



**INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION
FOR FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA
YEAR 2016**

PT Bank UOB Indonesia

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**ANNUAL REPORT OF
INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION
FOR FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA
YEAR 2016**

Annual Report of Integrated Corporate Governance Implementation for Financial Conglomerates of UOB Group in Indonesia is prepared pursuant to :

- Financial Services Authority Regulation No.18/POJK.03/2014 dated 18 November 2014 concerning Implementation of Integrated Corporate Governance for Financial Conglomerates;
- Financial Services Authority Circular Letter No.15/SEOJK.03/2015 dated 25 May 2015 concerning Implementation of Integrated Corporate Governance for Financial Conglomerates;
- Financial Services Authority Regulation No.55/POJK.03/2016 dated 7 December 2016 concerning Implementation of Good Corporate Governance for Commercial Bank; and
- Bank Indonesia Circular Letter No.15/15/DPNP dated 29 April 2013 concerning Implementation of Good Corporate Governance for Commercial Bank.

I. SELF ASSESSMENT REPORT OF INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION

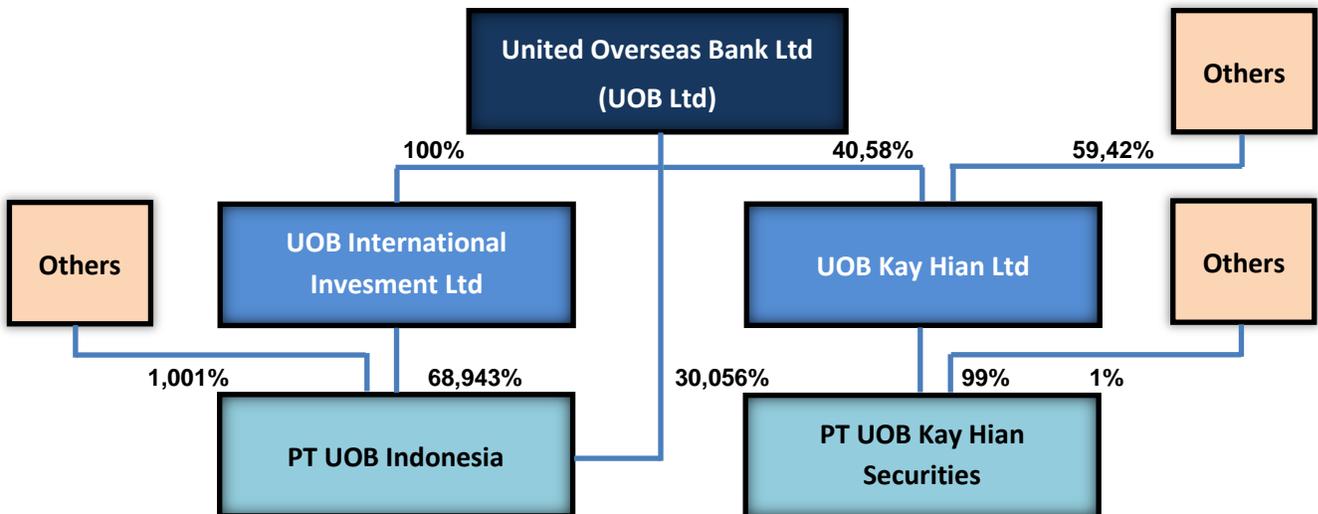
Main Entity : PT Bank UOB Indonesia
 Report Period : January - December 2016

Integrated Corporate Governance Implementation Self Assessment Result	
Rating	Rating Definition
2	Financial Conglomerates is generally assessed good in implementing Integrated Corporate Governance. It is reflected from sufficient fulfillment of Integrated Corporate Governance principles implementation. If there is weakness in Integrated Corporate Governance implementation, then basically it is less significant and can be addressed with normal actions by the Main Entity and/or Financial Institution.
Analysis	
<p>The Main Entity has conducted a self-assessment on Integrated Corporate Governance (ICG) principles implementation for Financial Conglomerates for the period of January to December 2016, where in general the ICG principles have been applied to all 7 (seven) factors and has been adequately included the aspects of governance structure, governance process and governance outcome.</p> <p>Based on the assessment of the Governance Structure aspect, the Main organizational structure has been equipped by the Board of Commissioners, the Board of Directors and the Integrated Corporate Governance Committee, supported by sufficient Work Guidelines and Regulations. PT UOB Kay Hian as the Other Entity in Financial Conglomerates has also appointed its Independent Commissioner to sit as a member in the Integrated Corporate Governance Committee.</p> <p>Moreover, the Main Entity already had the work functions to perform coordination on integrated risk management and integrated corporate governance namely, Risk Management Function, Compliance Function and Internal Audit Function. The organizational structure is also supported with sufficient policies and procedures, management information systems and regulations on duties and responsibilities. The Main Entity has also had the Integrated Corporate Governance Policy as a guideline in implementing the ICG, comprises the ICG framework for the Main Entity and ICG framework for the Other Entity in Financial Conglomerates.</p> <p>Similar to the assessment of Governance Process aspect, duties and responsibilities implementation of the Board of Commissioners, the Board of Directors and the integrated work functions for Main Entity and Other Entity have been carried out in accordance with the prevailing regulations.</p> <p>In the assessment of Governance Outcome aspect, the implementation of Financial Conglomerates of UOB in Indonesia have met all of the Regulator's requirements on the Main Entity's ICG framework as well as its realization for the Main Entity and Other Entity.</p>	

Based on the assessments results of the governance aspects, a few areas for correction/improvement have been identified as follows :

- 1) Internal policy regarding transparency of remuneration and facilities of the Board of Commissioners in Other Entity has not been established;
- 2) Internal policy regarding handling of conflict of interest in Other Entity has not been established.

II. SHAREHOLDING STRUCTURE ON FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA



Financial Conglomerates of UOB Group in Indonesia, hereinafter referred to “**Financial Conglomerates**”, consists of the following Financial Institution:

1. PT. Bank UOB Indonesia, a private company conducting activities in banking sector, hereinafter referred to “**UOBI**”; and
2. PT. UOB Kay Hian Securities, a private company conducting activities in financial investment sector, hereinafter referred to “**UOBKH**”.

As UOBI and UOBKH are institutionally separated nevertheless owned by the same **controlling shareholder**¹, which is United Overseas Bank Limited (“**UOB Limited**”), thereby the relationship between both companies is considered as related company (**sister company**²). Thus, the structure of Financial Conglomerates is classified as a horizontal financial conglomerates structure.

In consideration of total asset and good risk management implementation, UOB Limited as the controlling shareholders has appointed UOBI as the Main Entity in Financial Conglomerates.

UOBI as the Main Entity has duties and responsibilities to coordinate the implementation of integrated corporate governance and integrated risk management, both for UOBI and UOBKH.

¹ Controlling shareholders is defined under Bank Indonesia Regulation No.13/27/PBI2011 on Commercial Bank as a legal entity, individuals and/or business group which own/control 25% or more issued shares with voting rights of a company or bank.

² Sister company is defined under OJK Regulation No.18/POJK.03/2014 on Integrated Corporate Governance as companies who are separate institutions and/or legal entities owned and/or controlled by the same controlling shareholder.

