%
Ekspektasi periode opsi	5 tahun/years
Ekspektasi ketidakstabilan harga saham	50%
Ekspektasi dividen yang dihasilkan	2%
Tingkat pengunduran diri karyawan	1%

Harga rata-rata tertimbang saham adalah Rp2.600 dan Rp1.676 untuk tahun yang berakhir masing-masing pada 31 Desember 2017 dan 2016.

Ringkasan MESOP dan mutasi selama tahun yang berakhir 31 Desember 2016 adalah sebagai berikut:

30. MANAGEMENT AND EMPLOYEE STOCK OPTION PLAN (MESOP) (continued)

MESOP Stage III (continued)

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.

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.

The fair value of the option is estimated using the following assumptions:

5,023%	Risk free rate
5 tahun/years	Expected option period
50%	Expected volatility rate
2%	Expected dividend yield
1%	Employee resignation rate

The weighted average shares price is Rp2,600 and Rp1,676 for the year ended December 31, 2017 and 2016, respectively.

The summary of the MESOP and its movements during the year ended December 31, 2016 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
Opsi yang dieksekusi sepanjang tahun	-	-	(7.655.000)
Opsi yang bisa dieksekusi pada akhir tahun	-	-	-

Options outstanding at beginning of the year
Options exercised during the year
Options that can be exercised at end of the year

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31. PENDAPATAN BUNGA

Akun ini terdiri dari:

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Kredit yang diberikan dan piutang			Loans and receivables
Kredit yang diberikan	17.391.610	15.458.359	Loans
Giro pada Bank Indonesia	79.768	37.913	Current accounts with Bank Indonesia
Giro pada bank lain	1.852	1.548	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	167.323	159.686	Placements with Bank Indonesia and other banks
Nilai wajar melalui Laba rugi			Fair value through profit or loss
Obligasi pemerintah	32.982	15.141	Government bonds
Efek-efek	1.531	1.448	Securities
Tersedia untuk dijual			Available-for-sale
Obligasi pemerintah	263.526	340.620	Government bonds
Efek-efek	257.813	202.740	Securities
Dimiliki hingga jatuh tempo			Held-to-maturity
Obligasi pemerintah	189.120	202.174	Government bonds
Efek-efek	61.209	81.843	Securities
Total	18.446.734	16.501.472	Total

32. BEBAN BUNGA

Akun ini terdiri dari:

32. INTEREST EXPENSE

This account consists of:

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Deposito berjangka	5.129.165	4.960.884	<i>Time deposits</i>
Surat-surat berharga yang diterbitkan	1.520.084	1.189.959	<i>Securities issued</i>
Tabungan	1.187.888	1.156.645	<i>Savings deposits</i>
Giro	802.585	517.040	<i>Demand deposits</i>
Pinjaman yang diterima	566.758	566.644	<i>Fund borrowings</i>
Pinjaman Subordinasi	270.200	150.868	<i>Subordinated Loan</i>
Simpanan dari bank lain	236.255	181.797	<i>Deposits from other banks</i>
Efek yang dijual dengan janji dibeli kembali	92.181	146.838	<i>Securities sold under repurchase agreements</i>
Total	9.805.116	8.870.675	Total

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33. PENDAPATAN OPERASIONAL LAINNYA - LAIN-LAIN

Akun ini terdiri dari:

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Jasa perbankan	154.239	114.807	Bank services
Jasa penagihan - <i>payment points</i>	18.244	7.599	Collection services - <i>payment points</i>
Lainnya	138.779	108.274	Others
Total	311.262	230.680	Total

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 melalui Bank.

34. PENYISIHAN (PEMBALIKAN) KERUGIAN PENURUNAN NILAI ASET KEUANGAN DAN NON- ASET KEUANGAN

Akun ini terdiri dari:

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Kredit yang diberikan dan pembiayaan/piutang syariah (Catatan 10)	883.450	705.188	Loans and sharia financing/receivables (Note 10)
Efek-efek (Catatan 8)	482	2.440	Securities (Note 8)
Penyertaan saham (Catatan 12)	270	-	Investment in associated entities (Note 12)
Giro pada bank lain (Catatan 6)	214	(90)	Current accounts with other banks (Note 6)
Properti terbengkalai	(15)	(7)	Abandoned properties
Total	884.401	707.531	Total

35. BEBAN UMUM DAN ADMINISTRASI

Akun ini terdiri dari:

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Perbaikan dan pemeliharaan	807.856	723.567	Repairs and maintenance
Promosi	523.425	401.474	Promotion
Sewa	507.088	423.403	Rent
Listrik, air dan komunikasi	286.296	235.774	Electricity, water and telecommunications

35. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

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35. BEBAN UMUM DAN ADMINISTRASI (lanjutan)

Akun ini terdiri dari: (lanjutan)

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Beban kantor	259.794	188.080	Office expenses
Penyusutan (Catatan 13)	215.788	219.402	Depreciation (Notes 13)
Transportasi	129.572	107.601	Transportation
Jasa profesional	92.021	50.843	Professional fees
Outsourcing	64.566	61.033	Outsourcing
Lainnya	66.510	54.529	Others
Total	2.952.916	2.465.706	Total

Lainnya terutama terdiri dari beban administrasi sekuritisasi aset, premi asuransi untuk gedung, premi asuransi kas dalam perjalanan serta kas dalam khasanah.

Others consist mainly of securitization asset administration expense, insurance premium on the building, insurance premium on cash in transit and cash in vault.

36. GAJI DAN TUNJANGAN KARYAWAN

Akun ini terdiri dari:

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Gaji dan upah			Salaries and wages
Rutin	1.475.267	1.229.115	Recurring
Tidak rutin	858.145	706.998	Non-recurring
Pelatihan dan pengembangan	165.223	136.377	Training and development
Lainnya	55.794	49.163	Others
Total	2.554.429	2.121.653	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.

37. BEBAN OPERASIONAL LAINNYA - LAIN-LAIN

Akun ini terdiri dari:

**Tahun yang berakhir pada tanggal 31 Desember/
*For the Year Ended December 31***

	2017	2016	
Imbalan atas jasa penagihan	83.461	71.387	Fees for collection services
Kerugian atas penyelesaian kredit bermasalah	41.081	35.699	Loss on bad debt settlement
Lainnya	190.124	406.815	Others
Total	314.666	513.901	Total

Lainnya terutama terdiri dari beban representasi dan jamuan makan dan minum rapat, serta beban cadangan atas potensi risiko operasional .

Others consist mainly of representation and entertainment expense, and provision for potential operational risk.

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38. PENDAPATAN (BEBAN) BUKAN OPERASIONAL - NETO

Akun ini terdiri dari:

*Tahun yang berakhir pada tanggal 31 Desember/
For the Year Ended December 31*

	2017	2016	
Pendapatan sewa gedung Beban lainnya - neto	253 (30.601)	165 (22.313)	<i>Building rental income equipment Other expense - net</i>
Total	(30.348)	(22.148)	Total

Lainnya terutama terdiri dari beban denda administrasi dan beban bina lingkungan.

This account consists of:

*Others consist mainly of administration penalty
expense and community development expense.*

39. PERPAJAKAN

- a. Rekonsiliasi antara laba sebelum beban pajak menurut laporan laba rugi dan penghasilan komprehensif lain dengan taksiran penghasilan kena pajak, adalah sebagai berikut:

*Tahun yang berakhir pada tanggal 31 Desember/
For the Year Ended December 31*

	2017	2016	
Laba sebelum beban pajak	3.861.555	3.330.084	<i>Income before tax expense</i>
Beda temporer: Pembentukan cadangan kerugian penurunan nilai aset keuangan dan non-aset keuangan	413.985	514.112	<i>Temporary differences: Provision for allowance for impairment losses on financial assets and non-financial assets</i>
Penyisihan untuk imbalan kerja	(16.245)	9.108	<i>Provision for employee benefits</i>
Penurunan (kenaikan) nilai efek-efek yang dimiliki untuk diperdagangkan	703	(10.144)	<i>Decrease(increase) in fair value of trading securities</i>
Kompensasi Berbasis Saham (Mesop)	-	(2.688)	<i>Employee Stock Option (Mesop)</i>
	398.443	510.388	
Beda tetap:			<i>Permanent differences:</i>
Kenikmatan karyawan	188.340	182.461	<i>Employee welfare</i>
Beban kantor	16.659	26.457	<i>Office expense</i>
Sewa	39.927	47.850	<i>Rent</i>
Sumbangan	24.226	13.957	<i>Donations</i>
Perbaikan dan pemeliharaan	10.239	6.218	<i>Repairs and maintenance</i>
Dana sosial dan representasi	42.429	54.906	<i>Social funds and representation</i>
Penyusutan atas aset tetap yang tidak dapat disusutkan menurut pajak	3.240	2.696	<i>Depreciation of premises and equipment which are non-depreciable for tax purposes</i>
Lain-lain	83.694	19.026	<i>Others</i>
Pendapatan sewa tarif final	(254)	(165)	<i>Rent income subject to final tax</i>
	408.500	353.406	
Taksiran penghasilan kena pajak	4.668.498	4.193.878	<i>Estimated taxable income</i>

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39. 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)

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Beban pajak penghasilan	933.700	838.776	<i>Income tax expense</i>
Pajak penghasilan Pasal 25	(832.899)	(743.020)	<i>Income tax - Article 25</i>
Hutang pajak penghasilan badan (Catatan 16)	100.801	95.756	<i>Corporate income tax payable (Note 16)</i>

- b. Rincian pendapatan (beban) pajak tangguhan - neto dengan memperhitungkan pengaruh beda temporer pada tarif pajak adalah sebagai berikut:

	2017	2016	
Pembentukan atas kerugian penurunan nilai aset keuangan dan non-aset keuangan	103.497	128.528	<i>Provision for allowance for impairment losses on financial and non-financial assets</i>
Penyisihan untuk imbalan kerja	(4.062)	2.277	<i>Provision for employee benefits</i>
Kenaikan (penurunan) nilai wajar efek-efek yang dimiliki untuk diperdagangkan	176	(2.536)	<i>Increase (decrease) in fair value of trading securities</i>
Kompensasi berbasis saham (Mesop)	-	(672)	<i>Employee stock option (Mesop)</i>
Pendapatan (beban) Pajak Tangguhan - Neto	99.611	127.597	Deferred Tax benefit (expense) - Net

- c. Aset (Liabilitas) Pajak Tangguhan

Pengaruh pajak atas perbedaan temporer yang signifikan antara pelaporan keuangan dan pajak adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Aset (liabilitas) pajak tangguhan - dampak dari laporan laba rugi komprehensif dan penghasilan komprehensif lain			<i>Deferred tax assets (liabilities) - effect from statement of profit or loss and other comprehensive income</i>
Penyisihan untuk imbalan kerja	17.360	39.534	<i>Provision for employee benefits</i>
Cadangan kerugian penurunan nilai aset keuangan dan non-aset keuangan	104.537	1.040	<i>Allowance for impairment losses on financial and non-financial assets</i>
(Kenaikan) penurunan nilai efek-efek yang dimiliki untuk diperdagangkan	(2.312)	(2.488)	<i>(Increase) decrease in fair value of trading securities</i>
	119.585	38.086	

- c. *Deferred tax assets (liabilities)*

The tax effects on significant outstanding temporary differences between financial and tax reporting purposes are as follows:

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39. PERPAJAKAN (lanjutan)

c. Aset (Liabilitas) Pajak Tangguhan (lanjutan)

Pengaruh pajak atas perbedaan temporer yang signifikan antara pelaporan keuangan dan pajak adalah sebagai berikut (lanjutan):

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016
Aset (Liabilitas) Pajak Tangguhan - efek dari ekuitas		
Kerugian yang belum direalisasi atas efek-efek dan obligasi Pemerintah yang tersedia untuk dijual	7.251	38.522
Pengukuran kembali imbalan pasti	47.719	26.183
	54.970	64.705
Aset/(Liabilitas) Pajak Tangguhan - Neto	174.555	102.791

Pada tanggal 31 Desember 2017 dan 2016, manajemen berkeyakinan bahwa estimasi Bank terhadap penghasilan atas manfaat pajak masa mendatang yang timbul dari perbedaan temporer akan dapat diakui di masa mendatang.

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 Periode yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016
Laba sebelum beban pajak	3.861.555	3.330.084
Beban pajak dengan tarif pajak yang berlaku	(772.311)	(666.017)
Beda tetap	(81.700)	(70.681)
Selisih Tarif Pajak	19.922	25.519
Beban pajak	(834.089)	(711.179)

**Deferred Tax Assets (Liabilities)
- effect from equity**

*Unrealized loss in fair value of - available for sale securities and government bonds
Remeasurement of defined benefit obligation*

**Deferred Tax Assets/
(Liabilities) - Net**

As of December 31, 2017 and 2016, 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. 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, 2017 and, 2016, are as follows:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016
Laba sebelum beban pajak	3.861.555	3.330.084
Beban pajak dengan tarif pajak yang berlaku	(772.311)	(666.017)
Beda tetap	(81.700)	(70.681)
Selisih Tarif Pajak	19.922	25.519
Beban pajak	(834.089)	(711.179)

Income before tax expense

*Tax expense at the applicable tax rate
Permanent differences
Tax Tariff Difference*

Tax expense

e. Uang Muka Pajak

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016
Tahun Pajak 2012	52.567	3.884
Tahun Pajak 2013	163.541	6.768
Tahun Pajak 2014	196.971	-
Saldo akhir tahun	413.079	10.652

e. Prepaid Tax

*Fiscal Year 2012
Fiscal Year 2013
Fiscal Year 2014*

Balance at end of year

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39. PERPAJAKAN (lanjutan)

Penurunan Tarif Pajak Penghasilan Badan

Berdasarkan pasal 17 ayat 2 Undang-undang No. 7 tahun 1983 mengenai "Pajak Penghasilan" yang telah diubah untuk keempat kalinya dengan Undang-undang No. 36 tahun 2008, tarif Pajak Penghasilan Badan adalah sebesar 25%.

Namun demikian, berdasarkan Undang-undang No. 36 tahun 2008 tanggal 23 September 2008 tersebut, Peraturan Pemerintah No. 81 Tahun 2007 tanggal 28 Desember 2007 tentang "Penurunan Tarif Pajak Penghasilan Bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka" dan Peraturan Menteri Keuangan No. 238/PMK.03/2008 tanggal 30 Desember 2008 tentang "Tata Cara Pelaksanaan dan Pengawasan Pemberian Penurunan Tarif Bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka" mengatur bahwa Perseroan Terbuka dalam negeri di Indonesia dapat memperoleh fasilitas penurunan tarif Pajak Penghasilan sebesar 5% lebih rendah dari tarif tertinggi Pajak Penghasilan yang ada, dengan memenuhi kriteria yang ditentukan, yaitu Perseroan Terbuka yang paling sedikit 40% dari jumlah keseluruhan saham yang disetor diperdagangkan di Bursa Efek Indonesia dan saham tersebut dimiliki paling sedikit oleh 300 (tiga ratus) pihak dan masing-masing pihak hanya boleh memiliki saham kurang dari 5% dari keseluruhan saham yang disetor. Ketentuan sebagaimana dimaksud di atas harus dipenuhi oleh Perseroan Terbuka dalam waktu paling singkat 6 (enam) bulan dalam jangka waktu 1 (satu) tahun pajak.

Berdasarkan surat keterangan No. DE/I/2018-0156 tanggal 5 Januari 2018 dan laporan bulanan kepemilikan saham (Formulir No. X.H.I-2 tanggal 3 Januari 2018 dari Biro Administrasi Efek, Datindo Entrycom atas kepemilikan saham Bank selama periode 2017 yang berakhir pada tanggal 31 Desember 2017) semua kriteria di atas untuk memperoleh fasilitas penurunan tarif pajak tersebut atas laporan keuangan Bank untuk periode yang berakhir pada tanggal 31 Desember 2017 telah terpenuhi.

Berdasarkan surat keterangan No. DE/I/2017-0134 tanggal 5 Januari 2017 dan laporan bulanan kepemilikan saham (Formulir No. X.H.I-2 tanggal 3 Januari 2017 dari Biro Administrasi Efek, Datindo Entrycom atas kepemilikan saham Bank selama periode 2016 yang berakhir pada tanggal 31 Desember 2016) semua kriteria di atas untuk memperoleh fasilitas penurunan tarif pajak tersebut atas laporan keuangan Bank untuk periode yang berakhir pada tanggal 31 Desember 2016 telah terpenuhi.

39. TAXATION (continued)

Reduction of the Tax Rate of Corporate Income Tax

Under article 17 (2) of Law No. 7 year 1983 regarding "Income Tax" which was revised for the fourth time by Law No. 36 year 2008, the corporate tax rate is 25%.

In addition, based on the above Law No. 36 year 2008 dated September 23, 2008, the Government Regulation No. 81 year 2007 dated December 28, 2007 on "Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Public Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Corporate Tax Payers in the Form of Public Companies" stipulates that resident public companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, public companies whose shares are owned by the public at a minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the public companies for a minimum period of 6 (six) months in 1 (one) fiscal year.

Based on Letter No. DE/I/2018-0156 dated January 5, 2018 and the monthly report of shares ownerships (form No. X.H.I-2 dated January 3, 2018 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of Bank's shares during the period ended December 31, 2017), all of the above mentioned required criteria to obtain the tax rate reduction on Bank's financial statements for the period ended December 31, 2017, were fulfilled by the Bank.

Based on Letter No. DE/I/2017-0134 dated January 5, 2017 and the monthly report of shares ownerships (form No. X.H.I-2 dated January 3, 2017 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of Bank's shares during the period ended December 31, 2016), all of the above mentioned required criteria to obtain the tax rate reduction on Bank's financial statements for the period ended December 31, 2016 were fulfilled by the Bank.

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39. PERPAJAKAN (lanjutan)

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 Kantor Cabang Pekanbaru. Atas SPHP tersebut, pada tanggal 10 November 2014, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) dengan rincian sebagai berikut:

Tahun 2012	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)	Year 2012
SKPKB PPh Pasal 4 ayat 2 No.00095/240/12/218/14	191	92	SKPKB Article 4 (2) No.00095/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00096/240/12/218/14	191	92	SKPKB Article 4 (2) No.00096/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00097/240/12/218/14	190	91	SKPKB Article 4 (2) No.00097/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00098/240/12/218/14	168	81	SKPKB Article 4 (2) No.00098/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00099/240/12/218/14	214	103	SKPKB Article 4 (2) No.00099/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00100/240/12/218/14	196	94	SKPKB Article 4 (2) No.00100/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00101/240/12/218/14	207	99	SKPKB Article 4 (2) No.00101/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00102/240/12/218/14	245	118	SKPKB Article 4 (2) No.00102/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00103/240/12/218/14	238	114	SKPKB Article 4 (2) No.00103/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00104/240/12/218/14	229	110	SKPKB Article 4 (2) No.00104/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00105/240/12/218/14	250	120	SKPKB Article 4 (2) No.00105/240/12/218/14
SKPKB PPh Pasal 4 ayat 2 No.00106/240/12/218/14	305	146	SKPKB 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. Pembayaran tersebut dicatat oleh Bank pada aset lain-lain (Catatan 15).

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.

39. TAXATION (continued)

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:

On December 8, 2014, the Bank has paid the entire amount in the Tax Assessment Letter (TAL) of Tax Underpayment amounted to Rp3,884. The payment is recorded as other assets (Note 15).

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.