III. MANAGEMENT STRUCTURE ON MAIN ENTITY AND OTHER ENTITY IN FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA

A. Management Structure on PT Bank UOB Indonesia

Structure of the Board of Commissioners as at 31 December 2016

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Wee Cho Yaw	President Commissioner	26 December 2005	14 October 2005	28 April 2015	2017
Wee Ee Cheong	Deputy President Commissioner	31 August 2007	22 June 2007	28 April 2015	2017
Lee Chin Yong Francis	Commissioner	19 December 2005	14 October 2005	28 April 2015	2017
Rusdy Daryono	Independent Commissioner	12 June 2006	22 May 2006	28 April 2015	2017
Wayan Alit Antara	Independent Commissioner	8 January 2009	20 June 2008	28 April 2015	2017
Aswin Wirjadi	Independent Commissioner	29 June 2009	12 June 2009	28 April 2015	2017

Structure of the Board of Directors as at 31 December 2016

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Lam Sai Yoke	President Director	2 May 2016	2 November 2015	-	2017
Tan Chin Poh *)	Deputy President Director	24 July 2013	26 April 2013	-	2017
Iwan Satawidinata	Deputy President Director	10 June 2010	15 April 2010	26 April 2013	2017
Muljono Tjandra	Director	12 May 2015	28 April 2015	-	2017
Pardi Kendy	Director	21 March 2016	2 November 2015	-	2017
Soehadie Tansol	Compliance Director	31 December 2002	25 November 2002	26 April 2013	2017

*) Resigned from his position as of 7 February 2017

B. Management Structure on PT UOB Kay Hian Securities

Structure of the Board of Commissioners as at 31 December 2016

Name	Position	Regulator's Approval	Appointment by GMS	Expiry of Tenure
Wee Ee Chao	President Commissioner	Bappepam LK- No:S- 6104/BL/2008 Dated 8 September 2008	Deed No. 58 Dated 20 August 2014	31 Dec 2016
Esmond Choo Liong	Deputy President Commissioner	Bappepam LK- No:S- 6104/BL/2008 Dated 8 September 2008	Deed No. 58 Dated 20 August 2014	31 Dec 2016
Tan Check Teck	Commissioner	Bappepam LK- No:S- 6104/BL/2008 Dated 8 September 2008	Deed No. 58 Dated 20 August 2014	31 Dec 2016
Yendi Likin Oey	Commissioner	Bappepam LK- No:S- 6104/BL/2008 Dated 8 September 2008	Deed No. 58 Dated 20 August 2014	31 Dec 2016
Adikin Basirun *)	Independent Commissioner	-	-	-

*) Effective upon approval from Regulator

Structure of the Board of Directors as at 31 December 2016

Name	Position	Regulator's Approval	Appointment by GMS	Expiry of Tenure
Himawan Gunadi	President Director	No : S-17/PM.21/2015 dated 16 January 2015	Deed No. 42 Dated 23 January 2015	31 Dec 2016
Sze Tho Fook Choong	Director	No : S-17/PM.21/2015 dated 16 January 2015	Deed No. 42 Dated 23 January 2015	31 Dec 2016
Ahmad Fadjar Siata	Director	No : S-17/PM.21/2015 dated 16 January 2015	Deed No. 42 Dated 23 January 2015	31 Dec 2016

IV. INTRA-GROUP TRANSACTION POLICY

A. LATAR BELAKANG DAN TUJUAN

The relationship of ownership and/or control of the various financial services sectors could affect the business continuity of financial conglomerate resulting from risk exposure that arise directly or indirectly over the business activities of financial conglomerates. Therefore, Financial Services Authority (“OJK”) issued several regulations regarding Integrated Risk Management implementation for conglomerates in financial services industry, in which of the regulation is that financial conglomerates are required to manage its Intra-group Transaction Risk.

Main Entity has established Intra-group Transaction Risk Management policy, and was set as guidance for Financial Conglomerates of UOB Group in Indonesia, in order to manage the Intra-group Transaction Risk.

The main purposes of Intra-group Transaction Risk Management Policy are as follows:

1. To organize and monitor the intra-group transaction of financial conglomerates in accordance with prudential principles.
2. To ensure that the Integrated Risk Management process can minimize the negative impact caused by the dependency of a conglomerate’s member, either directly or indirectly.

Intra-group Transaction Risk Management Policy refers to the 4 (four) pillars that has been set by OJK, as follows:

1. Supervisory from Board of Directors and Board of Commissioners of the Main Entity.
2. Adequacy of Intra-group Transaction Risk Management Policies, Procedures, and Limit.
3. Adequacy of Intra-group Transaction Risk Management Process.
4. Comprehensive Internal Control System.

B. INTRA-GROUP TRANSACTION RISK IDENTIFICATION

Main Entity collaborated with Other Entity to established several factors that could arise the Intra-group Transaction Risk, and stipulated in the Intra-group Transaction Risk Management Policy, are as follows, but not limited to:

1. Cross ownership between entities within Financial Conglomerates of UOB Group in Indonesia.
2. Central management of short term liquidity within Financial Conglomerates of UOB Group in Indonesia.
3. Guarantees, loans, and commitments provided to, or received from other entity within Financial Conglomerates of UOB Group in Indonesia.
4. Exposure to the controlling shareholder, including loan and off balance sheet exposures such as guarantees and commitments.
5. Purchases or sales of assets with other entity within Financial Conglomerates of UOB Group in Indonesia.

6. Transfer or risk through reinsurance.
7. Transactions to shift third party risk exposures between entities within Financial Conglomerates of UOB Group in Indonesia.
8. Other wide variety of cooperative activities between entities Financial Conglomerates of UOB Group in Indonesia.

C. INTRA-GROUP TRANSACTION RISK MANAGEMENT AND MITIGATION

To maintain Intra-group Transaction Risk Management Policy effectively, Main Entity performed several monitoring and mitigation by instilling principles in its implementation to the Other Entity as follows:

1. Ensure the adequacy of Risk Management process which covers bank-wide Intra-group Transaction Risk for Financial Conglomerates.
2. Monitor intra-group transaction in the financial conglomerate that is material in a timely manner, including its reporting process periodically to the Management.
3. Act as a coordinator in the Financial Conglomerates to ensure the important things that needed to be considered, including the feasibility of intra-group transactions performed between entities.
4. Considering the negative impact that will/or may occur in each entities or the Financial Conglomerates as a whole from the intra-group transaction performed.

V. REPORT OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION YEAR 2016

PT Bank UOB Indonesia (the Bank) believes that Good Corporate Governance (GCG) is fundamental to safeguarding the interests of stakeholders, protecting and enhancing the value of the Bank and achieving sustainable growth. The Bank implements GCG according to the principles of Transparency, Accountability, Responsibility, Independence and Fairness, and monitors the execution of GCG practices according to prevailing rules and regulations.

A. Good Corporate Governance Structure

1. General Meeting of Shareholder

The General Meeting of Shareholders (GMS) holds the highest authority in the Bank. At the GMS, shareholders are authorised to evaluate the performance of the Board of Commissioners and the Board of Directors; approve the annual report; appoint and release the member of the Board of Commissioners and Directors; determine the amount and type of compensation/remuneration and other perquisites for members of the Board of Commissioners and the Board of Directors; and appoint an Independent Auditor. The Annual General Meeting of Shareholders (AGM) is held once a year. The Bank may also convene an Extraordinary General Meeting of Shareholders (EGM) when required.

General Meeting of Shareholder 2016

Throughout 2016, the Bank has convened 1 (one) AGM and did not convened EGM.

AGM 2016

The AGM 2016 was held on 24 May 2016 in UOB Plaza, at Jl. M.H. Thamrin No. 10, Central Jakarta 10230. The AGM was attended by shareholders and/or their proxies representing 9,553,769,677 shares or 99.999% of 9,553,885,804 shares with voting rights issued by the Bank.