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39. PERPAJAKAN (lanjutan)

Pemeriksaan tahun pajak 2012 (lanjutan)

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No SPHP-03/PJ.0401/2017 tanggal 22 Mei 2017 mengenai hasil pemeriksaan pajak untuk tahun 2012, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) PPh Badan Tahun 2012 sebesar Rp59.307 dengan rincian sebagai berikut:

Tahun 2012	Pokok/ Principal (Rp)
SKPKB PPh Badan No.00003/206/12/093/17	40.073

Selain itu, Bank juga telah menerima SKPKB PPh Pasal 21, 23, 4 ayat (2) dan PPN sebesar Rp4.766 (termasuk penalti). Seluruh SKPKB tersebut termasuk SKPKB PPh Badan telah dibayar pada tanggal 21 Agustus 2017.

Namun demikian Bank tidak setuju dengan SKPKB PPh Badan sebesar Rp48.683 dan mengajukan Surat Keberatan kepada Direktorat jenderal Pajak melalui surat No.730/S/DIR/FAD/X/2017 tanggal 10 Oktober 2017 yang diterima oleh DJP pada tanggal 12 Oktober 2017. Pembayaran tersebut dicatat oleh Bank pada aset lain-lain (Catatan 15).

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:

Tahun 2013	Pokok/ Principal (Rp)
SKPKB PPh Pasal 21 No.00001/243/13/511/16	64
SKPKB PPh Pasal 23 No.00060/203/13/511/16	0,2
Total	64,2

39. TAXATION (continued)

Assessment for fiscal year 2012 (continued)

Based on Notification of Tax Audit Findings No. SPHP-03/PJ.0401/2017 dated May 22, 2017, regarding tax audit result for the year of 2012, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) of Corporate Income Tax for the year of 2012 amounting to Rp59.307 as follows:

Tahun 2012	Denda/ Penalty (Rp)	Year 2012
	19.234	SKPKB Article Corporate Income Tax No.00003/206/12/093/17

On the otherhand, Bank has also received the Tax Assessment Letters of Tax Underpayment (SKPKB) of Article 21, 23, 4 paragraph (2) Income Tax and VAT amounting to Rp4,766 (including penalties). The entire SKPKB including for the Corporate Income Tax has paid on August 21, 2017.

However, Bank does not agree with the SKPKB of the Corporate Income Tax amounting to Rp48,683 and has applied the objection letter No. 730/S/DIR/FAD/X/2017 dated October 10, 2017 which has been received by the Tax Office on October 12, 2017. The payment is recorded as other assets (Note 15).

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:

Tahun 2013	Denda/ Penalty (Rp)	Year 2013
SKPKB Article 21 No.00001/243/13/511/16	30	SKPKB Article 21 No.00001/243/13/511/16
SKPKB Article 23 No.00060/203/13/511/16	0,1	SKPKB Article 23 No.00060/203/13/511/16
Total	30,1	Total

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39. PERPAJAKAN (lanjutan)

Pemeriksaan tahun pajak 2013 (lanjutan)

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)	
SKPKB PPh Pasal 4 ayat 2 No.00012/240/13/511/16	381	183	SKPKB Article 4 (2) No.00012/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00013/240/13/511/16	381	183	SKPKB Article 4 (2) No.00013/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00014/240/13/511/16	381	183	SKPKB Article 4 (2) No.00014/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00015/240/13/511/16	381	183	SKPKB Article 4 (2) No.00015/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00016/240/13/511/16	381	183	SKPKB Article 4 (2) No.00016/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00017/240/13/511/16	381	183	SKPKB Article 4 (2) No.00017/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00018/240/13/511/16	381	183	SKPKB Article 4 (2) No.00018/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00019/240/13/511/16	381	183	SKPKB Article 4 (2) No.00019/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00020/240/13/511/16	381	183	SKPKB Article 4 (2) No.00020/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00021/240/13/511/16	381	183	SKPKB Article 4 (2) No.00021/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00022/240/13/511/16	381	183	SKPKB Article 4 (2) No.00022/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00023/240/13/511/16	381	183	SKPKB Article 4 (2) No.00023/240/13/511/16
Total	4.572	2.196	Total

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 15) 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.

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No. PHP-00011/WPJ.19/KP.040/RIKSIS/2017 tanggal 19 Juli 2017 mengenai hasil pemeriksaan pajak untuk tahun 2013, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) PPh Badan Tahun 2013 sebesar Rp183.958 dengan rincian sebagai berikut:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)	Year 2013
Tahun 2013 SKPKB PPh Badan No.00006/206/13/093/17	124.296	59.662	SKPKB Article Corporate Income Tax No.00006/206/13/093/17

On November 17, 2016, the Bank has paid the entire amount in the Tax Assessment Letters (TAL) of Tax Underpayment (SKPKB). 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 SKPKB. However, in regard to the payment of the SKPKB of Article 4 paragraph (2) amounted to Rp6,768 has been charged as prepaid tax (Note 15) since Bank has not agreed with the said SKPKB.

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.

Based on Notification of Tax Audit Findings No. SPHP-00011/KP.040/RIKSIS/2017 dated July 19, 2017, regarding tax audit result for the year of 2013, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) of Corporate Income Tax for the year of 2013 amounting to Rp183,958 as follows:

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39. PERPAJAKAN (lanjutan)

Pemeriksaan tahun pajak 2013 (lanjutan)

Selain itu, Bank juga telah menerima SKPKB PPh Pasal 21, 4 ayat (2) dan PPN sebesar Rp9.945 (termasuk penalti). Seluruh SKPKB tersebut termasuk SKPKB PPh Badan telah dibayar pada tanggal 5 September 2017.

Namun demikian Bank tidak setuju dengan SKPKB PPh Badan sebesar Rp156.773 dan mengajukan Surat Keberatan kepada Direktorat jenderal Pajak melalui surat No.766/S/DIR/FAD/X/2017 tanggal 26 Oktober 2017 yang diterima oleh DJP pada tanggal 30 Oktober 2017. Pembayaran tersebut dicatat oleh Bank pada aset lain-lain (Catatan 15).

Sampai dengan saat ini belum ada keputusan dari kantor pajak atas keberatan tersebut, dan Manajemen memiliki keyakinan bahwa kemungkinan Bank akan memenangkan kasus pajak ini adalah tinggi sehingga tidak dibentuk cadangan dalam laporan keuangan.

Pemeriksaan tahun pajak 2014

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No. SPHP-00016/WPJ.19/KP.04/2017 tanggal 05 Desember 2017 mengenai hasil pemeriksaan pajak untuk tahun 2014, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) PPh Badan Tahun 2014 sebesar Rp206.337 dengan rincian sebagai berikut:

Tahun 2014	Pokok/ Principal (Rp)
SKPKB PPh Badan No.00008/206/14/093/17	139.417

Selain itu, Bank juga telah menerima SKPKB PPh Pasal 21, 23, 4 ayat (2) dan PPN sebesar Rp 13.427 (termasuk penalti). Seluruh SKPKB tersebut termasuk SKPKB PPh Badan telah dibayar pada tanggal 28 Desember 2017.

Namun demikian Bank tidak setuju dengan SKPKB PPh Badan sebesar Rp196.971 dan akan mengajukan Surat Keberatan kepada Direktorat Jenderal Pajak.

Sampai dengan saat ini belum ada keputusan dari kantor pajak atas keberatan tersebut, dan Manajemen memiliki keyakinan bahwa kemungkinan Bank akan memenangkan kasus pajak ini adalah tinggi sehingga tidak dibentuk cadangan dalam laporan keuangan.

39. TAXATION (continued)

Assessment for fiscal year 2013 (continued)

On the otherhand, Bank has also received the Tax Assessment Letters of Tax Underpayment (SKPKB) of Article 21, 4 paragraph (2) Income Tax and VAT amounting to Rp9,945 (including penalties). The entire SKPKB including for the Corporate Income Tax has been paid on September 5, 2017

However, Bank does not agree with the SKPKB of the Corporate Income Tax amounting to Rp156,773 and has applied the objection letter No. 766/S/DIR/FAD/X/2017 dated October 26, 2017 which has been received by the Tax Office on October 30, 2017. The payment is recorded as other assets (Note 15).

As of current period, there are still no decision from the Tax Office on the objection, and the Management believes that the probability to win this tax case is high, therefore no provision is provided in the financial statements.

Assessment for fiscal year 2014

Based on Notification of Tax Audit Findings No. SPHP-00016/WPJ.19/KP.04/2017 dated December 05, 2017, regarding tax audit result for the year of 2014, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) of Corporate Income Tax amounting to Rp206,337 for the year of 2014 as follows:

	Denda/ Penalty (Rp)	Year 2014
SKPKB Article Corporate Income Tax No.00008/206/14/093/17	66.920	SKPKB Article Corporate Income Tax No.00008/206/14/093/17

On the otherhand, Bank has also received the Tax Assessment Letters of Tax Underpayment (SKPKB) of Article 21, 23, 4 paragraph (2) Income Tax and VAT amounting to Rp13,427 (including penalties). The entire SKPKB including for the Corporate Income Tax has paid on December 28, 2017.

However, Bank does not agree with the SKPKB of Corporate Income Tax amounting to Rp196,971 and will submit the objection letter to the Tax Office.

As of current period, there are still no decision from the Tax Office on the objection, and the Management believes that the probability to win this tax case is high, therefore no provision is provided in the financial statements.

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39. PERPAJAKAN (lanjutan)

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.

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.

40. KOMITMEN DAN KONTINJENSI

Saldo komitmen dan kontinjenси pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
KOMITMEN			
Liabilitas Komitmen			COMMITMENTS
Fasilitas kredit kepada nasabah yang belum ditarik	18.740.054	16.446.763	Commitments payable Unused loan facility commitments
KONTINJENSI			
Tagihan Kontinjenси			CONTINGENCIES
Pendapatan bunga dalam penyelesaian	2.372.209	1.954.131	Contingent receivables Interest income on non-performing assets
Liabilitas Kontinjenси			Contingent payables Guarantees issued (Note 27)
Garansi yang diterbitkan (Catatan 27)	(3.001.188)	(2.730.151)	Contingencies - net
Kontinjenси - neto	(628.979)	(776.020)	

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41. IMBALAN KERJA

Program pensiun imbalan pasti

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

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.

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 2017 dan 2016 adalah berdasarkan laporan aktuaris tanggal 5 Januari 2018 dan 11 Januari 2016 dari aktuaris independen Bestama Aktuaria.

41. EMPLOYEE BENEFITS

Defined benefit pension plan

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

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 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 before 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, 2017 and 2016 is based on the actuarial reports dated January 5, 2018 and January 11, 2016, of Bestama Aktuaria, an independent actuary.

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41. IMBALAN KERJA (lanjutan)

Asumsi-asumsi utama yang digunakan dalam perhitungan aktuaris adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Tingkat kenaikan penghasilan dasar pensiun	6,00%	6,00%	<i>Basic pensionable annual salary increase rate</i>
Tingkat mortalita (kematian)	GAM-1971	GAM-1971	<i>Mortality rate</i>
Tingkat cacat	1,00%	1,00%	<i>Disability rate</i>
Tingkat Diskonto			<i>Discount rate</i>
Imbalan Jangka Panjang Lainnya - Penghargaan Masa Kerja	7,80%	8,10%	<i>Other long-term benefits - Gratuity</i>
Program Pesangon Pensiun - Selisih DPLK	7,80%	8,40%	<i>Retirement severance program - Difference from DPLK</i>
Masa Persiapan Pensiun	6,90%	8,00%	<i>Retirement Preparation Period</i>
Program Pensiun Imbalan Pasti	7,80%	7,80%	<i>Deferred Benefit Pension Plan</i>
Program Kesejahteraan	6,40%	7,80%	<i>Welfare Program</i>

Penghargaan masa kerja, program pesangon pensiun-selisih DPLK, masa persiapan pensiun dan program kesejahteraan dicantumkan dalam program lainnya.

41. EMPLOYEE BENEFITS (continued)

The key assumptions used in the actuarial calculations are as follows:

a. Biaya imbalan kerja

a. Employee benefits expense

	31 Desember/December 31, 2017			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Biaya jasa kini luran peserta	32.121 (7.627)	63.359 (7.835)	95.480 (15.462)	<i>Current service cost Contribution from participant</i>
Beban (pendapatan) bunga neto	(440)	13.312	12.872	<i>Net interest (income) cost</i>
Kerugian aktuaria	-	10.312	10.312	<i>Actuarial loss</i>
Biaya Jasa Lalu	2.952	-	2.952	<i>Past service cost</i>
Beban imbalan kerja - neto	27.006	79.148	106.154	<i>Employee benefits expense - net</i>

	31 Desember/December 31, 2016			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Biaya jasa kini luran peserta	28.458 (7.362)	37.251 (7.575)	65.709 (14.937)	<i>Current service cost Contribution from participant</i>
Beban (pendapatan) bunga neto	(564)	11.607	11.043	<i>Net interest (income) cost</i>
Kerugian aktuaria	-	8.735	8.735	<i>Actuarial loss</i>
Biaya Jasa Lalu	54.141	28.950	83.091	<i>Past service cost</i>
Beban imbalan kerja - neto	74.673	78.968	153.641	<i>Employee benefits expense - net</i>

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41. IMBALAN KERJA (lanjutan)

b. Mutasi atas kewajiban imbalan kerja

41. EMPLOYEE BENEFITS (continued)

b. *Movements of liabilities for employee benefits*

31 Desember/December 31, 2017			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total
Saldo pada awal tahun	-	169.793	169.793
Beban imbalan kerja tahun berjalan - neto	27.005	79.148	106.153
Pengukuran kembali liabilitas (aset) imbalan kerja - neto	8.768	54.916	63.684
Pembayaran manfaat aktual	(35.773)	(43.541)	(79.314)
Saldo kewajiban pada akhir tahun (Catatan 28)	-	260.316	260.316

31 Desember/December 31, 2016			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total
Saldo pada awal tahun	-	145.800	145.800
Beban imbalan kerja tahun berjalan - neto	74.673	78.969	153.642
Pengukuran kembali liabilitas (aset) imbalan kerja - neto	(40.750)	3.953	(36.797)
Pembayaran manfaat aktual	(33.923)	(58.929)	(92.852)
Saldo kewajiban pada akhir tahun (Catatan 28)	-	169.793	169.793

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, 2017			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total
Saldo pada awal tahun	1.398.477	865.766	2.264.243
Biaya jasa kini	32.121	63.359	95.480
Beban bunga	107.068	67.013	174.081
Biaya Jasa Lalu	2.952	-	2.952
Manfaat yang dibayarkan	(83.739)	(88.846)	(172.585)
Kerugian aktuaria	30.872	170.902	201.774
Saldo pada akhir tahun	1.487.751	1.078.194	2.565.945

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
Biaya jasa kini	28.458	37.251	65.709
Beban bunga	103.175	60.844	164.019
Biaya Jasa Lalu	54.141	28.950	83.091
Manfaat yang dibayarkan	(80.398)	(75.040)	(155.438)
Kerugian aktuaria	94.683	104.171	198.854
Saldo pada akhir tahun	1.398.476	865.765	2.264.241

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41. IMBALAN KERJA (lanjutan)

- d. Mutasi nilai wajar aset program adalah sebagai berikut: (tidak diaudit)

41. EMPLOYEE BENEFITS (continued)

- d. *The movements in the fair value of plan assets are as follows: (unaudited)*

31 Desember/December 31, 2017

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.590.127	740.164	2.330.291	<i>Balance at beginning of year</i>
Hasil pengembangan aset program	193.501	92.718	286.219	<i>Return on plan asset</i>
Kontribusi Bank	35.773	30.277	66.050	<i>Contributions by the Bank</i>
Kontribusi pegawai	7.627	7.835	15.462	<i>Employees contribution</i>
Manfaat yang dibayarkan	(83.739)	(53.117)	(136.856)	<i>Benefits paid</i>
Saldo pada akhir tahun	1.743.289	817.877	2.561.166	Balance at end of year

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	<i>Balance at beginning of year</i>
Hasil pengembangan aset program	131.548	77.980	209.528	<i>Return on plan asset</i>
Kontribusi Bank	33.923	29.241	63.164	<i>Contributions by the Bank</i>
Kontribusi pegawai	7.362	7.575	14.937	<i>Employees contribution</i>
Manfaat yang dibayarkan	(80.398)	(45.352)	(125.750)	<i>Benefits paid</i>
Saldo pada akhir tahun	1.590.127	740.164	2.330.291	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, 2017

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	72.452	32.277	104.729	<i>Balance at beginning of year</i>
Kerugian aktuaris	30.872	160.590	191.462	<i>Actuary loss</i>
Imbal hasil atas aset program	(71.044)	(35.571)	(106.615)	<i>Return on plan assets</i>
Perubahan atas dampak atas aset diluar bunga neto aset/liabilitas	48.939	(47.638)	1.301	<i>Change in effect of the asset ceiling excluding net interest of asset/liabilities</i>
Saldo pada akhir tahun	81.219	109.658	190.877	Balance at the end of year

31 Desember/December 31, 2016

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	113.202	28.324	141.526	<i>Balance at beginning of year</i>
Kerugian aktuaris	94.683	95.435	190.118	<i>Actuary loss</i>
Imbal hasil atas aset program	(1.472)	(19.332)	(20.804)	<i>Return on plan assets</i>
Perubahan atas dampak atas aset diluar bunga neto aset/liabilitas	(133.961)	(72.150)	(206.111)	<i>Change in effect of the asset ceiling excluding net interest of asset/liabilities</i>
Saldo pada akhir tahun	72.452	32.277	104.729	Balance at the end of year

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41. IMBALAN KERJA (lanjutan)

- f. Portofolio investasi aset program yang ditempatkan dalam bentuk instrumen keuangan bank terdiri dari Reksa Dana, Efek Beragunan Aset, Surat Berharga Negara, Obligasi, Deposito Berjangka dan Saham.
- g. Sensitivitas dari imbalan kerja (tidak diaudit) terhadap perubahan asumsi akturial sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Tingkat diskonto			
Kenaikan 1%	(125.195)	(98.711)	<i>Discount rate:</i> <i>Increase 1%</i>
Penurunan 1%	161.964	117.130	<i>Decrease 1%</i>
Tingkat kenaikan gaji			
Kenaikan 1%	109.532	66.704	<i>Salary increase rate:</i> <i>Increase 1%</i>
Penurunan 1%	(79.352)	(58.231)	<i>Decrease 1%</i>

- h. Analisis jatuh tempo yang diharapkan dari manfaat pension yang tidak terdiskonto adalah sebagai berikut: (tidak diaudit)

- h. *Expected maturity analysis of undiscounted pension benefit is as follows: (unaudited)*

	31 Desember/December 31, 2017		
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total
Kurang dari 1 tahun	67.760	134.419	202.179
2 sampai 5 tahun	90.652	198.387	289.039
Lebih dari 5 tahun	108.665	16.253.141	16.361.806
Total	267.077	16.585.947	16.853.024

*Less than a year
Between 2 to 5 years
Over 5 years*

Total

	31 Desember/December 31, 2016		
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total
Kurang dari 1 tahun	66.267	342.889	409.156
2 sampai 5 tahun	90.527	355.445	445.972
Lebih dari 5 tahun	129.750	6.912.714	7.042.464
Total	286.544	7.611.048	7.897.592

*Less than a year
Between 2 to 5 years
Over 5 years*

Total

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42. PELAPORAN SEGMEN

Informasi segmen usaha berdasarkan jenis usaha adalah sebagai berikut:

42. SEGMENT REPORTING

Segment information based on business type are as follows:

	<i>31 Desember 2017/December 31, 2017</i>			
	<i>Konvensional/ Conventional</i>	<i>Syariah/ Sharia</i>	<i>Eliminasi/ Elimination</i>	<i>Total</i>
Pendapatan segmen	18.446.733	824.849	-	19.271.582
Beban segmen	(9.918.890)	(11.752)	-	(9.930.642)
Pendapatan segmen - neto	8.527.843	813.097	-	9.340.940
Pendapatan operasional lainnya	1.538.350	67.581	-	1.605.931
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(855.103)	(29.298)	-	(884.401)
Beban operasional lainnya	(5.842.016)	(328.551)	-	(6.170.567)
Laba operasional	3.369.074	522.829	-	3.891.903
Pendapatan (beban) bukan operasional - neto	10.290	(40.638)	-	(30.348)
Beban pajak	(834.089)	-	-	(834.089)
Laba tahun berjalan	2.545.275	482.191	-	3.027.466
Total aset	240.473.209	23.396.603	(2.504.545)	261.365.267
Total liabilitas	205.998.433	20.443.575	(2.504.545)	223.937.463

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42. PELAPORAN SEGMENT (lanjutan)

Informasi segmen usaha berdasarkan jenis usaha (lanjutan):

42. SEGMENT REPORTING (continued)

Segment information based on business type are as follows (continued):

<i>31 Desember 2016/December 31, 2016</i>				
	<i>Konvensional/ Conventional</i>	<i>Syariah/ Sharia</i>	<i>Eliminasi/ Elimination</i>	<i>Total</i>
Pendapatan segmen	16.501.472	637.347	-	17.138.819
Beban segmen	(8.961.627)	(13.647)	-	(8.975.274)
Pendapatan segmen - neto	7.539.845	623.700	-	8.163.545
Pendapatan operasional lainnya	1.241.506	41.316	-	1.282.822
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(598.296)	(109.235)	-	(707.531)
Beban operasional lainnya	(5.132.653)	(253.951)	-	(5.386.604)
Laba operasional	3.050.402	301.830	-	3.352.232
Pendapatan (beban) bukan operasional - neto	(97.741)	75.593	-	(22.148)
Beban pajak	(711.179)	-	-	(711.179)
Laba tahun berjalan	2.241.482	377.423	-	2.618.905
Total aset	198.269.727	18.125.394	(2.226.642)	214.168.479
Total liabilitas	169.196.625	15.859.015	(2.226.642)	182.828.998

43. 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 diakhiri 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, Tata cara dan Ketentuan Pelaksanaan Jaminan Pemerintah terhadap Kewajiban Pembayaran Bank Umum.