Resolution and Realisation on AGM 2016

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
1. Approval on Company's Annual Report for fiscal year ending 31 December 2015 including the annual report of the Board of Directors and report on the supervisory duties	Approved the Company's Annual Report for fiscal year ending 31 December 2015 including the annual report of the Board of Directors and report on the supervisory duties of the Company's Board of Commissioners, as well as ratifying the Company's Financial Statements for fiscal year ending 31 December 2015 audited by Public Accounting Firm Purwantono, Sungkoro and Surja pursuant to report Number: RPC-244/PSS/2016 dated 28 January 2016 with an Unqualified Opinion, hence granting full release and discharge of liabilities	100%	-	Realised

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
of the Company's Board of Commissioners.	(acquit et discharge) to members of the Board of Directors for their management actions and to members of the Board of Commissioners of the Company for their supervisory actions completed throughout fiscal year of 2015, insofar as the actions are reflected in the Annual Report and Financial Statements for fiscal year 2015.			
2. Determination on the appropriation of net profits for fiscal year ending 31 December 2015.	<p>Approved the appropriation of net profits for fiscal year ending 31 December 2015 in the amount of Rp463,075,478,330.- (four hundred and sixty three billion seventy five million four hundred and seventy eight thousand three hundred and thirty Rupiah) as follows :</p> <ul style="list-style-type: none"> • A total of Rp4,630,754,783.- (four billion six hundred thirty million seven hundred fifty-four thousand seven hundred and eighty-three Rupiah) booked as reserves in order to meet the requirements of Article 70 of the Company Law and Article 20 of the Articles of Association of the Company. • Booked the entire net profit earned in 2015 after mandatory reserves as Retained Earnings in the amount of Rp458,444,723,547.- (four hundred fifty-eight billion four hundred and forty-four million seven hundred twenty-three thousand five hundred and forty-seven Rupiah). 	100%	-	Realised
3. The appointment of Public Accounting Firm to audit the Financial Statements of the Company for fiscal year 2016 and granting authority to the Board of Directors of the Company to determine the audit service fees and other requirements in relation to the appointment	Approved the granting of authority to the Board of Commissioners of the Company to appoint a Public Accounting Firm registered with the Financial Services Authority (OJK) to audit the Financial Statements of the Company for fiscal year 2016 in view of the recommendations of the Audit Committee and granting the authority to the Board of Directors of the Company to sign a cooperation agreement and determine the audit service fees and other requirements in relation to the appointment.	100%	-	Realised
4. Determination on the amount of salary and benefits in fiscal year 2016 for all members of the Board of Commissioners and Board of Directors	<ul style="list-style-type: none"> • Approved the action of UOB International Investment Private Limited (UOBII) as majority shareholder based on the authority granted in the AGM held on 28 April 2015 to determine the amount of salaries and benefits in fiscal year 2015 for all members of the Board of Commissioners of the Company. • Approved the granting of authority to the majority 	100%	-	Realised

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
of the Company	shareholder of the Company, namely UOBII to determine the amount of salary and benefits in fiscal year 2016 for all members of the Board of Commissioners of the Company. <ul style="list-style-type: none"> Approved the granting of authority to the Board of Commissioners of the Company to determine the amount of salary, remuneration and benefits in fiscal year 2016 for all members of the Board of Directors of the Company. 			
5. Report on realisation of appropriated proceeds of Bonds I of PT Bank UOB Indonesia Year 2015	Given that the Agenda was a report, there was no resolution decided on this Agenda.	There was no questioner on the fifth agenda of the meeting	-	As the fifth agenda, the Company submitted to AGM the report on realisation of appropriated proceeds of Bonds I of PT Bank UOB Indonesia Year 2015

General Meeting of Shareholder 2015

Throughout 2015, the Bank convened 1 (one) AGM and 1 (one) EGM.

AGM 2015

The AGM 2015 was held on 28 April 2015 in UOB Plaza, at Jl. M.H. Thamrin No. 10, Central Jakarta 10230. The AGM was attended by shareholders and/or their proxies representing 9,553,769,677 shares or 99.999% of 9,553,885,804 shares with voting rights issued by the Bank.

Resolution and Realisation on AGM 2015

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
<p>1. Approval on Company's Annual Report for fiscal year ending 31 December 2014 including the annual report of the Board of Directors and report on the supervisory duties of the Company's Board of Commissioners.</p>	<p>Approved the Company's Annual Report for fiscal year ending 31 December 2014 including the annual report of the Board of Directors and report on the supervisory duties of the Company's Board of Commissioners, as well as ratifying the Company's Financial Statements for fiscal year ending 31 December 2014 audited by Public Accounting Firm Purwantono, Suherman and Surja pursuant to report Number: RPC-7012/PSS/2015 dated 24 March 2015 with an Unqualified Opinion, hence granting full release and discharge of liabilities (acquitt et decharge) to members of the Board of Directors for their management actions and to members of the Board of Commissioners of the Company for their supervisory actions completed throughout fiscal year of 2014, insofar as the actions are reflected in the Annual Report and Financial Statements for fiscal year 2014.</p>	100%	-	Realised
<p>2. Determination on the appropriation of net profits for fiscal year ending 31 December 2014.</p>	<p>Approved the appropriation of net profits for fiscal year ending 31 December 2014 to the amount of Rp679,833,773,751 (six hundred and seventy nine billion eight hundred and thirty three million seven hundred and seventy three thousand seven hundred and fifty one Rupiah) as follows :</p> <ul style="list-style-type: none"> • A total of Rp7,000,000,000.- (seven billion Rupiah) booked as reserves in order to meet the requirements of Article 70 of the Company Law and Article 20 of the Articles of Association of the Company. • A total of Rp135,951,794,991 (one hundred and thirty five billion nine hundred and fifty one million seven hundred and ninety four thousand nine hundred and ninety one Rupiah) or 20% of net profit for fiscal year 2014 as cash dividend for fiscal year 2014 which will be shared with the shareholders on 28 April 2015 at 4 pm Western Indonesia Time and the payments will be transferred no later than 30 April 2015. • Remaining profit at the amount of Rp 536,881,978,760,- (five hundred and thirty six billion eight hundred and eighty one million nine hundred and seventy eight thousand seven hundred and sixty Rupiah) is kept as retained earnings. 	100%	-	Realised
<p>3. The appointment of Public Accounting Firm to audit the Financial Statements of the</p>	<p>Approved the granting of authority to the Board of Commissioners of the Company to appoint a Public Accounting Firm registered with the Financial Services Authority (OJK) to audit the Financial Statements of the Company for fiscal year 2015 and granting the</p>	100%	-	Realised

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation																								
<p>Company for fiscal year 2015 and granting authority to the Board of Directors of the Company to determine the audit service fees and other requirements in relation to the appointment</p>	<p>authority to the Board of Directors of the Company to sign a cooperation agreement and determine the audit service fees and other requirements in relation to the appointment.</p>																											
<p>4. Changes in the composition of Board of Commissioners and Board of Directors of the Company.</p>	<p>Approved the re-appointment of Messrs. Wee Cho Yaw, Wee Ee Cheong, Lee Chin Yong Francis, Rusdy Daryono, Wayan Alit Antara and Aswin Wirjadi as members of the Board of Commissioners and approved the appointment of . Muljono Tjandra as Director replacing . Safrullah Hadi Saleh, thereby altering the composition of the Company's Board of Commissioners and Board of Directors to the followings :</p> <p>Board of Commissioners</p> <table border="1" data-bbox="435 993 1084 1478"> <thead> <tr> <th>Position</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>President Commissioner</td> <td>Wee Cho Yaw</td> </tr> <tr> <td>Deputy President Commissioner</td> <td>Wee Ee Cheong</td> </tr> <tr> <td>Commissioner</td> <td>Lee Chin Yong Francis</td> </tr> <tr> <td>Independent Commissioner</td> <td>Rusdy Daryono</td> </tr> <tr> <td>Independent Commissioner</td> <td>Wayan Alit Antara</td> </tr> <tr> <td>Independent Commissioner</td> <td>Aswin Wirjadi</td> </tr> </tbody> </table> <p>Board of Directors</p> <table border="1" data-bbox="435 1566 1084 1850"> <thead> <tr> <th>Position</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>President Director</td> <td>Armand Bachtiar Arief</td> </tr> <tr> <td>Deputy President Director</td> <td>Iwan Satawidinata</td> </tr> <tr> <td>Deputy President Director</td> <td>Tan Chin Poh</td> </tr> <tr> <td>Director</td> <td>Muljono Tjandra *)</td> </tr> </tbody> </table>	Position	Name	President Commissioner	Wee Cho Yaw	Deputy President Commissioner	Wee Ee Cheong	Commissioner	Lee Chin Yong Francis	Independent Commissioner	Rusdy Daryono	Independent Commissioner	Wayan Alit Antara	Independent Commissioner	Aswin Wirjadi	Position	Name	President Director	Armand Bachtiar Arief	Deputy President Director	Iwan Satawidinata	Deputy President Director	Tan Chin Poh	Director	Muljono Tjandra *)	<p>100%</p>	<p>-</p>	<p>Realised</p>
Position	Name																											
President Commissioner	Wee Cho Yaw																											
Deputy President Commissioner	Wee Ee Cheong																											
Commissioner	Lee Chin Yong Francis																											
Independent Commissioner	Rusdy Daryono																											
Independent Commissioner	Wayan Alit Antara																											
Independent Commissioner	Aswin Wirjadi																											
Position	Name																											
President Director	Armand Bachtiar Arief																											
Deputy President Director	Iwan Satawidinata																											
Deputy President Director	Tan Chin Poh																											
Director	Muljono Tjandra *)																											

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation				
	<table border="1"> <tr> <td data-bbox="435 327 729 394">Director</td> <td data-bbox="730 327 1084 394">Ajeep Rassidi bin Othman</td> </tr> <tr> <td data-bbox="435 396 729 443">Compliance Director</td> <td data-bbox="730 396 1084 443">Soehadie Tansol</td> </tr> </table> <p data-bbox="435 445 1084 489">*) Effective upon approval from Regulator</p>	Director	Ajeep Rassidi bin Othman	Compliance Director	Soehadie Tansol			
Director	Ajeep Rassidi bin Othman							
Compliance Director	Soehadie Tansol							
<p>5. Determination on the amount of salary and benefits in fiscal year 2015 for all members of the Board of Commissioners and determination on the amount of salary, remuneration, and benefits in fiscal year 2015 for all Board of Directors of the Company.</p>	<ul style="list-style-type: none"> Approved the action of UOB International Investment Private Limited (UOBII) as majority shareholder by virtue of the authority granted in the AGM convened on 13 June 2014 to determine the amount of salaries and allowances for 2014 of all members of the Board of Commissioners of the Company. Granted the authority to the majority shareholders of the Company, namely UOBII to determine the amount of salaries and allowances for 2015 of all members of the Board of Commissioners of the Company. Granted authority to the Board of Commissioners to determine the amount of salaries, remuneration and allowances for 2015 of all members of Board of Directors of the Company. 	100%	-	Realised				
<p>6. Report on Realisation of appropriated proceeds of Bonds I and Subordinate Bonds I Bank UOB Indonesia for 2014 to the AGM.</p>	<p>Given that the Agenda is a report, there was no resolution decided on this Agenda.</p>	There was no questioner on the Sixth Agenda of the Meeting	-	Within the sixth agenda, the Company submitted the report on the realisation of appropriated proceeds of Bonds I and Subordinate Bonds I Bank UOB Indonesia for 2014 to the AGM				

EGM 2015

On 2 November 2015, at UOB Plaza, Jl. M.H. Thamrin No.10, Jakarta Pusat 10230, the Bank convened an EGM which was attended by shareholders and/or their proxies representing 9,553,769,677 shares or 99.99% of 9,553,885,804 shares with voting rights issued by the Bank, which essentially decided the following:

1. Accepted the resignation of Armand Bachtiar Arief as President Director effective on

- 1 January 2016;
2. Accepted the resignation of Ajeep Rassidi bin Othman as Director effective on 1 January 2016;
 3. Appointed Lam Sai Yoke as President Director effective from 1 January 2016 up to and including adjournment of AGM of the Company to be convened in 2017. This appointment is effective upon approval from the Financial Services Authority;
 4. Appointed Pardi Kendy as Director effective on 1 January 2016 up to and including adjournment of AGM of the Company convened in 2017. This appointment is effective upon approval from the Financial Services Authority.

Hence, the composition of the Board of Directors of the Company shall be as follows:

Position	Name
President Director	Lam Sai Yoke *)
Deputy President Director	Iwan Satawidinata
Deputy President Director	Tan Chin Poh
Director	Muljono Tjandra
Director	Pardi Kendy *)
Compliance Director	Soehadie Tansol

*) Effective upon approval from Regulator

5. Granted power of attorney with substitution right to the Board of Directors of the Company to announce changes to members of the Board of Directors of the Company in a separate deed before a Notary and prepare for notification to the Ministry of Law and Human Rights of the Republic of Indonesia.

2. The Board of Commissioners

a. Duties and Responsibilities of the Board of Commissioners

Pursuant to the Articles of Association, the Board of Commissioners must perform supervision of management policies, general conduct of the management, both concerning the Company as well as the Company's businesses, and advise the Board of Directors.

In performing their duties and responsibilities, each member of the Board of Commissioners refers to Work Guidelines and Regulations of the Board of Commissioners which are in accordance with Bank of Indonesia/ Financial Services Authority regulations. The said Work Guidelines and Regulations of the Board of Commissioners are reviewed periodically. The last review was performed

in 2016, resulting in the Decree of The Board Of Commissioners PT Bank UOB Indonesia No. 16/COM/0005 dated 15 March 2016 concerning Work Guidelines and Regulations of Board of Commissioners of PT Bank UOB Indonesia.

In addition, every member of the Board of Commissioners cannot act on his own, only by virtue of a decision of the Board of Commissioners.