43. 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.

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43. JAMINAN PEMERINTAH TERHADAP KEWAJIBAN PEMBAYARAN BANK UMUM (lanjutan)

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).

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 2017 dan 2016 masing-masing adalah sebesar 5,75% dan 6,25% untuk simpanan dalam mata uang Rupiah, dan masing-masing sebesar 0,75% untuk simpanan dalam mata uang asing.

Pada tanggal 31 Desember 2017 dan 2016, Bank telah membayar premi program penjaminan masing-masing sebesar Rp346.755 dan Rp285.344.

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43. GOVERNMENT GUARANTEES ON THE OBLIGATIONS OF COMMERCIAL BANKS (continued)

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).

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, 2017 and 2016 were 5.75% and 6.25% for each deposits in Rupiah and 0.75% for deposits in foreign currencies.

The Bank paid a premium on the guarantee program amounting to Rp346,755 and Rp285,344 as of December 31, 2017 and 2016, respectively.

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44. 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 2017 dan 2016:

<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>
Pemerintah Republik Indonesia	Kepemilikan sebagai pemegang saham utama/ <i>Ownership through the major shareholder</i>	Obligasi Pemerintah / <i>Government Bonds</i>
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, Surat Berharga yang Diterbitkan dan Garansi yang diterbitkan / <i>Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities, Deposits from Other Banks, Securities issued and Guarantees issued</i>
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, Efek-efek, dan Surat Berharga yang Diterbitkan / <i>Current accounts with other banks, Securities, and Securities issued</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, Tagihan Deratif, Surat Berharga yang Diterbitkan dan Pinjaman yang Diterima / <i>Current accounts with other banks, and Other Banks, Securities, Derivative Receivable, Securities issued</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>
Lembaga Pembiayaan Ekspor Indonesia	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Efek-efek/ <i>Securities</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>

44. 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, 2017 and 2016:

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**44. 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 2017 dan 2016 (lanjutan):

<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/ Ownership through the Central Government of the Republic of Indonesia	Pinjaman yang diterima dan Pinjaman Subordinasi / Fund borrowings and Subordinated Loan
PT PP Pracetak (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Yodya Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT HK Realtindo	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Adhi Karya (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / Loans and sharia financing/receivables and Guarantees issued
PT Bank Mandiri Taspen Pos	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek dan Simpanan dari Bank Lain / Placement with Bank Indonesia and Other Banks, Securities and Deposits from Other Banks
Perum Jasa Tirta I	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Jasa Layanan Pemeliharaan	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Asuransi Asei Indonesia	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Indonesia Power	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek/ Securities
PT Perkebunan Nusantara III (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Pelabuhan Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued

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**44. 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 2017 dan 2016 (lanjutan):

Pihak-pihak berelasi/ <u>Related parties</u>	Jenis hubungan/ <u>Type of relationship</u>	Unsur transaksi pihak berelasi/ <u>Nature of related party transactions</u>
PT Taspen (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued
PT Asuransi Jasa Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued
PT Inhutani IV (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah/ Loans and sharia financing/receivables
PT Adhi Persada Properti	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Amarta Karya	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Hutama Karya	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT PPA Finance	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT BNI Life Insurance	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan dan Garansi yang diterbitkan / Securities issued and Guarantees issued
PT Jasamarga Bali Tol	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Asuransi Jiwasraya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities issued
PT Wijaya Karya Bangunan Gedung	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables

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**44. 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 2017 dan 2016 (lanjutan):

<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 Asuransi Jasa Raharja (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities issued
PT Tugu Pratama Indonesia	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities issued
PT Barata Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Sucofindo (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Asuransi Jiwa Bringin dan Sejahtera	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities issued
PT Angkasa Pura (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan dan Garansi yang diterbitkan / Securities issued and Guarantees issued
PT Telekomunikasi Indonesia (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Timah (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek dan Garansi yang diterbitkan/ Securities and Guarantees issued
PT Pertamina (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
Saka Indonesia Pangkah Limited	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Nindya Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued

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**44. 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 2017 dan 2016 (lanjutan):

<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 Pindad (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Patra Trading	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Antam (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Brantas Abipraya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
Perum Perumnas	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Peruri Properti	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Jasa Marga (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Indonesia Asahan Alumunium (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Pertamina Hulu Energi	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Perkebunan Nusantara V (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Kereta Api Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek dan Garansi yang diterbitkan/ Securities and Guarantees issued
PT Indah Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Perusahaan Pengelola Aset (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables

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**44. 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 2017 dan 2016 (lanjutan):

<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 PNM Ventura Syariah	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Propernas Griya Utama	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Wijaya Karya Realty	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
Pemerintah Republik Indonesia (RI)	Kepemilikan saham mayoritas melalui Kementerian Keuangan RI/ Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Obligasi Pemerintah dan Garansi yang diterbitkan / Government Bonds and Guarantees issued
Manajemen Kunci/ Key Management	Hubungan pengendalian kegiatan perusahaan/ Control on company's activities	Kredit yang Diberikan dan Pembiayaan/piutang Syariah, Simpanan dari Nasabah, dan Dana Syirkah Temporer / Loans and sharia financing/receivables, Deposit from Customers and Temporary Syirkah Fund
Perum Percetakan Negara RI (Perum PNRI)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Pembangunan Perumahan (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Waskita Karya Realty	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Permodalan Nasional Madani	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Pertamina Bina Medika	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities Issued
PT Asuransi Kredit Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities Issued

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**44. 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 2017 dan 2016 (lanjutan):

Pihak-pihak berelasi/ <u>Related parties</u>	Jenis hubungan/ <u>Type of relationship</u>	Unsur transaksi pihak berelasi/ <u>Nature of related party transactions</u>
PT Pertamina EP	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Pertamina Geothermal Energy	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT LEN Railway Systems	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Taspen (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued

- 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:*

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Aset			Assets
Giro pada bank lain (Catatan 6)	262.619	16.958	Current accounts with other banks (Note 6)
Penempatan pada Bank Indonesia dan bank lain (Catatan 7)	6.317	268	Placements with Bank Indonesia and other banks (Note 7)
Efek-efek (Catatan 8)	1.188.742	998.812	Securities (Note 8)
Obligasi pemerintah (Catatan 9)	8.183.973	9.243.639	Government bonds (Note 9)
Kredit yang diberikan dan pembiayaan/piutang syariah (Catatan 10)	4.393.372	2.037.903	Loans and sharia financing/receivables (Note 10)
Tagihan Akseptasi (Catatan 11)	8.081	-	Acceptance Receivable (Note 11)
Total aset untuk pihak-pihak berelasi	14.043.104	12.297.580	Total assets to related parties
Cadangan kerugian penurunan nilai dari pihak-pihak berelasi	(1.764)	(877)	Allowance for impairment losses for related parties
Total dari aset pihak-pihak berelasi - neto	14.041.340	12.296.703	Total assets from related parties - net
Persentase total aset pihak berelasi terhadap total aset	5,37%	5,74%	Percentage of total assets from related parties to total assets

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**44. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
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- a. Transaksi dengan pihak berelasi karena hubungan kepemilikan dengan pemerintah Republik Indonesia (lanjutan):

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Liabilitas			Liabilities
Simpanan dari nasabah (Catatan 17, 18 dan 19)	94.738.386	79.463.377	Deposits from customers (Notes 17, 18 and 19)
Simpanan dari bank lain (Catatan 20)	-	500.000	Deposits from other banks (Note 20)
Liabilitas Akseptasi (Catatan 22)	8.081	-	Acceptance Payable (Note 22)
Surat-surat Berharga yang Diterbitkan (Catatan 23)	5.370.625	5.036.749	Securities Issued (Note 23)
Pinjaman yang diterima (Catatan 24)	4.993.145	1.999.921	Fund borrowings (Note 24)
Pinjaman Subordinasi (Catatan 25)	2.999.319	2.999.118	Subordinated Loan (Note 25)
Total liabilitas untuk pihak- pihak berelasi	108.109.556	89.999.165	Total liabilities to related parties
Persentase total liabilitas pihak berelasi terhadap total liabilitas	48,28%	49,23%	Percentage of total liabilities from related parties to total liabilities
 Dana Syirkah Temporer			 Temporary Syirkah Funds
Giro Mudharabah (Catatan 17)	154.636	29.073	Giro Mudharabah (Note 17)
Tabungan Mudharabah (Catatan 18)	200.000	-	Tabungan Mudharabah (Note 18)
Deposito Mudharabah (Catatan 19)	4.954.653	4.138.516	Deposito Mudharabah (Note 19)
Total dana syirkah temporer untuk pihak-pihak berelasi	5.309.289	4.167.589	Total temporary syirkah funds to related parties
Persentase total dana syirkah temporer berelasi terhadap dana syirkah temporer	33,68%	34,14%	Percentage of total temporary syirkah funds related parties to total temporary syirkah funds
 2017		2016	
Pendapatan bunga dan bagi hasil			Interest income and income from profit sharing
Penempatan pada Bank Indonesia dan bank lain	4.713	22.332	Placements with Bank Indonesia and other banks
Efek-efek	77.953	42.454	Securities
Obligasi pemerintah	493.675	568.417	Government bonds
Kredit yang diberikan dan pembayaan/piutang syariah	200.215	69.460	Loans and sharia financing/ receivables
Total pendapatan bunga dan bagi hasil dari pihak-pihak berelasi	776.556	702.663	Total interest income and income from profit sharing from related parties
Persentase terhadap total pendapatan bunga dan bagi hasil	4,03%	4,09%	Percentage to total interest income and income from profit sharing

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**44. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
(lanjutan)**

- a. Transaksi dengan pihak berelasi karena hubungan kepemilikan dengan pemerintah Republik Indonesia (lanjutan):

	2017	2016	<i>Interest, profit sharing and bonus expenses</i>
Beban bunga, bagi hasil dan bonus			
Simpanan dari nasabah	3.705.858	3.294.909	<i>Deposits from customers</i>
Surat-surat Berharga yang Diterbitkan	573.600	273.235	<i>Securities Issued</i>
Pinjaman yang diterima	295.622	357.222	<i>Fund borrowings</i>
Pinjaman Subordinasi	270.200	150.750	<i>Subordinated Loan</i>
Giro Mudharabah	873	139	<i>Giro Mudharabah</i>
Tabungan Mudharabah	331	-	<i>Tabungan Mudharabah</i>
Deposito Mudharabah	106.935	97.728	<i>Deposito Mudharabah</i>
Total beban bunga dan bonus dari pihak berelasi	4.953.419	4.173.983	<i>Total interest and bonus expenses from related parties</i>
Persentase terhadap total beban bunga,bagi hasil dan bonus	49,88%	46%	<i>Percentage to total interest,profit sharing and bonus expense</i>
	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Komitmen dan Kontinjenси pada Rekening Administratif (Catatan 27)			<i>Commitments and Contingencies in Administrative Accounts (Note 27)</i>
Garansi yang diterbitkan	378.722	565.849	<i>Guarantees issued</i>
Persentase terhadap total komitmen dan kontinjenси pada rekening administratif	11,11%	16,17%	<i>Percentage to total commitments and contingencies in administrative accounts</i>

- b. Transaksi dengan manajemen kunci

	b. Transactions with key management personnel
	31 Desember/ December 31, 2017
Aset	31 Desember/ December 31, 2016
Kredit yang diberikan dan piutang/ pembiayaan syariah (Catatan 10)	98.061
Persentase terhadap total aset	0,04%
Liabilitas	Assets
Simpanan dari nasabah (Catatan 17, 18 dan 19)	76.493
Kompensasi karyawan kunci (Catatan 41)	368.028
Total liabilitas dari manajemen kunci	444.521
Persentase terhadap total liabilitas	0,20%
	Liabilities
Deposits from customers (Notes 17, 18 and 19)	56.401
Compensation of key employees (Notes 41)	115.320
Total liabilities from key management personnel	171.721
Persentase terhadap total liabilitas	0,09%
	Percentage to total liabilities

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- b. Transaksi dengan manajemen kunci

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Dana Syirkah Temporer			Temporary Syirkah Funds
Tabungan Mudharabah	1.157	1.191	Tabungan Mudharabah
Deposito Mudharabah	3.606	2.810	Deposito Mudharabah
Total dana syirkah temporer untuk pihak-pihak berelasi	4.763	4.001	Total temporary syirkah funds to related parties
Persentase total dana syirkah temporer berelasi terhadap dana syirkah temporer	0,03%	0,03%	Percentage of total temporary syirkah funds related parties to total temporary syirkah funds
	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Pendapatan bunga dan bagi hasil			Interest income and income from profit sharing
Kredit yang diberikan dan pembiayaan/piutang syariah	5.589	3.757	Loans and sharia financing/receivables
Persentase terhadap total pendapatan bunga dan bagi hasil	0,03%	0,02%	Percentage to total interest income and income from profit sharing
Beban bunga, bagi hasil dan bonus			Interest, profit sharing and bonus expenses
Simpanan dari nasabah	3.169	1.980	Deposits from customers
Persentase terhadap total beban bunga, bagi hasil, dan bonus	0,03%	0,02%	Percentage to total interest, profit sharing and bonus expense
	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Beban gaji dan tunjangan:			Salaries and employee benefits:
Direksi (Catatan 1f)	61.714	52.767	Board of Directors (Note 1f)
Dewan Komisaris (Catatan 1f)	27.744	20.785	Board of Commissioners (Note 1f)
Karyawan Kunci	278.570	86.922	Key Employees
Total	368.028	160.474	Total
Persentase terhadap total beban gaji dan tunjangan karyawan	14,41%	7,56%	Percentage to total salaries and employee benefits

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45. 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 kontinjenji yang dicatat dalam rekening administratif yang didenominasi dalam setiap mata uang asing.

PDN Bank pada tanggal-tanggal 31 Desember 2017 dan 2016:

31 Desember/December 31, 2017			
	Aset/ Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/ Net Open Position
Laporan posisi keuangan dan Rekening administratif			
Dolar Amerika Serikat	3.150.193	3.395.206	245.013
Dolar Singapura	26.235	-	26.235
Yen Jepang	12.532	-	12.532
Renminbi	279	-	279
Riyal Arab Saudi	236	-	236
Dolar Australia	125	-	125
Euro Eropa	115	-	115
Pound Sterling Inggris	53	-	53
Ringgit Malaysia	32	-	32
			284.620
Modal (Catatan 46)			22.094.944
Rasio PDN			1.29%
 31 Desember/December 31, 2016			
	Aset/ Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/ Net Open Position
Laporan posisi keuangan dan Rekening administratif			
Dolar Amerika Serikat	585.126	544.433	40.693
Dolar Singapura	10.642	-	10.642
Yen Jepang	6.211	8	6.203
Renminbi	255	-	255
Riyal Arab Saudi	246	-	246
Dolar Australia	224	-	224
Euro Eropa	80	-	80
Pound Sterling Inggris	48	-	48
Ringgit Malaysia	15	-	15
			58.406
Modal (Catatan 46)			20.219.637
Rasio PDN			0,29%

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46. 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 2017 dan 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.

Berdasarkan POJK No. 34/POJK.03/2016 tentang Kewajiban Penyediaan Modal Minimum Bank Umum, PBI No. 17/22/PBI/2015 tentang Kewajiban Pembentukan Countercyclical Buffer dan POJK No. 46/POJK.03/2015 tentang Penetapan Systemically Important Bank dan Capital Surcharge, Bank diwajibkan membentuk tambahan modal sebagai penyangga (buffer) yang berlaku secara bertahap mulai 1 Januari 2016. Pembentukan modal buffer yaitu Capital Conservation Buffer, Countercyclical Buffer dan Capital Surcharge untuk D-SIB yang wajib dibentuk berdasarkan persentase tertentu dari ATMR masing-masing sebesar 1,25%, 0,00% dan 1,00%.

Berdasarkan profil risiko Bank masing-masing per 31 Desember 2017 dan 2016, yaitu *low to moderate*, maka CAR minimum per 31 Desember 2017 dan 2016 ditetapkan masing-masing sebesar 9% sampai dengan 10%.

Penentuan kepatuhan Bank terhadap peraturan dan rasio yang berlaku didasarkan pada peraturan praktik akuntansi yang berbeda dalam beberapa hal dengan Standar Akuntansi Keuangan di Indonesia.

Pada tanggal-tanggal 31 Desember 2017 dan 2016, Bank telah memenuhi rasio sesuai yang disyaratkan Otoritas Jasa Keuangan untuk rasio kecukupan modal.

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46. 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, 2017 and 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.

Based on POJK No. 34/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks, PBI No. 17/22/PBI/2015 concerning the Establishment of Countercyclical Buffer Requirement, and POJK No. 46/POJK.03/2015 concerning the Determination of Systemically Important Bank and Capital Surcharge, Bank is required to form additional capital as a buffer that apply in stages starting on January 1, 2016. The establishment of buffer capital consist of Capital Conservation Buffer, Countercyclical Buffer, and Capital Surcharge for D-SIB which shall be established based on a percentage of RWA of 1.25%, 0.00% and 1.00%, respectively.

Based on the risk profile as of December 31, 2017 and 2016, respectively, which are both low to moderate, the minimum CAR for December 31, 2017 and 2016, is set at 9% to less than 10%, respectively.

The determination of the Bank's compliance with regulations and applicable ratios are based on the accounting rules which is differ in several aspects with the Financial Accounting Standards in Indonesia.

As of December 31, 2017 and 2016, the Bank has fulfilled the required ratios of Financial Service Authority for the capital adequacy ratio.

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46. RASIO LIABILITAS PENYEDIAAN MODAL MINIMUM (lanjutan)

Perhitungan CAR Bank pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

		31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Modal Inti	a	18.726.949	16.443.159	Core Capital
Modal Pelengkap (Maksimal 100% dari Modal Inti)	b	3.367.995	3.776.478	Supplementary Capital (Maximum of 100% of Core Capital)
Modal Pelengkap Tambahan yang Dialokasikan untuk Mengantisipasi Risiko Pasar	c	-	-	Additional Supplementary Capital Allocated for Anticipation of Market Risk
Jumlah Modal Inti dan Modal Pelengkap	d=a+b	22.094.944	20.219.637	Total Core Capital and Supplementary Capital
Jumlah Modal Inti, Modal Pelengkap dan Modal Pelengkap Tambahan yang Dialokasikan untuk Mengantisipasi Risiko Pasar Penyertaan	e=c+d f	22.094.944	20.219.637	Total Core Capital, Supplementary Capital and Additional Supplementary Capital Allocated for Anticipation of Market Risk Investment
Jumlah Modal untuk Risiko Kredit	g=d-f	22.094.944	20.219.637	Total Capital for Credit Risk
Jumlah Modal untuk Risiko Kredit dan Risiko Pasar	h=e-f	22.094.944	20.219.637	Total Capital for Credit Risk and Market Risk
Aset Tertimbang Menurut Risiko Kredit	i	101.494.102	86.188.782	Risk Weighted Assets Credit Risk
ATMR untuk Risiko Pasar	j	664.340	343.820	Risk Weighted Assets (RWA) for Market Risk
ATMR untuk risiko operasional	k	14.933.824	12.899.251	Risk Weighted Assets (RWA) for Operational Risk
Jumlah ATMR untuk Risiko Kredit dan Risiko operasional	l=i+k	116.427.926	99.088.033	Total Risk Weighted Assets (RWA) for Credit Risk and Operational Risk
Jumlah ATMR untuk Risiko Kredit, Risiko Operasional dan Risiko Pasar	m=i+j+k	117.092.266	99.431.853	(RWA) for Credit Risk, Operational Risk and Market Risk
CAR untuk Risiko Kredit dan Risiko Operasional	n=g/l	18,98%	20,41%	CAR for Credit Risk and Operational Risk
CAR untuk Risiko Kredit Risiko Operasional dan Risiko Pasar	o=h/m	18,87%	20,34%	CAR for Credit Risk Operational Risk and Market Risk
CAR Minimum yang Diwajibkan		9%	9%	Minimum CAR

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47. 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 Pendekatan Indikator Dasar (PID) 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.

47. 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 Method 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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47. MANAJEMEN RISIKO (lanjutan)

Bank melakukan *stress testing* secara berkala untuk menilai kecukupan modal dalam hal terjadinya kejadian-kejadian risiko yang bersifat ekstrim atau catastroph. 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).

47. 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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47. MANAJEMEN RISIKO (lanjutan)

Struktur 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 RSS 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.

47. RISK MANAGEMENT (continued)

Risk Management Structure (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 RSS 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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47. 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. 3/1/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.

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47. 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. 3/1/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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47. 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.

47. 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 RMMP 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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47. 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 dijaminkan sesuai skema kredit dan perkiraan tingkat risiko kredit dari *counterparty* sebagai *second way out* yang ditetapkan. Jenis dari agunan terdiri dari:

- a) *Physical collateral*, berupa tanah dan bangunan.
- b) *Financial collateral*, berupa simpanan (tabungan, giro dan deposito), surat berharga, dan lain-lain.
- c) 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 retaksaasi 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.

47. 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:

- a) *Physical collateral*, such as land and buildings.
- b) *Financial collateral*, such as third party funds (saving deposits, demand deposits and time deposits), securities, etc.
- c) *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 used 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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47. 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 2017 dan 2016. Untuk tabel ini, Bank telah mengalokasikan eksposur area berdasarkan wilayah geografis tempat mereka beroperasi.

47. 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, 2017 and 2016. For these tables, the Bank has allocated exposures to the regions based on the geographical area where activities are undertaken.

31 Desember/December 31, 2017

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others ^{**)}	Total	
Giro pada Bank Indonesia	12.554.585	-	-	-	-	12.554.585	Current accounts with Bank Indonesia
Giro pada bank lain Penempatan pada Bank Indonesia dan bank lain	554.283	72	2.749	810	83	557.997	Current accounts with other banks Placements with Bank Indonesia and other banks
Efek-efek	24.697.503	-	-	-	-	24.697.503	Securities
Obligasi Pemerintah	7.720.954	-	-	-	-	7.720.954	Government bonds
Tagihan Akseptasi	8.183.973	-	-	-	-	8.183.973	Acceptance Receivable
Penyertaan Saham	8.081	-	-	-	-	8.081	Investment in Shares
Kredit yang diberikan dan piutang/pembayaran syariah	270	-	-	-	-	270	
Konsumen							
Pemilikan rumah	-	60.076.342	36.956.819	23.356.014	24.783.593	145.172.768	Housing loan
Non-kepemilikan rumah	-	3.145.422	3.884.083	1.435.451	2.559.954	11.024.910	Non-housing loan
Modal kerja	-	19.202.730	8.655.804	3.515.565	3.822.803	35.196.902	Working capital
Investasi	-	2.961.318	1.758.289	439.240	597.013	5.755.860	Investment
Sindikasi	-	78.057	-	-	-	78.057	Syndicated
Direksi dan karyawan:							
- Pihak ketiga	-	765.772	442.366	221.512	243.683	1.673.333	Director and Employees
- Pihak berelasi	-	53.180	16.765	9.504	9.302	88.751	Third party - Related party -
Bunga yang masih akan diterima	106.472	907.969	562.915	324.265	394.819	2.296.440	Interest receivable
Aset lain-lain ^{*)}	1.166.029	29.103	10.855	14.547	20.963	1.241.497	Other assets ^{*)}
Total kotor	54.992.150	87.219.965	52.290.645	29.316.908	32.432.213	256.251.881	Total gross
Cadangan kerugian penurunan nilai						(2.372.876)	Allowances for impairment losses
Neto						253.879.005	Net

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 Penempatan pada Bank Indonesia dan bank lain	316.097	72	5.376	852	391	322.788	Current accounts with other banks Placements with Bank Indonesia and other banks
	17.581.350	-	-	-	-	17.581.350	

^{*)} 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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47. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)

a) Sektor geografis (lanjutan)

47. RISK MANAGEMENT (continued)

Credit Risk (continued)

(ii) Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

31 Desember/December 31, 2016

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others ^{**)}	Total	
Efek-efek Obligasi Pemerintah	4.186.141	-	-	-	-	4.186.141	Securities
Kredit yang diberikan dan piutang/pembentukan syariah	9.243.639	-	-	-	-	9.243.639	Government bonds
Konsumen							
Pemilikan rumah	-	49.123.438	30.275.261	18.619.391	19.941.294	117.959.384	Loans and sharia financing/receivables
Non-kepemilikan rumah	-	3.614.168	3.912.525	1.412.244	2.478.207	11.417.144	Consumer Housing loan
Modal kerja	-	16.055.004	6.448.540	2.824.257	3.421.198	28.748.999	Non-housing loan Working capital
Investasi	-	2.479.524	1.500.348	238.852	635.072	4.853.796	Investment Syndicated
Sindikasi	-	78.801	-	-	-	78.801	Director and Employees
Direksi dan karyawan:							
- Pihak ketiga	-	628.853	341.231	181.678	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

^{*)} Terdiri dari tagihan kepada pihak ketiga

^{**)} Lain-lain terdiri dari Kalimantan, Sulawesi, Bali, Maluku dan Papua.

Eksposur risiko kredit atas rekening administratif pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Credit risk exposure related to administrative accounts as of December 31, 2017 and 2016 are as follows:

31 Desember/December 31, 2017

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others ^{*)}	Total	
Fasilitas kredit yang belum ditarik ^{**)}	-	239.569	35.012	61.933	69.849	406.363	Unused loan facilities ^{**) Guaran}
Garansi yang diterbitkan	-	2.782.046	118.322	69.646	31.174	3.001.168	tee issued
Total	-	3.021.615	153.334	131.579	101.023	3.407.551	Total

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 ^{**) Garansi yang diterbitkan}	-	566.221	105.844	20.614	76.172	768.851	Unused loan facilities ^{**) Garan}
	-	2.547.725	106.995	50.726	24.705	2.730.151	tee issued
Total	-	3.113.946	212.839	71.340	100.877	3.499.002	Total

^{*)} Lain-lain Terdiri dari Kalimantan, Sulawesi, Bali, Maluku dan Papua

^{**) Hanya fasilitas kredit komitmen yang belum ditarik}

^{*)} Others consists of Kalimantan, Sulawesi, Bali, Maluku and Papua

^{**) Only for committed unused loan facility}

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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 2017 dan 2016:

31 Desember/December 31, 2017						
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	12.554.585	-	-	-	-	12.554.585
Giro pada bank lain	-	557.997	-	-	-	557.997
Penempatan pada Bank Indonesia dan bank lain	24.691.186	6.317	-	-	-	24.697.503
Efek-efek	4.457.480	2.428.938	576.657	257.879	-	7.720.954
Obligasi Pemerintah	8.183.973	-	-	-	-	8.183.973
Tagihan Akseptasi	-	-	-	8.081	-	8.081
Penyertaan Saham	-	-	-	270	-	270
Kredit yang diberikan dan pembayaran/piutang syariah	-	521.428	133.001	35.851.115	162.485.037	198.990.581
Bunga yang masih akan akan diterima	87.063	5.922	8.191	674.486	1.520.778	2.296.440
Aset lain-lain*)	115.466	361.683	-	378.258	386.090	1.241.497
Total kotor	50.089.753	3.882.285	717.849	37.170.089	164.391.905	256.251.881
Cadangan kerugian penurunan nilai					(2.372.876)	Allowances for impairment losses
Neto					253.879.005	Net

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
Giro pada bank lain	-	322.788	-	-	-	322.788
Penempatan pada Bank Indonesia dan bank lain	17.581.082	268	-	-	-	17.581.350
Efek-efek	2.022.752	1.580.341	524.891	58.157	-	4.186.141
Obligasi Pemerintah	9.243.639	-	-	-	-	9.243.639
Kredit yang diberikan dan pembayaran/piutang syariah	-	508.601	488.645	29.287.941	134.161.194	164.446.381
Bunga yang masih akan akan diterima	82.716	13.707	8.785	399.385	1.360.236	1.864.829

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

- (ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)
 b) Sektor industri (lanjutan)

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 2017 dan 2016: (lanjutan)

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
Aset lain-lain*)	353.939	206.181	5.293	507.560	1.237.495
Total kotor	39.981.506	2.631.886	1.027.614	30.253.043	209.580.001
Cadangan kerugian penurunan nilai					(2.131.957)
Neto					207.448.044

*) 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.

Eksposur risiko kredit yang terkait dengan unsur rekening administratif adalah sebagai berikut pada tanggal-tanggal 31 Desember 2017 dan 2016:

The following tables provide the details of the Bank's credit exposure at carrying amounts (without taking into account any collateral held or other credit enhancements), categorized based on industry sectors as of December 31, 2017 and 2016: (lanjutan)

*) Consists of third party receivables.
 Includes other companies under real estate, construction, manufacturing, transportation, warehousing and communication, trading, farming, mining and other industries.

Credit risk exposure relating to administrative account items as of December 31, 2017 and 2016, are as follows :

31 Desember/December 31, 2017					
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 **)	-	-	-	33.798	372.565
Garansi yang diterbitkan	-	-	-	2.726.914	274.274
Total	-	-	-	2.760.712	646.839
					3.407.551

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
Garansi yang diterbitkan	-	-	-	2.730.151	-
Total	-	-	16.283	2.730.151	768.851
					2.730.151

*) Termasuk perusahaan yang bergerak di industri perumahan, konstruksi, manufaktur, transportasi, perdagangan 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

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

- (iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai

1. Giro pada Bank Lain

31 Desember/December 31, 2017			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Rupiah	206.393	-	206.393
Mata Uang Asing	349.908	1.696	351.604
Total	556.301	1.696	557.997
Cadangan kerugian penurunan nilai			(1.696)
Neto			556.301

31 Desember/December 31, 2016			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Rupiah	117.971	-	117.971
Mata Uang Asing	203.337	1.480	204.817
Total	321.308	1.480	322.788
Cadangan kerugian penurunan nilai			(1.482)
Neto			321.306

2. Penempatan pada Bank Indonesia dan bank lain

Per 31 Desember 2017 dan 2016, aset keuangan ini tidak mengalami penurunan nilai secara individual maupun kolektif.

3. Efek-efek

47. RISK MANAGEMENT (continued)

Credit Risk (continued)

- (iii) Information about impaired and not impaired financial assets

1. Current Accounts with Other Banks

31 Desember/December 31, 2017			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Rupiah	206.393	-	206.393
Mata Uang Asing	349.908	1.696	351.604
Total	556.301	1.696	557.997
Cadangan kerugian penurunan nilai			(1.696)
Neto			556.301

31 Desember/December 31, 2016			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Rupiah	117.971	-	117.971
Mata Uang Asing	203.337	1.480	204.817
Total	321.308	1.480	322.788
Cadangan kerugian penurunan nilai			(1.482)
Neto			321.306

31 Desember/December 31, 2017			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Sertifikat Deposito Bank Indonesia	5.436.440	-	5.436.440
Obligasi Negotiable certificate of deposits	786.850	2.000	788.850
Reksadana Medium Term Notes	652.788	-	652.788
Efek Beragunan Aset	82.432	-	82.432
Total	124.985	-	124.985
Cadangan kerugian penurunan nilai	635.459	-	635.459
Neto	7.718.954	2.000	7.720.954

31 Desember/December 31, 2016			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Sertifikat Deposito Bank Indonesia	117.971	-	117.971
Obligasi Negotiable certificate of deposits	203.337	1.480	204.817
Reksadana Medium Term Notes	652.788	-	652.788
Efek Beragunan Aset	82.432	-	82.432
Total	124.985	-	124.985
Cadangan kerugian penurunan nilai	635.459	-	635.459
Neto	321.308	1.480	322.788

2. Placements with Bank Indonesia and other banks

As of December 31, 2017 and 2016, these financial assets are not impaired individually as well as collectively.

3. Securities

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47. 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, 2016			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Sertifikat Bank Indonesia	1.179.355	-	1.179.355
Sertifikat Deposito Bank Indonesia	843.397	-	843.397
Obligasi	806.775	7.018	813.793
<i>Negotiable certificate of deposits</i>	645.198	-	645.198
Reksadana	82.553	-	82.553
<i>Medium Term Notes</i>	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

4. Rekening administratif

Per 31 Desember 2017 dan 2016, rekening administratif tidak mengalami penurunan nilai secara individual maupun kolektif.

5. Penyertaan saham

Per 31 Desember 2017 dan 2016, penyertaan saham mengalami penurunan nilai sebesar Rp270 dan RpNihil

6. Kredit yang diberikan dan pembiayaan/piutang syariah

Per 31 Desember 2017 dan 2016, aset keuangan ini mengalami penurunan nilai secara individual maupun kolektif sesuai ketentuan dalam PSAK No. 55 dan Peraturan Otoritas Jasa Keuangan (POJK).

47. RISK MANAGEMENT (continued)

Credit Risk (continued)

(iii) Information about impaired and not impaired financial assets (continued)

3. Securities (continued)

31 Desember/December 31, 2016			
	Tidak mengalami penurunan nilai/ <i>Not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Sertifikat Bank Indonesia	1.179.355	-	1.179.355
Sertifikat Deposito Bank Indonesia	843.397	-	843.397
Obligasi	806.775	7.018	813.793
<i>Negotiable certificate of deposits</i>	645.198	-	645.198
Reksadana	82.553	-	82.553
<i>Medium Term Notes</i>	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

4. Administrative account

As of December 31, 2017 and 2016, these administrative account items are not impaired individually as well as collectively.

5. Investment in Shares

As of December 31, 2017 and 2016, investment in shares are impaired amounted Rp270 and RpNil.

6. Loans and sharia financing/receivables

As of December 31, 2017 and 2016, these financial assets are impaired subject to individual and collective impairment according to SFAS No. 55 and Financial Service Authority regulations (POJK).

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

(ii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai (lanjutan)

6. Kredit yang diberikan dan pembiayaan/piutang syariah (lanjutan)

Ikhtisar kredit yang diberikan dan pembiayaan/piutang syariah yang diberikan pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

31 Desember/December 31, 2017					
	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	135.608.990	27.275.069	15.101.069	3.301.361	181.286.489
Konstruksi	7.260.724	555.469	362.766	325.832	8.504.791
Jasa-jasa dunia usaha	4.525.187	550.409	491.138	129.376	5.696.110
Perdagangan, restoran dan hotel	568.280	517.966	136.526	334.959	1.557.731
Jasa-jasa sosial	646.321	97.074	36.780	56.562	836.737
Manufaktur	70.190	21.244	13.839	48.435	153.708
Transportasi, pergudangan dan komunikasi	129.752	28.835	19.336	24.870	202.793
Pertanian	2.052	2.879	5.522	52.924	63.377
Pertambangan	18.062	36.013	83.209	27.151	164.435
Listrik, gas dan air	113.656	14.436	66	765	128.923
Lain-lain	221.424	46.464	61.164	66.435	395.487
Total	149.164.638	29.145.858	16.311.415	4.368.670	198.990.581
Cadangan kerugian penurunan nilai				(2.355.987)	Allowance for impairment losses
Neto				196.634.594	Net

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	14.645.860	2.570.853	149.142.177
Konstruksi	5.285.070	345.898	507.735	269.727	6.408.430
Jasa-jasa dunia usaha	3.825.560	152.475	763.982	97.426	4.839.443
Perdagangan, restoran dan hotel	555.530	234.821	542.594	351.437	1.684.382
Jasa-jasa sosial	716.810	57.155	67.599	50.532	892.096
Manufaktur	98.968	25.228	23.311	54.936	202.443
Transportasi, pergudangan dan komunikasi	66.204	14.070	41.085	52.119	173.478
Pertanian	15.799	11.365	9.504	45.820	82.488
Pertambangan	124.843	19.931	32.705	23.462	200.941
Listrik, gas dan air	22.383	15.283	315	-	37.981
Lain-lain	589.827	63.734	72.098	56.863	782.522
Total	120.586.891	23.579.527	16.706.788	3.573.175	164.446.381
Cadangan kerugian penurunan nilai				(2.116.034)	Allowance for impairment losses
Neto				162.330.347	Net

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47. 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 brutto):