Generally, the Board of Commissioners assumes the following responsibilities pursuant to the Board of Commissioners' Work Guidelines and Regulations:

- 1) Supervise the implementation of duties, responsibilities and policies conducted by the Board of Directors as well as advising the Board of Directors.
- 2) Direct, supervise and evaluate the implementation of the Bank's strategic policies conducted by the Board of Directors. It is not involved in any decision making on the Bank's operational activities, unless otherwise required under applicable regulations.
- 3) Examine and approve the Bank's business plan.
- 4) Provide directions to the Board of Directors with regard to Corporate Governance and ensure that Corporate Governance has been implemented in all business activities of the Bank at all levels of the organisation.
- 5) Provide directions and recommendations for the Bank's strategic development plan as well as evaluate the implementation of the Bank's strategic policies.
- 6) Ensure that the Board of Directors has followed-up audit findings and recommendations provided by internal auditor and external auditor, and results of supervision by regulators and other authorised institutions.
- 7) Analyse and approve the Bank's risk management framework.
- 8) Inform the appropriate regulator no later than 7 (seven) work days following any finding of :
 - a) Violation of any laws in the financial and banking industry; and
 - b) Situation or presumed situation which may jeopardise the business continuity of the Bank.
- 9) The Board of Commissioners must establish at least :
 - a) The Audit Committee
 - b) The Risk Monitoring Committee
 - c) The Remuneration and Nomination Committeeand ensure that the established Committees perform their duties effectively
- 10) Convene Meetings of the Board of Commissioners on a regular basis, at least once in 2 (two) months, at which all members of the Board of Commissioners must be physically present at least 2 (twice) a year.

- 11) Convene Joint Meetings with the Board of Directors at least once in 4 (four) months.

Execution on Duties and Responsibilities of the Board of Commissioners

In order to ensure the effectiveness of the execution of its duties and responsibilities, the Board of Commissioners is assisted by the Audit Committee, the Remuneration and Nomination Committee and the Risk Monitoring Committee, each chaired by 1 (one) Independent Commissioner.

Throughout 2016, the Board of Commissioners gave various recommendations and/or inputs to the Board of Directors, among other things :

- 1) Recommendations related to Internal Policy :
 - a) Approved Annual Update of Asset Classification Policy version 3.0;
 - b) Approved Annual Update of Credit Risk Mitigation Policy version 2.0;
 - c) Approved Annual Update of Credit Risk Concentration Policy version 2.0;
 - d) Approved General Credit Policy version 5.0;
 - e) Approved Consumer Credit Policy version 5.0
- 2) Recommendations related to amendment to Internal provision :
 - a) Approved the Work Guidelines and Regulations of the Board of Commissioners
- 3) Recommendations related to business:
 - a) Approved Supervisory Report of Bank Business Plan for 1st Half of 2016;
 - b) Approved Supervisory Report of Bank Business Plan for 2nd Half of 2015.
- 4) Miscellaneous :
 - a) Approved the action of Board of Directors to file Bank UOB Indonesia Senior Bonds I and Subordinated Bonds I 2016;
 - b) Approved the appointment of Independent Commissioners to sign and approve the Senior Bonds I and Subordinated Bonds I 2016;
 - c) Approved the proposal of the Board of Directors for the schedule and agenda for the AGM in 2017.

The Board of Commissioners was also authorised by the AGM to execute the Shareholders' decisions including :

- 1) Appointment of Public Accountant Firm registered with the Financial Services Authority to audit Financial Statements of the Company for fiscal year 2016 in observance of the recommendations of the Audit Committee.

- 2) Determination of salary, remuneration and other allowances for all members of the Board of Directors for fiscal year 2016.

b. Composition, Criteria and Independency of the Board of Commissioners

Following are members of the Board of Commissioners of the Bank as of 31 December 2016 :

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Wee Cho Yaw	President Commissioner	26 December 2005	14 October 2005	28 April 2015	2017
Wee Ee Cheong	Deputy President Commissioner	31 August 2007	22 June 2007	28 April 2015	2017
Lee Chin Yong Francis	Commissioner	19 December 2005	14 October 2005	28 April 2015	2017
Rusdy Daryono	Independent Commissioner	12 June 2006	22 May 2006	28 April 2015	2017
Wayan Alit Antara	Independent Commissioner	8 January 2009	20 June 2008	28 April 2015	2017
Aswin Wirjadi	Independent Commissioner	29 June 2009	12 June 2009	28 April 2015	2017

The composition of the Bank's Commissioners and Independent Commissioners as outlined in the table above complies with the provision of OJK Regulation No.55/POJK.03/2016 concerning Implementation of Good Corporate Governance for Commercial Banks, where 50% (fifty per cent) of members of the Bank's Board of Commissioners are Independent Commissioners.

Independency of the Board of Commissioners

Article 2 paragraph (18) of the Work Guidelines and Regulations of the Bank's Board of Commissioners states that "a majority of members of the Board of Commissioners are prohibited from having second-degree family relationship with fellow members of the Board of Commissioners and/or members of the Board of Directors". All members of the Board of Commissioners do not have second-degree family relationship with fellow members of the Board of Commissioners and/or members of the Board of Directors except for Wee Cho Yaw, the President Commissioner, and Wee Ee Cheong, the Deputy President Commissioner.

None of the Independent Commissioners of the Bank has financial, management, shareholding, and/or second-degree family relationship with fellow members of the

Board of Commissioners, members of the Board of Directors and/or majority shareholders that may affect his ability to act independently.

In accordance with Financial Services Authority Regulation No.55/POJK.03/ 2016 concerning Implementation of Good Corporate Governance for Commercial Banks, members of the Board of Commissioners are prohibited from holding concurrent positions as Commissioner, Director or Executive Officer in any bank/non-bank financial institution or non-financial institution/company and in more than 1 (one) non-financial institution/company either domiciled domestically or overseas.

This excludes concurrent positions held by (a) a member of the Board of Commissioners as a director, commissioner or executive officer performing supervision in 1 (one) non-bank subsidiary controlled by the Bank; (b) a Non-Independent Commissioner performing his functional duties assigned by the Bank's shareholders for a legal entity in the Bank's business group; and/or (c) a member of the Board of Commissioners in a non-profit organisation or institution.

Hence, all members of the Board of Commissioners have fulfilled the aforementioned regulations.

c. Fit and Proper Test Information Disclosure

Members of the Board of Commissioners were all appointed by the General Meeting of Shareholders as outlined in the table above by considering the main criteria, i.e. integrity, competency, professionalism, and financial reputation, according to the "fit & proper" test requirements prescribed by regulators.

d. Frequency of the Board of Commissioners Meetings

Pursuant to Bank Indonesia regulation on the implementation of Good Corporate Governance for Commercial Banks and Articles of Association of the Bank, the following guidelines for the Board of Commissioners meeting procedures and executions have been developed with reference to the Work Guidelines and Regulations of the Board of Commissioners:

- 1) Meetings are held at least once in 2 (two) months or when deemed necessary by a member of the Board of Commissioners or upon written request from the Board of Directors or upon the request of 1 (one) or more shareholders holding 1/10 (one tenth) of the total number of shares issued by the Company with valid voting rights.
- 2) Board of Commissioners Meetings may be held via teleconference, even so, meetings are to be physically attended by all the members of Board of Commissioners at least 2 (twice) in a year.
- 3) The Board of Commissioners schedules joint meetings with the Board of Directors on a periodic basis, at least once in 4 (four) months.

- 4) The Board of Commissioners schedules Board of Commissioners meetings for the subsequent year before the fiscal year ends.
- 5) Meetings of the Board of Commissioners are chaired by the President Commissioner. In the event that the President Commissioner is absent or unavailable, for which no evidence to any third party is required, the meeting of the Board of Commissioners is chaired by the Deputy President Commissioner and if he is unavailable, the meeting will be chaired by a member of the Board of Commissioners elected by members of the Board of Commissioners who are present.
- 6) The meeting of the Board of Commissioners is only valid and may adopt binding decisions if more than $\frac{1}{2}$ (half) of the total number of the Board of Commissioners are present or represented at the meeting.
- 7) The decisions of the Board of Commissioners meetings must be adopted by way of deliberations to reach a consensus. In the event that no consensus is reached, decisions are adopted when the number of affirmative votes is more than half of the total votes validly cast at such meetings.
- 8) In the event of an equality of votes, the Chairman of the Board of Commissioners Meeting shall cast the deciding vote.
- 9) The results of the Board of Commissioners Meetings must be recorded in the minutes of meetings and properly documented.