31 Desember/December 31, 2017						
	Belum jatuh tempo dan tidak mengalami penurunan nilai/ <i>neither past due nor impaired</i>		Jatuh tempo dan tidak mengalami penurunan nilai/ <i>Past due but not Impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total	
	Tingkat tinggi/ High Grade	Tingkat standar/ Standard grade				
Efek-efek						
Nilai wajar melalui laba rugi	4.857.775	-	-	-	4.857.775	<i>Securities</i>
Tersedia untuk dijual	2.616.393	-	-	-	2.616.393	<i>Fair value through profit-or-loss</i>
Dimiliki hingga jatuh tempo	244.786	-	-	2.000	246.786	<i>Available-for-sale</i>
						<i>Held-to-maturity</i>
Obligasi Pemerintah						
Nilai wajar melalui laba rugi	497.939	-	-	-	497.939	<i>Government Bonds</i>
Tersedia untuk dijual	4.357.109	-	-	-	4.357.109	<i>Fair value through profit-or-loss</i>
Dimiliki hingga jatuh tempo	3.328.925	-	-	-	3.328.925	<i>Available-for-sale</i>
						<i>Held-to-maturity</i>
Kredit dan piutang						
Giro pada bank Indonesia	12.554.585	-	-	-	12.554.585	<i>Loans and receivables</i>
Giro pada bank lain	556.301	-	-	1.696	557.997	<i>Current accounts with other banks</i>
Penempatan pada Bank Indonesia dan bank lain	24.697.503	-	-	-	24.697.503	<i>Placements with Bank Indonesia and other banks</i>
Tagihan Akseptasi	8.081	-	-	-	8.081	<i>Acceptance Receivable</i>
Penyertaan Saham	-	-	-	270	270	<i>Investment in Shares</i>
Kredit yang diberikan dan piutang/pembentukan syariah Konsumen						<i>Loans and sharia financing/receivables</i>
Pemilikan rumah Non kepemilikan rumah	107.968.908	22.391.964	12.605.553	2.206.343	145.172.768	<i>Consumer Housing loan</i>
Modal kerja	8.113.990	1.624.015	966.531	320.374	11.024.910	<i>Non-housing loan</i>
Investasi	27.196.063	4.335.900	2.357.669	1.307.270	35.196.902	<i>Working capital</i>
Sindikasi	4.060.569	786.441	377.562	531.288	5.755.860	<i>Investment</i>
Direksi dan karyawan	78.057	-	-	-	78.057	<i>Syndicated</i>
- Pihak ketiga	1.658.377	7.461	4.100	3.395	1.673.333	<i>Directors and employees</i>
- Pihak yang berelasi	88.674	77	-	-	88.751	<i>Third parties - Related parties -</i>
Bunga yang masih akan diterima	2.296.440	-	-	-	2.296.440	<i>Interests receivable</i>
Aset lain-lain ^{*)}	1.241.497	-	-	-	1.241.497	<i>Other assets^{*)}</i>
Total	206.421.972	29.145.858	16.311.415	4.372.636	256.251.881	Total
Cadangan kerugian nilai					(2.372.876)	<i>Allowance for impairment losses</i>
Neto					253.879.005	Net

^{*)} Terdiri dari tagihan kepada pihak ketiga

^{*)} Consists of third party receivables

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47. 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 brutto) (lanjutan):

31 Desember/December 31, 2016							
	Belum jatuh tempo dan tidak mengalami penurunan nilai/neither past due nor impaired		Jatuh tempo dan tidak mengalami penurunan nilai/Past due but not Impaired		Mengalami penurunan nilai/Impaired	Total	Securities
	Tingkat Tinggi/ High Grade	Tingkat standar/ Standard grade					Fair value through profit -or-loss Available-for-sale Held-to-maturity
Efek-efek							
Nilai wajar melalui laba rugi	548.521	-	-	-	548.521		
Tersedia untuk dijual	3.334.425	-	-	5.018	3.339.443		
Dimiliki hingga jatuh tempo	298.177	-	-	2.000	298.177		
Obligasi Pemerintah							
Nilai wajar melalui laba rugi	1.130.579	-	-	-	1.130.579		
Tersedia untuk dijual	5.076.450	-	-	-	5.076.450		
Dimiliki hingga jatuh tempo	3.036.610	-	-	-	3.036.610		
Kredit dan piutang							
Giro pada bank Indonesia	10.697.378	-	-	-	10.697.378		
Giro pada bank lain	321.308	-	-	1.480	322.788		
Penempatan pada Bank Indonesia dan bank lain	17.581.350	-	-	-	17.581.350		
Kredit yang diberikan dan piutang/ pembayaran syariah Konsumen							
Pemilikan rumah Non kepemilikan rumah	85.081.655	19.695.034	11.424.060	1.758.635	117.959.384		
Modal kerja	8.574.432	1.499.758	1.094.134	248.821	11.417.145		
Investasi	22.438.645	1.912.886	3.288.177	1.111.292	28.749.000		
Sindikasi	3.035.062	468.580	898.013	452.139	4.853.794		
Direksi dan karyawan							
- Pihak ketiga	1.303.244	3.159	2.404	2.288	1.311.095		
- Pihak yang berelasi	77.052	110	-	-	77.162		
Bunga yang masih akan diterima	1.864.829	-	-	-	1.864.829		
Aset lain-lain ¹⁾	-	1.237.495	-	-	1.237.495		
Total	164.474.518	24.817.022	16.706.788	3.581.673	209.580.001		Total
Cadangan kerugian nilai					(2.131.957)		Allowance for impairment losses
Neto					207.448.044		Net

¹⁾ Terdiri dari tagihan kepada pihak ketiga

Kualitas kredit didefinisikan sebagai berikut:

Tingkat tinggi

- (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.

¹⁾ Consists of third party receivables

The credit quality are defined as follows:

High 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 government institution, transaction with reputable banks with low probability of default for its liabilities.

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47. 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 tinggi (lanjutan)

- (b) Kredit yang diberikan dan piutang/pembayaran 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.
- (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/pembayaran 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.

47. 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.*
- (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.*

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47. 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 2017 dan 2016, sebagai berikut:

47. 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, 2017 and 2016, follows:*

31 Desember/December 31, 2017					
	1 sampai 90 hari/ 1 to 90 days	91 sampai 120 hari/ 91 to 120 days	121 sampai 180 hari/ 121 to 180 days	180 sampai 270 hari/ 180 to 270 days	Total
Konsumen					
Pemilikan rumah	11.945.564	105.353	239.917	314.719	12.605.553
Non kepemilikan rumah	898.232	12.045	26.651	29.603	966.531
Modal kerja	2.177.496	41.542	35.599	103.032	2.357.669
Investasi	353.033	2.525	8.843	13.161	377.562
Direktur dan karyawan	2.139	-	444	1.517	4.100
Total	15.376.464	161.465	311.454	462.032	16.311.415
Cadangan kerugian nilai					
					(290.211)
Neto					16.021.204
<i>31 Desember/December 31, 2016</i>					
	1 sampai 90 hari/ 1 to 90 days	91 sampai 120 hari/ 91 to 120 days	121 sampai 180 hari/ 121 to 180 days	180 sampai 270 hari/ 180 to 270 days	Total
Konsumen					
Pemilikan rumah	10.767.197	139.870	224.602	292.391	11.424.060
Non kepemilikan rumah	1.001.546	20.370	32.446	39.772	1.094.134
Modal kerja	3.018.762	49.469	43.271	176.675	3.288.177
Investasi	840.907	21.212	12.099	23.795	898.013
Direktur dan karyawan	1.512	186	92	614	2.404
Total	15.629.924	231.107	312.510	533.247	16.706.788
Cadangan kerugian nilai					
					(263.374)
Neto					16.443.414

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Kredit (lanjutan)

- (vi) Mutasi cadangan berdasarkan jenis kredit yang diberikan adalah sebagai berikut:

47. RISK MANAGEMENT (continued)

Credit Risk (continued)

- (vi) Movements in allowance for impairment losses by type of loans are as follows:

	31 Desember/December 31, 2017					
	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 Employees
Saldo awal tahun	723.133	99.950	1.018.305	272.603	31	2.012
Penyisihan kerugian penurunan nilai selama tahun berjalan	265.141	35.235	407.672	174.148	30	1.226
Penerimaan kembali kredit yang telah dihapus-bukukan	11.389 (73.585)	186 (6.730)	8.001 (446.551)	2.294 (137.931)	-	- (572)
Saldo akhir tahun	926.078	128.641	987.427	311.114	61	2.666
Penurunan nilai individual	-	-	180.529	163.407	-	-
Penurunan nilai kolektif	926.078	128.641	806.898	147.707	61	2.666
Jumlah kotor kredit yang secara individu ditentukan sebagai mengalami penurunan nilai sebelum dikurangi kerugian penurunan nilai atas penilaian secara individual	-	-	358.699	298.294	-	-
						Gross amount of loans individually determined to be impaired, before deducting any individually assessed impairment losses
	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 Employees
Saldo awal tahun	696.724	73.316	1.024.521	255.125	36	856
Penyisihan kerugian penurunan nilai selama tahun berjalan	198.191	99.660	262.116	143.785	(5)	1.441
Penerimaan kembali kredit yang telah dihapus-bukukan	6.696 (178.478)	26 (73.052)	10.278 (278.610)	2.489 (128.796)	-	- (285)
Saldo akhir tahun	723.133	99.950	1.018.305	272.603	31	2.012
Penurunan nilai individual	-	-	197.391	172.681	-	-
Penurunan nilai kolektif	723.133	99.950	820.914	99.922	31	2.012
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

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47. 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.

47. 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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47. 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:

47. 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, 2017						
	Total	Lainnya/ Others *)	≤ 1 Bulan/ ≤ 1 Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ 6 - 12 Months	> 12 Bulan/ > 12 Months
ASET						
Kas	1.027.554	-	1.027.554	-	-	-
Giro pada Bank Indonesia	12.554.585	-	12.554.585	-	-	-
Giro pada bank lain	556.301	(1.696)	557.997	-	-	-
dan bank lain	24.697.503	-	24.697.503	-	-	-
Efek-efek	7.706.031	(14.923)	7.474.168	12.879	354	233.553
Obligasi Pemerintah	8.183.973	-	587.138	37.150	2.051.902	5.507.783
Tagihan Akseptasi	8.081	-	5.277	2.804	-	-
Penyetoran saham	-	(270)	-	-	-	270
Kredit yang diberikan dan pembayaran/piutang syariah	196.634.594	(2.355.987)	4.099.939	5.338.835	5.710.801	183.841.006
Bunga yang masih akan diterima	2.296.440	-	2.296.440	-	-	-
Aset lain-lain***)	1.241.497	-	1.241.497	-	-	-
Total	254.906.559	(2.372.876)	54.542.098	5.391.668	7.763.057	189.582.612
LIABILITAS						
Liabilitas segera ***)	2.574.898	-	2.574.898	-	-	-
Simpanan nasabah	177.091.421	-	121.697.147	18.364.498	15.962.112	21.067.664
Simpanan dan bank lain	5.063.433	-	5.063.433	-	-	-
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	-	-	-	450.000	935.000
Surat berharga yang diterbitkan	20.480.459	-	-	1.783.504	1.607.040	17.089.915
Liabilitas akseptasi	8.081	-	5.277	2.804	-	-
Pinjaman yang ditempa	7.991.053	-	-	5.297.994	1.693.127	999.932
Pinjaman subordinasi	2.999.319	-	-	-	-	2.999.319
Bunga yang masih harus dibayar	492.361	-	492.361	-	-	-
Liabilitas lain-lain****)	4.079.243	-	4.079.243	-	-	-
Total	222.165.268	-	133.912.359	25.448.800	19.712.279	43.091.830
Perbedaan jatuh tempo	32.741.291	(2.372.876)	(79.370.261)	(20.057.132)	(11.949.222)	146.490.782

*) 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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47. 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, 2016						
	Total	Lainnya/ Others *)	≤ 1 Bulan/ ≤ 1 Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ 6 - 12 Months	> 12 Bulan/ 12 Months
ASET						
Kas	1.006.682	-	1.006.682	-	-	-
Giro pada Bank Indonesia	10.697.378	-	10.697.378	-	-	-
Giro pada bank lain	321.306	(1.482)	322.788	-	-	-
Pemepatan pada Bank Indonesia dan bank lain	17.581.350	-	17.581.350	-	-	-
Efek-efek	4.171.700	(14.441)	3.887.964	-	28.002	270.175
Obligasi Pemerintah	9.243.639	-	194.934	1.331.812	193.792	7.523.101
Kredit yang diberikan dan pembiayaan/piutang syariah	162.330.347	(2.116.034)	2.880.401	4.544.817	5.322.568	151.698.595
Bunga yang masih akan diterima	1.864.829	-	1.864.829	-	-	-
Aset lain-lain**)	1.237.495	-	1.237.495	-	-	-
Total	208.454.726	(2.131.957)	39.673.821	5.876.629	5.544.362	159.491.871
LIABILITAS						
Liabilitas segera ***)	1.817.436	-	1.817.436	-	-	-
Simpanan nasabah	147.787.618	-	97.508.726	16.121.377	1.736.341	32.421.174
Simpanan dari bank lain	3.643.889	-	3.643.889	-	-	-
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	-	-	-	-	1.385.000
Surat berharga yang diterbitkan	14.919.910	-	-	932.111	1.052.384	12.935.415
Pinjaman yang diterima	4.999.616	-	-	3.000.000	1.999.616	-
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	181.144.172	-	106.561.636	20.063.488	4.788.341	49.740.707
Perbedaan jatuh tempo	27.310.559	(2.131.957)	(66.887.815)	(14.176.859)	756.021	109.751.164

*) Cadangan kerugian penurunan nilai atas aset keuangan.

**) Allowance for impairment losses on financial assets.

***) Terdiri dari tagihan 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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47. 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, 2017						LIABILITAS	<i>Liabilities due immediately*)</i>
	Total	On demand	≤ 1 Bulan/ Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ Months	> 12 Bulan/ Months		
LIABILITAS								
Liabilitas segera *)	2.574.898	-	2.574.898	-	-	-	Deposito berjangka	1.096.071
Simpanan nasabah							Tabungan	101.970.793
Deposito berjangka	101.970.793	-	60.244.979	23.225.825	17.403.918	-	Giro	40.031.066
Tabungan	40.031.066	40.031.066	-	-	-	-		53.580.649
Giro	53.580.649	33.245.947	-	-	-	-	Simpanan dari bank lain	5.299.688
Simpanan dari bank lain	5.299.688	24.286	5.275.402	-	-	-	Efek-efek yang dijual dengan janji dibeli kembali	1.561.257
Efek-efek yang dijual dengan janji dibeli kembali	1.561.257	-	20.782	20.782	485.021	1.034.672	Liabilitas akzeptasi	8.081
Liabilitas akzeptasi	8.081	-	5.277	2.804	-	-	Surat berharga yang diterbitkan	27.416.569
Surat berharga yang diterbitkan	27.416.569	-	75.000	2.573.174	2.443.205	22.325.190	Pinjaman yang diterima	7.432.161
Pinjaman yang diterima	7.432.161	-	49.593	4.511.267	1.778.676	1.092.625	Pinjaman Subordinasi	2.107.500
Pinjaman Subordinasi	2.107.500	-	22.500	112.500	135.000	1.837.500	Bunga yang masih harus dibayar	492.361
Bunga yang masih harus dibayar	492.361	-	492.361	-	-	-	Liabilitas lain-lain**)	4.079.243
Liabilitas lain-lain**)	4.079.243	-	4.079.243	-	-	-		
Total	246.554.266	73.301.299	72.840.035	30.446.352	22.245.820	47.720.760		Total

	31 Desember/December 31, 2016						LIABILITAS	<i>Liabilities due immediately*)</i>
	Total	On demand	≤ 1 Bulan/ Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ Months	> 12 Bulan/ Months		
LIABILITAS								
Liabilitas segera *)	1.817.436	-	1.817.436	-	-	-	Deposito berjangka	84.276.338
Simpanan nasabah							Tabungan	35.987.091
Deposito berjangka	84.276.338	-	49.424.453	19.860.828	1.853.716	13.137.341	Giro	46.372.502
Tabungan	35.987.091	35.987.091	-	-	-	-	Simpanan dari bank lain	3.834.533
Giro	46.372.502	26.084.959	-	-	-	-	Efek-efek yang dijual dengan janji dibeli kembali	1.685.908
Simpanan dari bank lain	3.834.533	14.977	3.819.556	-	-	-	Surat berharga yang diterbitkan	16.964.841
Efek-efek yang dijual dengan janji dibeli kembali	1.685.908	-	24.139	24.139	48.277	1.589.353	Pinjaman yang diterima	16.187.396
Surat berharga yang diterbitkan	16.964.841	-	75.000	1.301.858	1.666.858	13.921.125	Pinjaman Subordinasi	2.242.500
Pinjaman yang diterima	16.187.396	-	33.750	3.118.250	2.035.396	-	Bunga yang masih harus dibayar	382.551
Pinjaman Subordinasi	2.242.500	-	22.500	112.500	135.000	1.972.500	Liabilitas lain-lain**)	3.209.034
Bunga yang masih harus dibayar	382.551	-	382.551	-	-	-	Liabilitas lain-lain**)	
Liabilitas lain-lain**)	3.209.034	-	3.209.034	-	-	-		
Total	201.960.130	62.087.027	58.808.419	24.417.575	5.739.247	50.907.862		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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47. 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. Gejolak 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 2017 dan 2016:

Aset	31 Desember/December 31, 2017		31 Desember/December, 2016		Assets
	Rupiah	Mata Uang Asing/ Foreign currencies	Rupiah	Mata Uang Asing/ Foreign currencies	
Giro pada bank lain	0,33%	0,04%	0,25%	0,01%	Current accounts with other Banks
Penempatan pada Bank Indonesia dan Bank Lain	5,20%	-	5,89%	-	Placements with Bank Indonesia and other Banks
Efek-efek	6,53%	-	5,71%	-	Securities
Obligasi Pemerintah					Government bonds
Tingkat bunga tetap	8,69%	0,78%	7,84%	4,26%	Fixed interest rate
Tingkat bunga Mengambang	7,79%	-	5,72%	-	Variable interest rate
Kredit yang diberikan dan Piutang Syariah	11,88%	-	12,52%	-	Loans and sharia financing/receivables
Liabilitas					
Simpanan nasabah					Deposits from customers
Giro	1,74%	0,01%	1,48%	0,00%	Demand deposits
Tabungan	3,75%	-	4,22%	-	Savings deposits
Deposito Berjangka	5,82%	0,32%	6,33%	0,05%	Time deposits
Simpanan dari Bank lain					Deposits from other banks
Giro	1,30%	-	2,13%	-	Demand deposits
Deposito Berjangka	4,11%	-	6,00%	-	Time deposits
Inter-bank call money	4,31%	-	4,70%	-	Inter-bank call money
Efek-efek yang dijual dengan janji dibeli kembali	5,93%	-	7,31%	-	Securities sold under repurchase agreements
Surat berharga yang yang diterbitkan	8,86%	-	9,18%	-	Securities issued

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47. 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):

47. 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):

31 Desember/December 31, 2017							
Suku bunga mengambang/Variable interest rate							
	Tidak 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	-	-	-	1.027.554	1.027.554	Financial Assets	
Giro pada Bank Indonesia	11.494.789	-	-	1.059.796	12.554.585	Cash	
Giro pada bank lain	557.635	-	-	362	557.997	Current accounts with Bank Indonesia	
Penempatan pada Bank Indonesia dan bank lain	-	-	20.903.503	3.894.000	24.697.503	Current accounts with other banks	
Efek-efek	494.224	-	7.092.750	133.980	7.720.954	Placements with Bank Indonesia and other banks	
Obligasi Pemerintah	4.867.563	-	3.227.470	88.940	8.183.973	Securities	
Tagihan Akseptasi	-	-	-	8.081	8.081	Government bonds	
Pernyataan Saham	-	-	-	270	270	Acceptance Receivable	
Kredit yang diberikan dan piutang /pembayaran syariah	4.601.149	8.078.042	93.635.723	74.687.870	198.990.582	Investment In Associated Entities	
Bunga yang masih akan diterima	-	-	-	2.296.440	2.296.440	Loans and sharia financing/receivable	
Aset lain-lain**)	-	-	-	1.241.497	1.241.497	Interest receivable	
Total aset keuangan	22.015.360	8.078.042	93.635.723	105.811.593	27.738.718	Other assets*)	
Liabilitas Keuangan						Total financial assets	
Liabilitas segera**)	-	-	-	-	2.574.898	Financial Liabilities	
Simpanan dari nasabah	-	-	-	-	2.574.898	Liabilities due immediately**)	
Giro	29.993.100	-	20.026.726	2.749.326	52.769.152	Deposits from customers	
Tabungan	37.497.391	-	720.546	622.401	38.840.338	Demand deposits	
Deposito berjangka	-	-	85.451.476	-	85.451.476	Savings deposits	
Simpanan dari bank lain	5.064.671	-	-	-	5.064.671	Time deposits	
Liabilitas akseptasi	-	-	-	8.081	8.081	Deposits from other banks	
Surat-surat berharga diterbitkan	-	-	20.480.460	-	20.480.460	Acceptance payable	
Efek-efek yang dijual dengan janji dibeli kembali	-	450.000	935.000	-	1.385.000	Securities issued	
Pinjaman yang diterima	-	-	-	7.691.053	300.000	Securities sold under repurchase agreements	
Pinjaman subordinasi	-	-	-	2.999.319	-	Fund Borrowings	
Bunga yang masih harus dibayar	-	-	-	-	492.361	Subordinated Loan	
Liabilitas lain-lain**)	-	-	-	-	4.079.243	Interest payables	
Total liabilitas keuangan	72.555.162	450.000	935.000	137.369.580	10.826.310	Other liabilities***)	
Gap repricing suku bunga-kotor	(50.539.802)	7.628.042	92.700.723	(31.557.987)	16.912.408	222.136.052	Total financial liabilities
						Gross interest repricing gap	

31 Desember/December 31, 2016						
Suku bunga mengambang/Variable interest rate						
	Tidak 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	Financial Assets
Giro pada Bank Indonesia	9.883.127	-	-	814.251	10.697.378	Cash
Giro pada bank lain	321.988	-	-	800	322.788	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	-	-	15.046.350	2.535.000	17.581.350	Placements with Bank Indonesia and other banks
Efek-efek	400.474	-	3.670.512	115.555	4.186.141	Securities
Obligasi Pemerintah	6.051.796	-	3.141.015	50.828	9.243.639	Government bonds
Kredit yang diberikan dan piutang /pembayaran syariah	2.572.610	7.145.191	83.246.893	57.257.266	14.224.421	Loans and sharia financing/receivable
Bunga yang masih akan diterima	-	-	-	-	1.864.829	Interest receivable
Aset lain-lain**)	-	-	-	-	1.237.495	Other assets*)
Total aset keuangan	19.229.995	7.145.191	83.246.893	79.114.743	21.849.861	Total financial assets

*) 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.

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47. 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):

31 Desember/December 31, 2016							
Suku bunga mengambang/Variable interest rate							
	Tidak lebih dari 3 bulan tetapi tidak lebih dari 1 tahun/ Not 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***)	-	-	-	1.817.436	1.817.436	Liabilities due immediately***)	
Simpanan dari nasabah						Deposits from customers	
Giro	22.586.453	-	20.057.227	2.262.359	44.906.039	Demand deposits	
Tabungan	32.191.649	-	585.186	567.791	33.344.626	Savings deposits	
Deposito berjangka	-	-	69.536.953	-	69.536.953	Time deposits	
Simpanan dari bank lain	755.420	-	2.888.469	-	3.643.989	Deposits from other banks	
Surat-surat berharga diterbitkan	-	-	14.919.910	-	14.919.910	Securities issued	
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	-	-	-	1.385.000	Securities sold under repurchase agreements	
Pinjaman yang diterima	-	-	4.999.616	-	4.999.616	Fund Borrowings	
Pinjaman subordinasi	-	-	2.999.118	-	2.999.118	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 liabilitas keuangan	56.918.522	-	115.986.479	8.239.171	181.144.172	Total financial liabilities	
Gap repricing suku bunga-kotor	(37.688.527)	7.145.191	83.246.893	(36.871.736)	13.610.690	29.442.511	Gross interest repricing gap

*) 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 2017 dan 2016. 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 2017 dan 2016. 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, 2017 and 2016. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets as of December 31, 2017 and 2016 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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47. 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 2017 dan 2016:

47. RISK MANAGEMENT (continued)

Market Risk (continued)

i. *Interest rate risk (continued)*

The tables below demonstrate the sensitivity of the Bank's statement of profit or loss and other comprehensive income and equity to reasonably possible changes in interest rates for fixed rate financial assets and liabilities (unaudited) as of December 31, 2017 and 2016:

31 Desember/December 31, 2017

	Perubahan basis poin/ Change in basis point	Dampak ke laporan laba rugi komprehensif sebelum pajak/ <i>Impact to Statement of Comprehensive Income before tax</i>	Dampak ke ekuitas/ <i>Impact to Equity</i>	
Rupiah	+125	(13.547)	(13.547)	<i>Rupiah</i>
	+50	(5.584)	(17.563)	
	-50	5.822	18.506	
	-125	15.043	15.043	
Dolar Amerika Serikat	+125	(7.176)	(4.210)	<i>United States Dollar</i>
	+50	(7.176)	(4.210)	
	-50	7.493	4.724	
	-125	7.493	4.724	

31 Desember/December 31, 2016

	Perubahan basis poin/ Change in basis point	Dampak ke laporan laba rugi komprehensif sebelum pajak/ <i>Impact to Statement of Comprehensive Income before tax</i>	Dampak ke ekuitas/ <i>Impact to Equity</i>	
Rupiah	+125	(3.391)	(80.241)	<i>Rupiah</i>
	+50	(1.404)	(27.276)	
	-50	1.473	28.819	
	-125	3.822	90.250	
Dolar Amerika Serikat	+125	10.228	-	<i>United States Dollar</i>
	+50	4.091	-	
	-50	(4.091)	-	
	-125	(10.228)	-	

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Pasar (lanjutan)

i. Risiko tingkat suku bunga (lanjutan)

Tabel dibawah ini menunjukkan sensitivitas dari laporan laba rugi terhadap kemungkinan perubahan suku bunga untuk aset dan liabilitas keuangan dengan suku bunga *variable* (tidak diaudit) pada tanggal-tanggal 31 Desember 2017 dan 2016:

31 Desember/December 31, 2017		
	Perubahan basis poin/ Change in basis point	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Rupiah	±125 ±50	±6.092 ±2.437

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

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).

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, 2017		
	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%	±798 ±931

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Pasar (lanjutan)

ii. Risiko Nilai Tukar (lanjutan)

31 Desember/December 31, 2016		
Perubahan persentase nilai tukar mata uang asing/ <i>Percentage change in foreign currency rate</i>	Pengaruh ke laporan laba rugi komprehensif/ <i>Impact to Statement of comprehensive income</i>	
Dolar Amerika Serikat ±0,30% ±0,35%	±136 ±156	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 2017 dan 2016, 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 berfungsi 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).

47. RISK MANAGEMENT (continued)

Market Risk (continued)

ii. Exchange rate risk (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, 2017 and 2016, 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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47. 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 diperlukan, 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.

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.

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47. 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.

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.

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47. MANAJEMEN RISIKO (lanjutan)

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 kontingen yang timbul dari tuntutan hukum yang terjadi.

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 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 terjadinya kepuasan nasabah.

47. RISK MANAGEMENT (continued)

Legal Risk

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.

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 (CCS) 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.

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Reputasi Risiko Reputasi (lanjutan)

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).

Risiko Stratejik

Risiko Stratejik merupakan risiko akibat ketidaktepatan Bank dalam pengambilan dan/atau pelaksanaan suatu keputusan stratejik serta kegagalan dalam mengantisipasi perubahan lingkungan bisnis. Identifikasi risiko stratejik dilakukan berdasarkan atas faktor-faktor risiko stratejik pada aktivitas fungsional tertentu, seperti aktivitas perkreditan, treasuri 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 Stratejik dan parameter pengukurannya dilakukan berdasarkan kinerja Bank yaitu dengan membandingkan hasil aktual dengan target yang telah ditetapkan. Pemantauan risiko stratejik dilakukan oleh SPMD secara berkala dengan memonitor pencapaian *Key Performance Indicator* dan *risk exposure* dibandingkan dengan *risk appetite bank*.

47. RISK MANAGEMENT (continued)

Reputational Risk (continued)

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).

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.

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Stratejik (lanjutan)

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, treasuri, operasional dan kekuatan serta kelemahan sistem teknologi informasi.

Dalam pengendalian risiko stratejik, *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.

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.

47. RISK MANAGEMENT (continued)

Strategic Risk (continued)

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.

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.

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47. MANAJEMEN RISIKO (lanjutan)

Risiko Kepatuhan (lanjutan)

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.

48. 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 2017 dan 2016, dan tidak diperbarui untuk mencerminkan perubahan dalam kondisi pasar yang telah terjadi setelah tanggal ini.

47. RISK MANAGEMENT (continued)

Compliance Risk (continued)

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.

48. 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, 2017 and 2016 and are not updated to reflect changes in market conditions which have occurred after these dates.

	31 Desember/December 31, 2017		31 Desember/December 31, 2016		<i>Financial Assets</i> <i>Cash</i>
	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	
Aset Keuangan					
Kas	1.027.554	1.027.554	1.006.682	1.006.682	
Nilai wajar melalui laba rugi					Fair value through profit or loss
Efek-efek	4.857.775	4.857.775	548.521	548.521	Securities
Obligasi Pemerintah	497.939	497.939	1.130.579	1.130.579	Government bonds
Tagihan Akseptasi	8.081	8.081	-	-	Acceptance Receivables
Tersedia untuk dijual					Available for sale
Efek-efek	2.613.138	2.613.138	3.332.913	3.332.913	Securities
Obligasi Pemerintah	4.357.109	4.357.109	5.076.450	5.076.450	Government bonds
Dimiliki hingga jatuh tempo					Hold to maturity
Efek-efek	235.118	222.008	290.266	293.138	Securities
Obligasi Pemerintah	3.328.925	3.372.664	3.036.610	3.029.076	Government bonds
Giro pada Bank Indonesia	12.554.585	12.554.585	10.697.378	10.697.378	Current accounts with Bank Indonesia
Giro pada bank lain	556.301	556.301	321.306	321.306	Current accounts with other Bank
Penempatan pada Bank Indonesia dan Bank Lain	24.697.503	24.697.503	17.581.350	17.581.350	Placements with Bank Indonesia and other Banks
Tagihan Akseptasi	8.081	8.081	-	-	Acceptance Receivable
Kredit yang diberikan dan Piutang Syariah Konsumsi					Loans and sharia financing/receivables
Pemilikan rumah	144.246.690	143.375.135	117.236.251	116.280.103	Consumer Housing loan
Non-kepemilikan Rumah	10.896.269	10.896.269	11.317.194	11.317.194	Non-housing loan
Modal kerja	34.209.475	34.209.475	27.730.694	27.730.694	Working capital
Investasi	5.444.746	5.444.746	4.581.193	4.581.193	Investment
Sindikasi	77.996	77.996	78.770	78.770	Syndicated
Direksi dan karyawan	1.759.418	1.759.418	1.386.245	1.386.245	Directors and employees
Bunga yang masih akan diterima	2.296.440	2.296.440	1.864.829	1.864.829	Interest receivable
Aset lain-lain*)	1.241.497	1.241.497	1.237.495	1.237.495	Other assets*)
Total aset keuangan	254.914.640	254.073.714	208.454.726	207.493.916	Total financial assets

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48. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)

	31 Desember/December 31, 2017		31 Desember/December 31, 2016		<i>Financial Liabilities</i>
	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	
Liabilitas Keuangan					<i>Current liabilities**</i>
Liabilitas segera**)	2.574.898	2.574.898	1.817.436	1.817.436	Deposits from customers
Simpanan nasabah					Demand deposits
Giro	52.769.152	52.769.152	44.906.039	44.906.039	Savings deposits
Tabungan	38.840.337	38.840.337	33.344.627	33.344.627	Time deposits
Deposito Berjangka	85.481.932	85.481.932	69.536.953	69.536.953	Deposits from other banks
Simpanan dari Bank Lain					
Giro	23.203	23.203	11.740	11.740	Demand deposits
Tabungan	-	-			Savings deposits
Deposito Berjangka	5.040.230	5.040.230	2.882.149	2.882.149	Time deposits
Interbank call money	-	-	750.000	750.000	Interbank call money
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	1.385.000	1.385.000	1.385.000	Securities sold under repurchase agreements
Surat berharga yang Diterbitkan	20.480.459	20.862.468	14.919.910	15.103.367	Securities issued
Liabilitas akseptasi	8.081	8.081			Fund Borrowings
Pinjaman yang diterima	7.991.053	7.991.053	4.999.616	4.999.616	Fund Borrowings
Pinjaman Subordinasi	2.999.319	2.999.319	2.999.118	2.999.118	Subordinated Loan
Bunga yang masih harus dibayar	492.361	492.361	382.551	382.551	Interest payables
Liabilitas lain-lain***)	4.079.243	4.079.243	3.209.034	3.209.034	Other liabilities***)
Total liabilitas keuangan	222.165.268	222.547.277	181.144.173	181.327.630	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 begangka namun belum diamankan 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.

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 kuotasi (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran;
- (ii) Tingkat 2: input selain harga kuotasi 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.

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.*

	31 Desember/December 31, 2017				<i>Financial Assets</i>
	Nilai Wajar/ Fair Value	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
Aset Keuangan					<i>Fair value through profit or loss</i>
Nilai wajar melalui laba rugi					<i>Securities</i>
Efek-efek	4.857.775	4.857.775	-	-	Government bonds
Obligasi Pemerintah	497.939	497.939	-	-	Derivative Receivable
Tagihan Derivatif	8.081	8.081	-	-	
Total nilai wajar melalui laporan laba rugi	5.363.795	5.363.795	-	-	<i>Total fair value through profit or loss</i>
Tersedia untuk dijual					<i>Available-for-sale</i>
Efek-efek	2.613.138	2.613.138	-	-	Securities
Obligasi Pemerintah	4.357.109	4.357.109	-	-	Government bonds
Total tersedia untuk dijual	6.970.247	6.970.247	-	-	<i>Total available-for-sale</i>

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48. 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)

- (ii) Tingkat 3: input yang tidak dapat diobservasi untuk aset dan liabilitas (lanjutan)

48. 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)

- (iii) Level 3: inputs that are not observable for the assets and liabilities (continued)*

31 Desember/December 31, 2017				
	Nilai Wajar/ Fair Value	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3
Aset Keuangan (lanjutan)				
Dimiliki hingga jatuh tempo				
Efek-efek	222.008	222.008	-	-
Obligasi Pemerintah	3.372.664	3.372.664	-	-
Efek-efek yang Dibeli dengan Janji Dijual Kembali	1.385.000	1.385.000	-	-
Tagihan Akseptasi	8.081	8.081	-	-
Total dimiliki hingga jatuh tempo	4.987.753	4.987.753	-	-
Kredit yang diberikan dan piutang				
Kredit yang diberikan, piutang dan pembiayaan syariah	195.763.039	-	195.449.982	313.057
Liabilitas Keuangan				
Surat berharga yang Diterbitkan	20.862.468	-	20.862.468	-
31 Desember/December 31, 2016				
	Nilai Wajar/ Fair Value	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3
Aset Keuangan				
Nilai wajar melalui laba rugi				
Efek-efek	548.521	548.521	-	-
Obligasi Pemerintah	1.130.579	1.130.579	-	-
Total nilai wajar melalui laporan laba rugi	1.679.100	1.679.100	-	-
Tersedia untuk dijual				
Efek-efek	3.332.913	3.332.913	-	-
Obligasi Pemerintah	5.076.450	5.076.450	-	-
Total tersedia untuk dijual	8.409.363	8.409.363	-	-
Dimiliki hingga jatuh tempo				
Efek-efek	293.138	293.138	-	-
Obligasi Pemerintah	3.029.076	3.029.076	-	-
Total dimiliki hingga jatuh tempo	3.322.214	3.322.214	-	-
Kredit yang diberikan dan piutang				
Kredit yang diberikan, piutang dan pembiayaan syariah	161.374.199	-	161.180.727	193.472
Liabilitas Keuangan				
Surat berharga yang Diterbitkan	15.103.367	-	15.103.367	-
Financial Assets (continued)				
<i>Held-to-maturities</i>				
<i>Securities</i>				
<i>Government bonds</i>				
<i>Reverse Repo Acceptance Receivable</i>				
<i>Total held-to-maturity</i>				
<i>Loan and receivables</i>				
<i>Loan and sharia financing receivables</i>				
Financial Liabilities				
<i>Securities issued</i>				
Financial Assets				
<i>Fair value through profit or loss</i>				
<i>Securities</i>				
<i>Government bonds</i>				
<i>Total fair value through profit or loss</i>				
<i>Available-for-sale</i>				
<i>Securities</i>				
<i>Government bonds</i>				
<i>Total available-for-sale</i>				
<i>Held-to-maturities</i>				
<i>Securities</i>				
<i>Government bonds</i>				
<i>Total held-to-maturity</i>				
<i>Loan and receivables</i>				
<i>Loan and sharia financing receivables</i>				
Financial Liabilities				
<i>Securities issued</i>				

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48. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)

- 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.

- 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.

48. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

- 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.

- 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.

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- 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.

49. LABA PER SAHAM

Rekonsiliasi faktor-faktor penentu perhitungan laba per saham dasar dan dilusian untuk tahun yang berakhir tanggal 31 Desember 2017 dan 2016, adalah sebagai berikut:

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48. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

- 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.

49. EARNINGS PER SHARE

The reconciliation of the factors used in calculating the basic and diluted earnings per share, for the year ended Desember 31, 2017 and 2016, are as follows:

31 Desember/ December 31, 2017			
(i) Laba tahun berjalan	3.027.466	(a)	<i>Income for the year (i)</i>
(ii) Rata-rata tertimbang saham biasa yang beredar	10.590.000	(b)	<i>Weighted average (ii)</i>
(iii) Laba per saham dasar	286	(a/b)	<i>number of shares outstanding</i>
(iv) Dampak dilusi dari MESOP I	-	(c)	<i>Basic earnings per share (iii)</i>
MESOP II	-		<i>Effects of dilution from: (iv)</i>
MESOP III	-		<i>MESOP I</i>
(v) Rata-rata tertimbang saham biasa yang beredar setelah dilusi	10.590.000	(d = b + c)	<i>MESOP II</i>
(vi) Laba per saham dilusian	286	(a/d)	<i>MESOP III</i>
			<i>Weighted average number of (v)</i>
			<i>shares outstanding after dilution</i>
			<i>Diluted earnings per share (vi)</i>

31 Desember/ December 31, 2016			
(i) Laba tahun berjalan	2.618.905	(a)	<i>Income for the year (i)</i>
(ii) Rata-rata tertimbang saham biasa yang beredar	10.588.715.811	(b)	<i>Weighted average (ii)</i>
(iii) Laba per saham dasar	247	(a/b)	<i>number of shares outstanding</i>
(iv) Dampak dilusi dari MESOP I	-	(c)	<i>Basic earnings per share (iii)</i>
MESOP II	-		<i>Effects of dilution from: (iv)</i>
MESOP III	442.623		<i>MESOP I</i>
(v) Rata-rata tertimbang saham biasa yang beredar setelah dilusi	10.589.158.434	(d = b + c)	<i>MESOP II</i>
(vi) Laba per saham dilusian	247	(a/d)	<i>MESOP III</i>
			<i>Weighted average number of (v)</i>
			<i>shares outstanding after dilution</i>
			<i>Diluted earnings per share (vi)</i>

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50. PERJANJIAN DAN KONTINJENSI SIGNIFIKAN

a. Perjanjian Signifikan

Pada tanggal 25 Oktober 2017, Bank mengadakan perjanjian dengan PT Mitra Integrasi Informatika sehubungan dengan pengembangan aplikasi website corporate yang terdiri dari pengadaan pengembangan aplikasi website, pengadaan server, pengadaan lisensi kebutuhan website dan perawatan website selama 1 (satu) tahun dengan kontrak sebesar Rp4.920.