During 2016, the Board of Commissioners convened a routine meeting once every 2 (two) months, during which the Board of Commissioners sought explanation from the Directors regarding his duties and responsibilities in the previous 2 (two) months, as well as discussing the Bank's performance in general.

During 2016, the Board of Commissioners held 10 (ten) meetings, of which 6 (six) were Board of Commissioners Meetings and 4 (four) were Joint Meetings with Board of Directors.

Out of the total number of meetings, 5 (five) meetings were held via video conference and 2 (two) meetings were physically attended by all members of the Board of Commissioners.

Meeting results, including dissenting opinions (if any), were well documented in minutes of meetings which were properly administrated by the Corporate Secretary.

Based on the aforementioned matters, the Bank has fulfilled the prevailing regulations on the execution of the Board of Commissioners Meetings.

The following is the attendance of the Board of Commissioners for meetings held in 2016 :

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Wee Cho Yaw	President Commissioner	6	5	83%
Wee Ee Cheong	Deputy President Commissioner	6	6	100%
Lee Chin Yong Francis	Commissioner	6	6	100%
Rusdy Daryono	Independent Commissioner	6	6	100%
Wayan Alit Antara	Independent Commissioner	6	6	100%
Aswin Wirjadi	Independent Commissioner	6	6	100%

The table below sets out the frequency and list attendance of Board of Commissioners Joint Meeting with Board of Directors in 2016 :

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Wee Cho Yaw	President Commissioner	4	3	75%
Wee Ee Cheong	Deputy President Commissioner	4	4	100%
Lee Chin Yong Francis	Commissioner	4	4	100%
Rusdy Daryono	Independent Commissioner	4	4	100%
Wayan Alit Antara	Independent Commissioner	4	4	100%
Aswin Wirjadi	Independent Commissioner	4	4	100%
Lam Sai Yoke	President Director	4	3	75%
Tan Chin Poh	Deputy President Director	4	4	100%
Iwan Satawidinata	Deputy President Director	4	3	75%
Muljono Tjandra	Director	4	4	100%

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Pardi Kendy	Director	4	3	75%
Soehadie Tansol	Compliance Director	4	4	100%

e. Performance Evaluation for the Commissioners

The Bank has prepared the policy regarding Commissioner Evaluation and Director Performance Guideline which will be established on 2017 to provide technical guidance to Commissioner in conducting the performance management process and to provide standardisation of provisions to be applied to Commissioner, among other things are as follow :

1) Performance Evaluation

Performance evaluation of members of the Board of Commissioners will be conducted 1 (once) a year with a self-assessment method.

2) Performance Criteria

Criteria of performance evaluation of members of the Board of Commissioners are a follow :

- a) Independency of the Board of Commissioners;
- b) Fit and proper which comprise honesty, integrity, reputation, competency and financial soundness; and
- c) Performance of the Commissioner.

3) Evaluation Result

Result of self-assessment conducted by the Commissioner will be reported to the Remuneration and Nomination Committee.

f. Recommendations of the Board of Commissioners for Funding and Authority to Incur Expenditure on Goods and Services

- 1) Approved the lease extension of Pondok Indah Branch building;
- 2) Approved the budget of Limit & Exposure System (LES) and Customer Grouping System (GRP) Project;
- 3) Approved to create Privilege Lounge in Pantai Indah Kapuk;
- 4) Approved to create Privilege Center in Medan Uniplaza;
- 5) Approved to sell 11 (eleven) abandoned property assets;
- 6) Approved the budget for Business Banking Credit Application Fraud Detection System (Instinct) Project;
- 7) Approved the budget for PIB Project;

- 8) Approved the relocation of Asemka Branch to Gajah Mada, West Jakarta;
- 9) Approved to dispose 3 (three) property assets;
- 10) Approved the HRIS Replacement Project;
- 11) Approved the Omega Project Budget;
- 12) Approved the Implementation of UOB Group PWEB (Public Website) Project;
- 13) Approved the Governance, Risk, and Compliance Project;
- 14) Approved the UOBI One Account Budget.

3. The Board of Directors

a. Duties and Responsibilities of the Board of Directors

The Board of Directors is the organ of the Company with the authority and full responsibility for carrying out his duties in the interests of the Bank in achieving the Bank's intent and purposes and to represent the Bank both inside and outside of court. Each member of the Board of Directors shall carry out his duties in good faith and responsibly in accordance with prevailing laws and regulations and Articles of Association of the Bank.

The principle duties of the Board of Directors include, among other things to :

- 1) Manage the Bank pursuant to his authority and responsibilities as stated in the Articles of Association and prevailing laws and regulations;
- 2) Take full responsibility of the Bank's management;
- 3) Represent the Bank legally and directly both inside and outside of court according to the following provisions :
 - a) The President Director and Deputy President Director are justified and authorised to act for and on behalf of the Board of Directors and the Bank;
 - b) In the event that the President Director and Deputy President Director are unavailable due to any cause whatsoever, for which third-party evidence is not required, then 2 (two) members of the Board of Directors are justified and authorised to act for and on behalf of the Board of Directors and the Bank.
- 4) Implement business strategies recommended by the Board of Commissioners;
- 5) Establish the following work functions :
 - a) Internal Audit Function;
 - b) Risk Management Function and Risk Management Committee; and
 - c) Compliance Function.

- 6) Follow up audit findings and recommendations from the Internal Auditor and External Auditor, and results of assessments by Bank Indonesia and/or other authorities/regulators as well as other authorised institutions;
- 7) Implement principles of Good Corporate Governance in every business activity of the Bank at all levels of organization;
- 8) Provide complete, accurate, relevant and timely data and information to the Board of Commissioners;
- 9) Monitor and manage risk encountered by the Bank;
- 10) Maintain a favorable work condition so as to improve productivity and professionalism;
- 11) Manage and develop employees and maintain organisational sustainability;
- 12) Disclose strategic employment policies of the Bank to employees. The disclosure must be done through appropriate means which are known to or which are easily accessible to employees; and
- 13) Report the implementation of his duties to shareholders in the General Meeting of Shareholders.

Furthermore, in carrying out his duties and responsibilities, each member of the Board of Directors shall refer to the distribution of work, responsibility and authority which is based on the Board of Directors Decision No.16/SKDIR/0044 on the Duties and Authorities of members of the Board of Directors, with the following details :

President Director

- Justified and authorised to act on behalf of the Board of Directors and to represent the Bank;
- Coordinate the Bank's management;
- Determine the Bank's strategy;
- Ensure the implementation of the compliance function, and the implementation of the principles of good corporate governance as well as prudent banking practices;
- The scope of responsibility includes direct oversight of Human Resources, Middle Market Credit, Corporate Credit, Special Asset Management, Retail Credit, Compliance, Channels, Risk Management, Legal, Internal Audit, Strategic Communication & Customer Advocacy, Brand, and CEO Office, as well as indirect oversight of Finance & Corporate Services and Technology & Operations through Deputy President Director – Administrations & Operations, as well as indirect oversight of Business Function Units of the Bank through Deputy President Director – Business.