Pada tanggal 31 Mei 2017, Bank mengadakan perjanjian dengan PT Niagaprima Paramitra sehubungan dengan pengadaan lisensi Concurrent Aplikasi LANDesk Service Desk (SPN) untuk level analis sejumlah 67 (enam puluh tujuh) lisensi dan perawatan lisensi selama 1 (satu) tahun dengan nilai kontrak sebesar Rp1.480.

Pada tanggal 1 Februari 2017, Bank mengadakan perjanjian dengan PT Mastersystem Indonesia sehubungan dengan pengadaan perangkat untuk enhance security dan performance aplikasi internet banking dan mobile banking peruntukan tahun 2017 selama 6 (enam) bulan dengan nilai kontrak sebesar Rp7.9 miliar.

Pada tanggal 4 Agustus 2016, Bank mengadakan perjanjian dengan PT Aprisma Indonesia sehubungan dengan pengadaan lisensi DRC Internet Banking sebanyak 6 (enam) prosesor dan tambahan lisensi DC Internet Banking menjadi 6 (enam) prosesor dengan nilai kontrak sebesar Rp18.500.

Pada tanggal 18 November 2016, Bank mengadakan perjanjian dengan PT Astra Graphia Information Technology sehubungan dengan pengadaan iHCIS SAP dengan nilai kontrak sebesar Rp34.900.

b. Liabilitas Kontinjenji

Dalam melakukan usahanya, Bank menghadapi berbagai perkara hukum dan tuntutan di mana Bank sebagai tergugat, terutama sehubungan dengan kepatuhan dengan kontrak. Walaupun belum ada kepastian yang jelas, Bank berpendapat bahwa berdasarkan informasi yang ada dan keputusan terakhir dari perkara bahwa tuntutan hukum ini tidak akan berdampak secara material pada operasi, posisi keuangan atau tingkat likuiditas Bank.

50. SIGNIFICANT AGREEMENTS AND CONTINGENCIES

a. *Significant Agreements*

On October 25, 2017, Bank signed an agreement with PT Mitra Integrasi Informatika in relation to develop corporate website application consisting of provide server, licence and maintenance for 1 (one) year with a contract value amounted to Rp4,920.

On May 31, 2017, Bank signed an agreement with PT Niagaprima Paramitra in relation to provide 67 (sixty seven) licenses of Concurrent LANDesk Service Desk (SPN) Application for analyst level and maintenance for 1 (one) year with a contract value amounted to Rp1,480.

On February 1, 2017, Bank signed an agreement with PT Mastersystem Indonesia in relation to procurement of equipment to enhance security and performance of internet banking and mobile banking application for 2017 for 6 (six) months with contract value of Rp7.9 billion.

On August 4, 2016, Bank signed an agreement with PT Aprisma Indonesia in relation to provide DRC Internet Banking licence for 6 (six) processor and additional license for DC Internet Banking become 6 (six) processor with a contract value amounted to Rp18,500.

On November 18, 2016, Bank signed an agreement with PT Astra Graphia Information Technology in relation to provide iHCIS SAP with a contract value amounted to Rp34,900.

b. *Contingent Liabilities*

In conducting its business, Bank is a defendant with various litigation proceedings and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, Bank believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of Bank.

The original financial statements included herein are in the Indonesian language.

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**50. PERJANJIAN DAN KONTINJENSI SIGNIFIKAN
(lanjutan)**

b. Liabilitas Kontinjenси (lanjutan)

Jumlah klaim terhadap Bank atas tuntutan hukum yang belum selesai pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp4.560 dan Rp18.823. Pada tanggal-tanggal 31 Desember 2017 dan 2016, Bank telah membentuk cadangan (disajikan dalam akun "Liabilitas Imbalan Kerja dan Lain-lain") untuk sejumlah tuntutan hukum yang belum diputuskan masing-masing adalah sebesar Rp4.485 dan Rp6.763. Manajemen berpendapat bahwa jumlah cadangan yang dibentuk atas kemungkinan timbulnya kerugian akibat tuntutan hukum yang belum diputuskan atau masih dalam proses tersebut telah memadai.

51. REKLASIFIKASI AKUN

Akun tertentu dalam laporan posisi keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2016, telah direklasifikasi agar sesuai dengan penyajian laporan posisi keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2017

50. SIGNIFICANT AGREEMENTS AND CONTINGENCIES (continued)

b. Contingent Liabilities (continued)

The Bank's total potential financial exposure arising from outstanding lawsuits as of December 31, 2017 and 2016 amounted to Rp4,560 and Rp18,823, respectively. As of December 31, 2017 and 2016, Bank has established an allowance (included in "Employee Benefits and Other Liabilities") for several pending lawsuits filed against Bank amounted to Rp4,485 and Rp6,763. Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.

51. ACCOUNTS RECLASSIFICATION

Certain accounts in the statement of financial position for the year ended December 31, 2016, have been reclassified to conform with the presentation of the statement of financial position for the year ended December 31, 2017

31 Desember/December 31, 2016				STATEMENT OF FINANCIAL POSITION
Sebelum reklassifikasi/ Before reclassifications	Reklassifikasi/ Reclassification	Setelah reklassifikasi/ After reclassifications		
LAPORAN POSISI KEUANGAN				
Simpanan dari Nasabah	159.987.717	(12.200.099)	147.787.618	Deposits From Customers
Simpanan dari Bank Lain	3.652.735	(8.846)	3.643.889	Deposits from Other Banks
Dana Syirkah Temporer	-	12.208.945	12.208.945	Temporary Syirkah Funds

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52. 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 2017:

- a. PSAK No. 2 (Amandemen 2016), "Laporan Arus Kas Tentang Prakarsa Pengungkapan", mensyaratkan entitas untuk menyediakan pengungkapan yang memungkinkan pengguna Laporan Keuangan untuk mengevaluasi perubahan pada liabilitas yang timbul dari aktivitas pendanaan, termasuk perubahan yang timbul dari arus kas maupun perubahan non-kas.
- b. PSAK No. 46 (Amandemen 2016), "Pajak Penghasilan Tentang Pengakuan Aset Pajak Tangguhan Untuk Rugi Yang Belum Direalisasi", mengklarifikasi:
 1. bahwa perbedaan temporer dapat dikurangkan timbul ketika jumlah tercatat aset instrumen utang yang diukur pada nilai wajar dan nilai wajar tersebut lebih kecil dari dasar pengenaan pajaknya, tanpa mempertimbangkan apakah entitas memperkirakan untuk memulihkan jumlah tercatat instrumen utang melalui penjualan atau penggunaan,
 2. bahwa untuk menentukan apakah laba kena pajak akan tersedia sehingga perbedaan temporer yang dapat dikurangkan dapat dimanfaatkan, maka penilaian perbedaan temporer yang dapat dikurangkan tersebut dilakukan sesuai dengan peraturan pajak,
 3. bahwa pengurangan pajak yang berasal dari pembalikan aset pajak tangguhan dikecualikan dari estimasi laba kena pajak masa depan. Lalu entitas membandingkan perbedaan temporer yang dapat dikurangkan dengan estimasi laba kena pajak masa depan yang tidak mencakup pengurangan pajak yang dihasilkan dari pembalikan aset pajak tangguhan tersebut,
 4. bahwa beberapa aset entitas melebihi jumlah tercatatnya jika terdapat bukti yang memadai bahwa kemungkinan besar bahwa entitas akan mencapai hal tersebut.

52. 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, 2017:

- a. SFAS No. 2 (2016 Amendment), "Disclosure Initiative on Statement of Cash Flow", requires an entity to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- b. SFAS No. 46 (2016 Amendment), "Income Tax on Recognition of Deferred Tax Assets for Unrealised Losses", clarifies:
 1. *the temporary difference may be deducted when the carrying amount of the debt instrument assets measured at fair value and fair value is less than its tax base, regardless of whether the entity estimates to recover the carrying amount of the debt instrument through sale or use,*
 2. *to determine whether the taxable profit will be available so that the deductible temporary differences can be utilized, the valuation of the deductible temporary differences shall be made in accordance with the tax regulations,*
 3. *tax deductions arising from the reversal of deferred tax assets are exempt from future estimated taxable income. Then the entity compares the deductible temporary differences with the estimated future taxable income that does not include the tax deductions resulting from the reversal of the deferred tax asset,*
 4. *some of the entity's assets exceed the carrying amount if there is sufficient evidence that it is likely that the entity will achieve it.*

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**52. PERNYATAAN STANDAR AKUNTANSI
KEUANGAN YANG DIKELUARKAN DAN
DIREVISI (lanjutan)**

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 2017: (lanjutan)

- c. PSAK No. 15 (Penyesuaian 2017), "Investasi pada Entitas Asosiasi dan Ventura Bersama", saat pengakuan awal entitas dapat memilih untuk mengukur investee-nya pada nilai wajar atas dasar investasi per investasi.
- d. PSAK 71: Instrumen Keuangan, yang diadopsi dari IFRS 9, berlaku efektif 1 Januari 2020 dengan penerapan dini diperkenankan.
- e. PSAK 73: Sewa, yang diadopsi dari IFRS 16, berlaku efektif 1 Januari 2020 dengan penerapan dini diperkenankan untuk entitas yang juga telah menerapkan PSAK 72: *Pendapatan dari Kontrak dengan Pelanggan*.
- f. Amandemen PSAK 62: Kontrak Asuransi tentang Menerapkan PSAK 71 Instrumen Keuangan dengan PSAK 62 Kontrak Asuransi, berlaku efektif 1 Januari 2020
- g. Amandemen PSAK 53 – Pembayaran Berbasis Saham: Klasifikasi dan Pengukuran Transaksi Pembayaran Berbasis Saham, berlaku efektif 1 Januari 2018 dengan penerapan dini diperkenankan.
- h. ISAK 33 – Transaksi Valuta Asing dan Imbalan di Muka, berlaku efektif 1 Januari 2019 dengan penerapan dini diperkenankan.
- i. PSAK 111: Akuntansi Wa'd berlaku efektif 1 Januari 2018.

Saat ini Bank sedang mengevaluasi dan belum menetapkan dampak dari PSAK yang direvisi tersebut terhadap laporan keuangannya.

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**52. REVISED AND ISSUED STATEMENTS OF
FINANCIAL ACCOUNTING STANDARDS
(continued)**

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, 2017: (continued)

- c. SFAS No. 15 (2017 Adjustment), "Investments in Associates and Joint Ventures", at initial recognition, entity may choose to measure its investee at fair value on an investment-by-investment basis.
- d. SFAS No. 15 (2017 Adjustment), "Investments in Associates and Joint Ventures", at initial recognition, entity may choose to measure its investee at fair value on an investment-by-investment basis.
- e. SFAS 73: Leases, adopted from IFRS 16, effective 1 January 2020 with earlier application is permitted, but not before an entity applies SFAS 72: Revenue from Contracts with Customers
- f. Amendments to SFAS 62: Insurance Contract on Applying PSAK 71 Financial Instruments with SFAS 62 Insurance Contract, effective 1 January 2020.
- g. Amendments to SFAS 53 – Share-based Payment: Classification and Measurement of Share-based Payment Transaction, effective 1 January 2018 with earlier application is permitted.
- h. ISAK 33 – Foreign currency Transaction and Advance Consideration, effective 1 January 2019 with earlier application is permitted.
- i. PSAK 111: Wa'd Accounting is effective 1 January 2018

Currently, Bank are evaluating and have not yet determined the impact of the revised SFAS on their financial statements.

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53. INFORMASI TAMBAHAN

- a. Pada tanggal 31 Desember 2017 dan 2016, rasio aset produktif yang diklasifikasikan *non-performing* terhadap jumlah aset produktif (*non-performing ratio*) masing-masing adalah sebesar 2,48% dan 2,64%.
- b. Pada tanggal 31 Desember 2017 dan 2016, 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 Otoritas Jasa Keuangan masing-masing sebesar 60,09% dan 60,24%.

54. PENYELESAIAN LAPORAN KEUANGAN

Manajemen Bank bertanggung jawab penuh terhadap penyajian laporan keuangan terlampir yang diselesaikan dan disetujui untuk diterbitkan pada tanggal 14 Februari 2018.

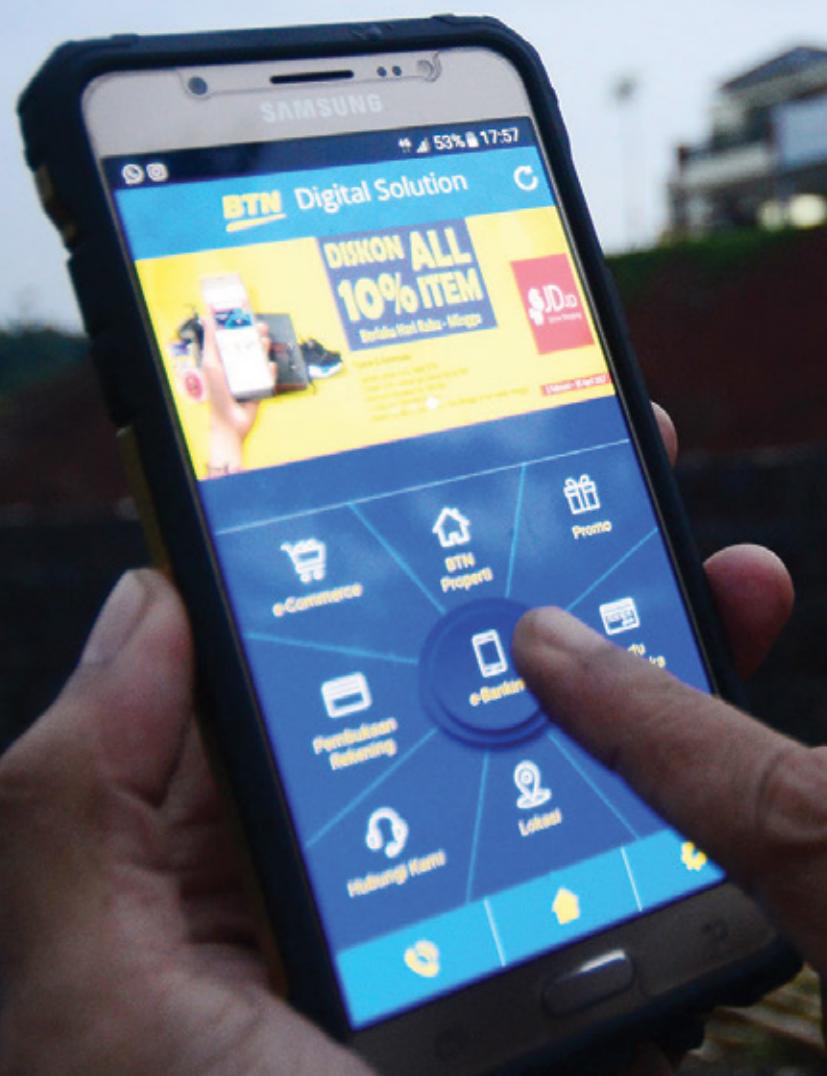
53. ADDITIONAL INFORMATION

- a. *As of December 31, 2017 and 2016, the Bank's non-performing assets to total earning assets (non-performing ratio) are 2.48% and 2.64%, respectively.*
- b. *As of December 31, 2017 and 2016, 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 Financial Service Authority regulation is 60.09% and 60.24%, respectively.*

54. 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 14, 2018.

Appendix



> Reference to The Financial Services Authority Regulation and Annual Report Award Criteria 2017

No	Criteria	Explanation	Page
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.	√
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.	23 - 31

No	Criteria	Explanation	Page
II. Financial Highlights			
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"> Number of outstanding share. Information in the form of a table that contains: <ul style="list-style-type: none"> Market capitalization based on the price at the Stock Exchange where the shares are listed; The highest, lowest, and closing prices are based on the price at the Stock Exchange where the shares are listed; and Stock trading volume on the Stock Exchange where the shares are listed. Information in the form of a graph containing at least: The closing price is based on the price at the Stock Exchange where the shares are listed; and 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>	35
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>Information includes:</p> <ol style="list-style-type: none"> Implementation date of corporate action; Stock split, reverse stock, share dividend, bonus share ratio, and decline in share value; Number of outstanding share before and after corporate action; Share price before and after corporate action. 	35
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
6	Information on bonds, sukuk or convertible bonds outstanding within the last 2 (two) fiscal years.	<p>Information contains:</p> <ol style="list-style-type: none"> Amount of outstanding bonds/sukuk/ convertible bonds; Interest rate/reward; Due Date; and Rating of bonds/sukuk in 2016 and 2017. <p>Note: if the company does not have a bond sukuk/ convertible bond, to be disclosed.</p>	37 - 39

No	Criteria	Explanation	Page
III. Report to The Shareholders			
1	Board of Commissioners' Report.	Information includes: 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).	43 - 46
2	Board of Directors' Report.	Information includes: 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).	47 - 59
3	Board of Directors and Board of Commissioners' signatures.	Containing the following: 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. 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.	60 - 61
IV. Company Profile			
1	Company Profile Information.	Include among others: Name and address, zip code, no. Tel. no. Fax, email, and company website and/or branch office or representative office, enabling the public to obtain information about the company.	65
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	66 - 67
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.	76 - 93

No	Criteria	Explanation	Page
IV. Company Profile			
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.	94 - 95
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.	70 - 79
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.	100 - 105
7	Identity of the Board of Directors.	Description includes: 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).	106 - 111
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.	-	

No	Criteria	Explanation	Page
IV. Company Profile			
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"> Number of employee for each organization level; Number of employee for each education level; Number of employee based on employment status; 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; Employee competency development funds incurred during the financial year. 	116 - 119
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"> Details of the shareholder's name which includes the 20 largest shareholders and the percentage of ownership; Details of shareholders and ownership's percentage includes: <ul style="list-style-type: none"> > Shareholders' name who own 5% (five) or more shares; > The category of public shareholders who each own less than 5% of the shares and percentage of their ownership. 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>	91 - 93
11	Information regarding major shareholder and issuer or public company, both directly or indirectly, which presented in form of scheme or chart.		91 - 93
12	Subsidiaries and/or affiliated companies.	<p>In the form of tables, the information includes:</p> <ol style="list-style-type: none"> Name of the Subsidiaries/affiliated companies; Percentage of share ownership; Information of the line of business of subsidiaries and/or associate entities; Information of Subsidiaries and associations; operational status (has operated or has not operated yet); Information regarding the address of Subsidiaries. 	132
13	Structure of company's group.	<p>Structure of company's group describing subsidiaries, associate entities, joint venture, and special purpose vehicle (SPV).</p>	132
14	Share listing chronology (including private placement) and/or share recording from the beginning of issue until the end year book.	<p>Includes the following items:</p> <ol style="list-style-type: none"> 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; Number of shares registered after each corporate action; and The name of the stock in which the company's shares are listed. <p>Note: if the company does not have a share listing chronology, shall be disclosed.</p>	32 - 36