Deputy President Director - Administration & Operations

- Assists President Director in directing the Bank's policies and strategies, in accordance with the scope of coordinated area;
- Provides directions and guidance to ensure a smooth implementation of duties in the field of operations and supporting functions of the Bank;
- The scope of responsibility includes supervision on the functions of Finance and Corporate Services, and Technology and Operations.

Deputy President Director - Business

- Assists the President Director in directing the Bank's policies and strategies, in accordance with the scope of coordinated area;
- Provides direction and guidance for the Bank's business development;
- Scope of responsibility includes oversight of the business units such as Corporate Banking, Commercial Banking, Business Banking, Personal Financial Services, Global Markets, Transaction Banking, Financial Institution, Wholesale Portfolio Management, Wholesale Business Finance, Bancassurance Business, Portfolio & Regulatory Management, Demand Management and Retail Business Finance.

Finance & Corporate Services Director

- Responsible for the Bank's financial statements;
- Provides financial analysis on the Bank's performance in order to support the decision making process by the Bank's management;
- Leads, directs and monitors the implementation of corporate actions taken by the Bank;
- The scope of responsibility includes supervision of Division of Finance, Property and General Services and Corporate Services.

Channels Director

- Responsible for formulating and implementing Channels strategy, including to formulate the overall Branch network development strategy and plan the overall development of Branch network, including location and human resource planning;
- Responsible for improving efficiency and effectiveness as well as conducting risk and procedures management in Branches in order to ensure the target achievement of Branch Offices;
- Responsible for the quality of services to customers in Branches and coordinating with business segments to align business interests with Branch services and operations;

- To develop a profitability model of Branch network and manage business strategy for electronic banking including internet banking, mobile banking and self-service banking (ATM);
- Responsible for the achievements of Branch sales, referral, cross sales and monitor Branch performance in achieving the targets of sales and services delivered by Branch Offices;
- Scope of responsibility includes oversight of Regional Channels, Channels People Development, MIS & Planning, Branch Operation Control & Development and Digital Banking.

Compliance Director

- Formulates strategies in order to build a culture of compliance in the Bank;
- Proposes compliance policies or principles for approval by the Board of Directors;
- Implements compliance system and procedures to be used to prepare internal provisions and guidelines of the Bank;
- Ensures that all policies, guidelines, systems, and procedures as well as business activities conducted by the Bank comply with the requirements of regulators and applicable provisions of laws and regulations;
- Responsible for managing the compliance risk of the Bank;
- Takes preventive measures in order to ensure that the policies and decisions taken by the Board of Directors of the Bank are in line with the requirements of regulators and prevailing laws and regulations;
- Submits reports to the Financial Services Authority on the implementation of his/her duties;
- Performs other duties related to the compliance function, such as monitoring and ensuring Bank's compliance to commitments made by the Bank to regulators.

b. Composition, Criteria, and Independency of the Board of Directors

Members of the Board of Directors of the Bank as of 31 December 2016 are :

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Lam Sai Yoke	President Director	2 May 2016	2 November 2015	-	2017
Tan Chin Poh *)	Deputy President Director	24 July 2013	26 April 2013	-	2017
Iwan Satawidinata	Deputy President Director	10 June 2010	15 April 2010	26 April 2013	2017

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Muljono Tjandra	Director	12 May 2015	28 April 2015	-	2017
Pardi Kendy	Director	21 March 2016	2 November 2015	-	2017
Soehadie Tansol	Compliance Director	31 December 2002	25 November 2002	26 April 2013	2017

*) Resigned from his position as of 7 February 2017

On February 7, 2017, Bank held Extraordinary General Meeting of Shareholders (“**EGM**”) which the only meeting agenda is Change in the Composition of the Board of Directors of the Company. The meeting by way of deliberation to reach a consensus has approved the resignation request of Tan Chin Poh from his position as Deputy President Director of the Company and appoint Henky Sulistyو as Director of the Company.

Upon the resignation of Tan Chin Poh which became effective on 7 February 2017, with reference to the resolution of the Extraordinary General Meeting of Shareholders on 7 February 2017, following is the current composition of Bank’s Board of Directors :

Position	Name
President Director	Lam Sai Yoke
Deputy President Director	Iwan Satawidinata
Director	Muljono Tjandra
Director	Pardi Kendy
Compliance Director	Soehadie Tansol
Director	Henky Sulistyو *)

*) Effective upon approval from Regulator

Term of office for Bank’s Board of Directors as abovementioned is up to the closing of the Annual General Meeting of Shareholders of the Company to be held in 2017 except for Henky Sulistyو until the closing of fourth Annual General Meeting of Shareholders after his appointment, which is effective upon approval of the Authority Services Finance.

Independency of the Board of Directors

None of the members of the Board of Directors of the Bank have mutual financial and second-degree family relationships with fellow members of the Board of

Directors and/or members of the Board of Commissioners and majority shareholder.

None of the members of the Board of Directors, either individually or collectively, own shares amounting to more than 25% of the issued share capital at the Bank or any other company.

None of the members of the Board of Directors hold a concurrent position as a Commissioner, Director or an Executive Officer at any other bank, company and/or institution.

The President Director of the Bank is a party independent of the majority shareholder of the Bank and does not have any financial, management, shareholding and/or family relationship with the majority shareholder of the Bank.

c. Fit and Proper Test Information Disclosure

The appointment of members of the Board of Directors by the GMS as outlined in the table above followed criteria that was approved by the Board of Commissioners i.e integrity, competence, professionalism and financial reputation, in accordance with the requirements of the “fit & proper” test prescribed by the Regulator.

d. Frequency of the Board of Directors Meetings

Pursuant to the provision of the Articles of Association and Work Guidelines and Regulations of the Board of Directors, the following guidelines for the Board of Directors meetings have been formulated :

- 1) Meetings are to be held at least once a month, and when deemed necessary by one of the members of the Board of Directors, or upon written request from one or more members of the Board of Commissioners, or upon written request from one or more of the shareholders representing 1/10 (one tenth) of the total shares allocated by the Company with valid voting rights.
- 2) The Board of Directors holds a joint meeting with the Board of Commissioners on a periodic basis at least once in 4 (four) months.
- 3) The Board of Directors schedules the meeting of the subsequent year prior to the conclusion of the fiscal year.
- 4) The Board of Directors’ meeting is valid and authorised to make binding decisions if more than ½ (half) of the total number of members of the Board of Directors are present at the meeting.
- 5) The decisions at the Board of Directors’ meetings should be based on deliberation to reach consensus. If a decision could not be reached through deliberation, the decision will be made through voting based on supporting votes of more than ½ (half) of the total valid votes of members of the Board of Directors present at the meeting.

- 6) In the event of equality of votes, the Chairman of the Board of Directors meeting has the deciding vote.
- 7) The results of the Board of Directors meeting are recorded in minutes of meeting and properly documented.

During 2016, Board of Directors held 17 (seventeen) meetings, of which 13 (thirteen) were Board of Directors meetings and 4 (four) were Joint Meetings with Board of Commissioners.

The results of the meetings including dissenting opinions (if any) were well documented in minutes of meeting which were properly administrated by the Corporate Secretary.

Based on the things mentioned above, the Bank has met the prevailing regulations on the execution of Board of Directors meetings.