No	Criteria	Explanation	Page
IV. Company Profile			
15	Issuance chronology and/or other securities recording from the beginning until the end of the year book.	<p>Includes the following items:</p> <ol style="list-style-type: none"> Names of other securities, year of issuance, interest rate, and securities maturity date; Type of Corporate actions affecting total number of share; Change in the total number of share from initial listing to the end of the financial year; Shares offering value; Name of exchanges where the shares are listed Securities rating. 	132 - 135
16	Names and address of capital market agencies/professionals.	<p>Information includes:</p> <ol style="list-style-type: none"> Name and address of BAE/ those who administer the company's securities; Name and addresses of the public accountant; and Name and addresses of the rating agency. 	152
17	National and international levels Awards and/or certification received by the company which is still valid in the last year.	<p>Information includes :</p> <ol style="list-style-type: none"> Names of awards and/or certificates; Year awarded; Awarding or certifying authority or institution; Validity (for certificates). 	136 - 141
18	Name and addresses of subsidiaries and/or branch office or representative office (if any).	<p>Includes the following items:</p> <ol style="list-style-type: none"> Name and addresses of the subsidiaries; and Name and addresses branch office or representative office. <p>Notes: if the company does not have subsidiaries/ branch/ representative, the information should be disclosed</p>	142 - 150
19	Information on Company Website.	<p>Covering at least:</p> <ol style="list-style-type: none"> Shareholder Information up to the individual end owner; The Content of the Code of Ethic; 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; Separate annual financial statements (5 years); the Board of Commissioners and Directors Profile; and Charter of the Board of Commissioners, Directors, Committees, and Internal Audit Unit. 	152 - 153
20	Education and / or training of the Board of Commissioners, the Board of Directors, the Committees, the Corporate Secretary, and the Internal Audit Unit.	<p>Includes at least information (types and relevant parties in following):</p> <ol style="list-style-type: none"> Education and/or training for the Board of Commissioners; Education and/or training for the Board of Directors; Education and/or training for the Audit Committee; Education and/or training for the Nomination and Remuneration Committee; Education and/or training for Other Committees; Education and/or training for the Corporate Secretary; and Education and/or training for the Internal Audit Unit, Which is followed in the fiscal year. <p>Note: if there is no education and/or training in the fiscal year, it shall be disclosed.</p>	100 - 105 107 - 1115 367; 371; 100 - 105 384; 389; 100 - 105 375-376; 100 - 105 408 419; 421;

No	Criteria	Explanation	Page
V. Management and Discussion Analysis of 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: > Products/line of business; > Increase/decrease in production capacity; > Sales/operating income; > Profitability.	171-186
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.	187-201
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.	202-205
4	Discussion of capital structure and capital structure policy.	Explanation of: 1. Capital structure (capital structure); and 2. Management policy on capital structure policies; and 3. Basic selection of management policies on capital structure.	208-210
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.	244
6	Discussion of capital investments that were realized in the last financial year.	Explanation on: 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, it shall be disclosed.	243
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: 1. Comparison between target of the beginning of the year and the realization 2. Target or projection for the next year	261-263

No	Criteria	Explanation	Page
V. Management and Discussion Analysis of Company Performance			
8	Information and material fact subsequent to the date of accountant reporting.	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.	250
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.	160-161
10	Description of marketing aspects.	Description of marketing aspect of products and/or services, includes marketing strategy and market share.	166-170
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	241-242
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 excise price. Note : if it does not have such programs, it shall be disclosed	245-247
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.	249
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 it does not have realization information on the use of proceeds from the public offering, it shall be disclosed	251

No	Criteria	Explanation	Page
V. Management and Discussion Analysis of Company Performance			
15	Transaction information material conflict of interest and/or transactions with affiliated parties.	<p>Information include:</p> <ol style="list-style-type: none"> 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 period; 5. Corporate policy related to review mechanism of the transaction; and 6. Compliance to provisions and concerned Regulation. <p>Note: if there is no such transaction, such information should be disclosed</p>	252-257
16	Description on changes in regulation having significant effect on the company.	<p>Description should include:</p> <ol style="list-style-type: none"> 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. <p>Note: if there is no change in the regulation having significant effect on the company, such information should be disclosed</p>	258
17	Description on changes in the accounting policy implemented by company in the last book year.	<p>Description includes :</p> <ol style="list-style-type: none"> 1. Change in accounting policy; 2. Change in accounting policy reasons; and 3. Qualitative impacts on financial report. 	259-260
18	Information on business continuity.	<p>Disclosure of information includes:</p> <ol style="list-style-type: none"> 1. Matters with the potential to inflict significant impact on company's business continuity for the last fiscal year; 2. Management assessment on matters in point 1; and 3. Assumptions used by the management in performing the assessment. <p>Note: In the absence of matters which have a significant effect on the business continuity of the company in the last fiscal year, disclose the assumptions underlying management in believing that there is no significant potential for a company's business continuity in the financial year.</p>	266-267
VI. Good Corporate Governance			
1	The Board of Commissioners.	<p>Description includes:</p> <ol style="list-style-type: none"> 1. Description 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 or orientation programs for new Commissioners; and 6. Disclosure of Board Charter (regulation of Board of Commissioners). 	315, 317 355-358 332 318-319 317
2	Information on Independent Commissioners.	<p>Includes the following items:</p> <ol style="list-style-type: none"> 1. Criteria for determining independent commissioner; and 2. Statement about the independency of each Independent Commissioners. 	316

No	Criteria	Explanation	Page
VI. Good Corporate Governance			
3	Board of Directors.	<p>Description includes:</p> <ol style="list-style-type: none"> Scope of work and responsibilities of each member of the Board of Directors; Meeting frequency and presence level of each member of the Board of Directors at a meetings of the Directors; Meeting frequency and presence rate combined meeting of the Board of Directors in the Board of Directors; Training programs for improving the competence of the Board or orientation program for Directors; Disclosure on Board Charter (regulation of Board of Directors); Policy on the succession of Directors. Assessment on committees performance under the Board of Directors (if any). 	323-324 338 326-327 324-325 347-349 330
4	Assessment on Board of Commissioners and Board of Directors.	<p>Description includes:</p> <ol style="list-style-type: none"> Assessment on performance of Board of Commissioners and/or Board of Directors' Performance; Criteria used in the assessment process; Parties conducting assessment. 	327-330
5	Assessment of GCG Implementation for the fiscal year 2017 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"> The criteria used in the assessment; The party conducting the assessment; Scoring scores of each criterion; Recommendation of assessment result; and Reason for not to implement recommendation. <p>Note: if there is no GCG implementation assessment for the 2017 fiscal year, shall be disclosed.</p>	290-298
6	Description on remuneration policies for the Board of Directors and Commissioners.	<p>Includes among others:</p> <ol style="list-style-type: none"> Disclosure of proposal procedure up to the determination of remuneration of the Board of Commissioners; Disclosure of the proposing procedure up to the determination of the remuneration of the Board of Directors; The remuneration structure showing the remuneration component and the nominal amount per component for each member of the Board of Commissioners; Remuneration structure showing remuneration component and nominal amount per component for each member of the Board of Directors; Disclosure of indicators for the Board of Directors' remuneration; and 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>	355-361
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"> Meeting date; Meeting participants; and Meeting agenda. <p>For each BOD and BOD meetings, and joint meetings.</p>	332-344

No	Criteria	Explanation	Page
VI. Good Corporate Governance			
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>	301
9	Disclosure of affiliation among Board of Directors, Board of Commissioners, and Majority and/or Controlling Shareholders.	<p>Include:</p> <ol style="list-style-type: none"> Affiliation among internal members of the Board of Directors; Affiliation between the Board of Directors and the Board of Commissioners; Affiliation between the member of the Board of Directors and Majority and/or Controlling Shareholders; Affiliation among internal members of the Board of Commissioners; Affiliation between the member of the Board of Commissioners and Majority and/or Controlling Shareholders. <p>Note: if there is no such transaction, such information should be disclosed</p>	350-354
10	Audit Committee.	<p>Includes:</p> <ol style="list-style-type: none"> Name and position of each member of audit committee; Educational background and working experience of audit committee member; Independency of audit committee member; Description of roles and responsibilities; Brief report of the implementation of audit committee activity; Meeting frequency and attendance level of audit committee. 	364-372
11	Committee/Nomination and Remuneration.	<p>Includes:</p> <ol style="list-style-type: none"> Name, position, and brief curriculum vitae of member of remuneration and nomination committee; Independency of remuneration and nomination committee member; Description of roles and responsibilities; Description of the implementation of remuneration and/or nomination committee's activity; Meeting frequency and attendance level of remuneration and/or nomination committee Statement about the existence of guidelines for Nomination and remuneration and/or nomination committee; and Policy relating to the Board of Directors' succession. 	381-390
12	Other committees under the Board of Commissioners.	<p>Includes:</p> <ol style="list-style-type: none"> Name, position, and brief curriculum vitae of other committees; Independency of other committee member; Description of roles and responsibilities; Description of the implementation of other committee's activity; Meeting frequency and attendance level of other committees. 	372-380
13	Description of the duties and functions of Corporate Secretary.	<p>Includes:</p> <ol style="list-style-type: none"> Name and professional record of corporate Secretary; Domicile; Description on the implementation of corporate secretary's duties; Training programs in order to develop competency of Corporate Secretary. 	407-413

No	Criteria	Explanation	Page
VI. Good Corporate Governance			
14	Description on internal audit unit.	<p>Includes:</p> <ol style="list-style-type: none"> 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. 	417-426
15	Description on General Meeting of Shareholders (GMS) of previous year.	<p>Includes:</p> <ol style="list-style-type: none"> 1. GMS resolutions of previous year; 2. Realization of GMS result in fiscal year; and 3. Reasons in the event that any GMS resolutions are not realized. 	301-313
16	Public Accountants.	<p>Information includes, among others:</p> <ol style="list-style-type: none"> 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. <p>Note: if no other services are mentioned, it shall be disclosed.</p>	448-451
17	Description on corporate risk management.	<p>Includes:</p> <ol style="list-style-type: none"> 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. 	434-447
18	Description on internal control system.	<p>Includes:</p> <ol style="list-style-type: none"> 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. 	414-416
19	Description on corporate social responsibility program that relates to environment.	<p>Includes:</p> <ol style="list-style-type: none"> 1. Policies set by management; 2. Target/plan of activity in 2017 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. 	493-495

No	Criteria	Explanation	Page
VI. Good Corporate Governance			
20	Explanation on corporate social responsibility related to employment, occupational health and safety.	<p>Includes information on:</p> <ol style="list-style-type: none"> 1. Target/activity plan by the year 2017 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. 	489-492
21	Explanation on corporate social responsibility related to social and community development.	<p>Includes information on:</p> <ol style="list-style-type: none"> 1. Activity plan/target by the year of 2017 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. 	496-503
22	Explanation on corporate social responsibility related to responsibility to customers.	<p>Includes:</p> <ol style="list-style-type: none"> 1. Activity target/plan in 2017 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. 	483-488
23	Litigation faced by the company, subsidiaries, members of the Board of Directors and/or members of Board of Commissioners for the period.	<p>Includes:</p> <ol style="list-style-type: none"> 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). <p>Note: if there is no litigation, such information should be disclosed</p>	487
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.	492

No	Criteria	Explanation	Page
VI. Good Corporate Governance			
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>	476-479
26	Disclosure regarding whistle blowing system.	<p>Description of the mechanism of whistle blowing 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>	482-486
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>	358-360
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.	508
2	Opinion of independent auditor on the financial reports.		510
3	Description of the independent auditor in the opinion.	<p>Description includes:</p> <ol style="list-style-type: none"> 1. Name & signature; 2. Date of Audit Report; 3. PAF and Public Accountant license. 	510-511
4	Comprehensive financial statements.	<p>Contains all elements of the financial statements:</p> <ol style="list-style-type: none"> 1. Balance sheet; 2. Comprehensive Profit or Loss statement; 3. Changes in Shareholders' Equity; 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 reclassifies items in its financial statements (if relevant). 	512-745

No	Criteria	Explanation	Page
VII. Financial Information			
5	Comparison of the level of profitability.	Comparison of profit (loss)for the current year with the previous year.	518-519
6	Statements of cash flows.	<p>Meet the following requirements:</p> <ol style="list-style-type: none"> 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. 	522-524
7	Accounting policy highlights.	<p>Includes at least:</p> <ol style="list-style-type: none"> 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. 	537-586
8	Disclosure of transactions with related Parties.	<p>Items disclosed among others are:</p> <ol style="list-style-type: none"> 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. 	691-700
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. 	674-682
10	Disclosure of matters relating to fixed assets.	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> 6. Depreciation method used; 7. Description of accounting policy selected, either revaluation or cost model; 8. 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 9. 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. 	629-632

No	Criteria	Explanation	Page
VII. Financial Information			
11	Disclosure of matters relating to operational segment.	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> General information covering the factors used to identify unreported segment; Information regarding profit and loss, assets, and liabilities of the reported segment; 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 Disclosure at the level of entity, covering information on products and/or services, geographical area, and main customer. 	688-689
12	Disclosure related to financial instruments.	<p>The thing that must be disclosed:</p> <ol style="list-style-type: none"> Terms, condition and accounting policies for each class of financial instruments; Classification of financial instruments; The fair value of each class of financial instruments; Risk management objectives and policies; Explanation of the risk associated with financial instruments: market risk, credit risk, liquidity risk; and Risk analysis associated with financial instruments quantitatively 	736-740
13	Publication of the Financial Statements.	<p>Items to be disclosed include:</p> <ol style="list-style-type: none"> Date of authorization for the publication of the Financial Statements Party responsible for authorizing the Financial Statements. 	508 and 745

> Glossary

A	Halaman	K	Page
ASEAN Corporate Governance Scorecard (ACGS)	8,125,280,296,430	Subsidized KPR	49,68,69,342
B		M	
Housing Backlog	45,52	Risk Management	5,7,44,45,46,49,54,55,58,60,61,94,95,102,103,104,105,107,108,109,110,115,123,126,128,130,136,141,154,163,165,208,210,211,212,213,240,258,276,280,284,285,290,299,300,316,318,319,323,324,326,327,328,329,337,338,340,342,355,356,362,367,370,371,372,373,375,376,378,379,380,384,391,392,393,394,396,397,404,408,412,414,415,417,420,421,422,429,430,431,432,433,434,435,436,437,438,439,440,441,442,444,445,446,447,458,463,468,471,477
SOEs	13,14,16,17,19,49,107,108,109,110,111,164,169,178,179,287,289,305,307,323,326,329,334,349,351,362,372,384,408,482,494,499,500	Low-Income Communities (MBR)	14,16,18,49,52,77,83,167,172,305
C		Mini MBA in Property	15
Construction value chain	11,49,53,163,164,380,467,468		
D		P	
Digital Banking	1,2,4,10,11,12,48,49,51,53,67,69,70,74,122,125,130,136,162,164,165,267,268,329,342,380,391,421,467,468,469,470,471,483,489,500	One Million Houses Program	1,2,5,9,10,14,15,16,19,47,49,50,51,52,53,67,69,74,154,158,160,161,167,168,177,189,266,306,328,411,412,468,469,9,484,500
E		S	
Asset-Backed Securities	15,134,150,228,229,401	BBTN Shares	17,35,409
E-Retribution	13,15,411	Smart Branch	8,12,14,67,69,327,429,465,500
H		Securitization	15,50,67,76,134,135,150,164,209,211,228,229,230,231,234,264,267,328,329,401,402,403,469
Housing Finance Center (HFC)	9,49,342		
I		T	
Integrator and Accelerator	1, 11	Transformation	1,2,3,4,10,11,14,46,47,48,51,52,53,59,67,69,70,73,74,94,95,115,120,126,130,162,165,258,268,285,289,318,320,324,327,328,335,336,338,340,343,344,347,388,432,443,447,467,468,469,470,471,483,489
Indonesian Property Expo (IPEX)	9,17,448		
Integrated GRC (Governance, Risk, and Compliance)	54,57,163,165,267,285,289,432,433		
K		W	
KPR BTN Mikro	77,173	Whistleblowing System	7,45,56,280,294,320,419,423,454,457,492

> Recommendations Follow-Up from ARA 2016

No.	ARA 2016 Recommendations	Have been followed-up in AR 2017
1	Information on sukuk or convertible bonds of the last 2 (two) fiscal years.	Accommodated in Chronological Listing of Stocks (Company Performance and Bank BTN Profile Chapters), page 37-39; 132-135
2	The Board of Commissioners shall contain the Directors' performance assessment on the management	Accommodated in the Report of the Board of Commissioners page 44 - 45
3	Total employees (with 2 years' comparison) by organizational level, education level, and employment status; and data on competence development	Accommodated in the Employee Profile (Chapter Bank BTN Profile) page 116 - 131
4	Comprehensive operational review per business segment	Accommodated in the Operational Analysis (Chapter Management Discussion and Analysis) page 171 - 188
5	Capital structure, which consists of interest-based/sukuk and equity debts, management policies on capital structure policy, and basic management policy selection on capital structure.	Accommodated in the Capital Structure and Implementation of Risk Management (Chapter Management Discussion and Analysis) page 210
6	Material information and facts occurring after the date of the accountant's report and its impact on the future performance and business risks.	Accommodated in the Material Information After the Accounting Reporting Period (Chapter Management Discussion and Analysis) page 250
7	Information on the changes in accounting policies, reasons, and impacts quantitatively on the financial statements.	Accommodated in the Amendment to Accountancy Policy (Chapter Management Discussion and Analysis) page 259 - 260
8	Matters that may significantly affect the business continuity in the last fiscal year, management assessment of those matters and assumptions used by management in conducting the assessment.	Accommodated in the Legislation Amendments with Significant Impact (Chapter Management Discussion and Analysis) page 266 - 267
9	Criteria to determine the Independent Commissioners and independence statements of each Independent Commissioner.	Accommodated in the Board of Commissioners (Chapter Corporate Governance) page 316
10	Procedure of proposal to the determination of remuneration of Board of Commissioners and Directors, remuneration structures showing the types and amounts of short-term, post-employment, and/or other long-term benefits for each member of the Board of Commissioners and Directors. Disclosure of performance bonus, non-performance bonus, and stock option that are received by each Board of Commissioners and Directors' member (if available).	Accommodated in the Company's Remuneration Policy (Chapter Corporate Governance) page 355 - 358
11	Targets/plans and activities performed in 2017, impacts on such activities, costs incurred in relation to CSR in terms of social and community development.	Accommodated in CSR Budget (Chapter Corporate Social Responsibility) page 496 - 503

> Good Corporate Governance Practices in the Company

No.	Good corporate governance practices that exceed the criteria:	Description
1	Implement rules or corporate governance stipulation in the capital markets field and international best practices	1. Guidelines for Public Corporate Governance in accordance with OJK Regulation 2. GCG Assessment based on the ASEAN Corporate Governance Scorecard standard
2	Submitting a Sustainability Report or CSR formulated based on the internationally accepted standards (GRI Sustainability Reporting Guidelines)	Sustainability Report 2017

> Bad Governance Practices in the Company

No.	Praktik <i>bad governance</i> yang tidak diatur dalam kriteria seperti:	Description
1	Report that the company pollutes the environment	NIHIL
2	Significant cases currently faced by the Company, subsidiaries, Board of Directors and/or Board of Commissioners member(s) serving during the period of the Annual Report.	NIHIL
3	Non-compliance with tax obligations fulfillment	NIHIL
4	Nonconformity of the presentation of financial statements with IFRS	NIHIL
5	Cases related to laborers and employees	NIHIL
6	No disclosure in the operating segment on listed companies	NIHIL
7	Nonconformity of the Annual Report's hard copy and soft copy	NIHIL



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