The following is the attendance of Board of Directors for meetings held in 2016 :

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Lam Sai Yoke *)	President Director	13	9	69%
Tan Chin Poh	Deputy President Director	13	12	92%
Iwan Satawidinata	Deputy President Director	13	11	85%
Muljono Tjandra	Director	13	13	100%
Pardi Kendy **)	Director	13	10	77%
Soehadie Tansol	Compliance Director	13	13	100%

*) Lam Sai Yoke became effective serving as President Director upon regulator approval on 2 May 2016

***) Pardi Kendy became effective serving as Director upon regulator approval on 21 March 2016

The table below sets out the frequency and list attendance of Board of Directors Joint Meeting with Board of Commissioners in 2016 :

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Lam Sai Yoke *)	President Director	4	3	75%
Tan Chin Poh	Deputy President Director	4	3	75%
Iwan Satawidinata	Deputy President Director	4	3	75%
Muljono Tjandra	Director	4	4	100%

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Pardi Kendy **)	Director	4	2	50%
Soehadie Tansol	Compliance Director	4	4	100%
Wee Cho Yaw	President Commissioner	4	3	75%
Wee Ee Cheong	Deputy President Commissioner	4	4	100%
Lee Chin Yong Francis	Commissioner	4	4	100%
Rusdy Daryono	Independent Commissioner	4	4	100%
Wayan Alit Antara	Independent Commissioner	4	4	100%
Aswin Wirjadi	Independent Commissioner	4	4	100%

*) Lam Sai Yoke became effective serving as President Director upon regulator approval on 2 May 2016

**) Pardi Kendy became effective serving as Director upon regulator approval on 21 March 2016

e. Performance Appraisal for the Directors

The Bank has prepared the policy regarding Commissioner Evaluation and Director Performance Guideline which will be established on 2017 to provide technical guidance to Directors in conducting the performance management process and to provide standardisation of provisions to be applied to Directors, among other things are as follow :

1) Performance Appraisal

Performance evaluation of members of the Board of Directors will be conducted 1 (once) a year with a self-assessment method.

2) Performance Criteria

Criteria of performance evaluation of members of the Board of Commissioners are a follow :

- a) Performance Target & Achievement Process;
- b) Competency of Strategic, Engage, Execute & Develop (SEED); and
- c) Corporate Values namely Honourable, Enterprising, United dan Committed.

3) Appraisal Result

Result of self-assessment conducted by the Directors will be submitted to the Supervisor which will be reported to the Board of Commissioners with

recommendation from the Remuneration and Nomination Committee. Afterwards the final result of the appraisal will be delivered to each Director.

f. Workshop/ Training/ Dissemination Attended by the Board of Directors

Name	Workshop/ Training/ Dissemination	Venue
Lam Sai Yoke	Asian Financial Leaders Programme	Switzerland
	CASA Digital Workshop	Jakarta
	CASA Workshop	Jakarta
	CEO Quarterly Update - Q2 (Semester 1)	Jakarta
	PFS Kick Off Workshop 2017 - PFS GO! Break My Limit	Bogor
	Strategic Direction Start of The Year 2017	Surabaya
	UOB Strategic Workshop	Surabaya
	Workshop for Senior Management - AML / CFT Update	Jakarta
Tan Chin Poh	BSC Alignment Strategic Workshop	Jakarta
	HR Strategic Workshop 2016	Jakarta
	Strategic Workshop Collaboration TNO FCS	Bogor
	Training 360 Degree Multirater Follow Up Plan	Jakarta
	Workshop ABS Seminar on Responsible Financing	Singapore
	Workshop Business Banking Budget Kick Off 2016	Bogor
	Workshop SID Launch of the board risk committee guide & Asean Corporate Governance	Singapore
	CASA Digital Workshop	Jakarta
	CASA Workshop	Jakarta
	CEO Quarterly Update - Q2 (Semester 1)	Jakarta
	Strategic Direction Start of The Year 2017	Surabaya
	UOB Strategic Workshop	Bandung
Workshop for Senior Management - AML / CFT Update	Jakarta	
Iwan Satawidinata	BSC Alignment Strategic Workshop	Jakarta
	Corporate Banking Workshop	Bandung
	HR Strategic Workshop 2016	Jakarta
	Workshop Operation 2016-Regional 4	Surabaya
	Workshop Regional 3	Yogyakarta
	Workshop Scorecard Alignment	Jakarta
	CASA Digital Workshop	Jakarta

Name	Workshop/ Training/ Dissemination	Venue
	CASA Workshop	Jakarta
	CEO Quarterly Update - Q2 (Semester 1)	Jakarta
	Workshop DII SND 2016	Jakarta
	Global Market Mid Year Review 2016	Yogyakarta
	Kick Off Business Banking 2017	Yogyakarta
	PFS Kick Off Workshop 2017 - PFS GO! Break My Limit	Bogor
	Workshop Sales Lending MSL 2016	Jakarta
	Strategic Direction Start of The Year 2017	Surabaya
	UOB Strategic Workshop	Bandung
	UOBI Commercial Banking Kickoff 2017	Bandung
	Workshop for Senior Management - AML / CFT Update	Jakarta
Muljono Tjandra	BSC Alignment Strategic Workshop	Jakarta
	HR Strategic Workshop 2016	Jakarta
	Strategic Workshop Collaboration TNO FCS	Bogor
	Training 360 Degree Multirater Follow Up Plan	Jakarta
	Workshop Operation 2016-Regional 4	Surabaya
	Workshop Regional 3	Yogyakarta
	Workshop Scorecard Aligment	Jakarta
	Awareness Session of IFRS 9	Jakarta
	Blue Ocean Strategy	Jakarta
	Blue Ocean Strategy Batch 2	Jakarta
	CASA Digital Workshop	Jakarta
	CASA Workshop	Jakarta
	CEO Quarterly Update - Q2 (Semester 1)	Jakarta
	Strategic Direction Start of The Year 2017	Surabaya
	UOB Strategic Workshop	Bandung
Workshop for Senior Management - AML / CFT Update	Jakarta	
Pardi Kendy	BSC Alignment Strategic Workshop	Jakarta
	Strategic Workshop Regional 1 – 2016	Jakarta
	Strategic Workshop Regional 2 – 2016	Batam
	Training 360 Degree Multirater Follow Up Plan	Jakarta
	Workshop Operation 2016-Regional 4	Surabaya

Name	Workshop/ Training/ Dissemination	Venue
	Workshop Regional 3	Yogyakarta
	Workshop Scorecard Aligment	Jakarta
	Blue Ocean Strategy	Jakarta
	Blue Ocean Strategy Batch 2	Jakarta
	CASA Digital Workshop	Jakarta
	CASA Workshop	Jakarta
	CEO Quarterly Update - Q2 (Semester 1)	Jakarta
	Workshop DII SND 2016	Jakarta
	Kick Off Business Banking 2017	Yogyakarta
	Workshop Komite PEAK 2016	Jakarta
	Midyear Workshop Regional 4 & Regional 5	Surabaya
	PFS Kick Off Workshop 2017 - PFS GO! Break My Limit	Bogor
	Workshop Sales Lending MSL 2016	Jakarta
	Sosialisasi Ketentuan Pemegang Saham di Indonesia	Jakarta
	Strategic Direction Start of The Year 2017	Surabaya
	UOB Strategic Workshop	Bandung
	Workshop for Senior Management - AML / CFT Update	Jakarta
Soehadie Tansol	Training 360 Degree Multirater Follow Up Plan	Jakarta
	Workshop Scorecard Aligment	Jakarta
	Yuk Kita Sharing (YKS)	Jakarta
	CASA Workshop	Jakarta
	CEO Quarterly Update - Q2 (Semester 1)	Jakarta
	Workshop Sales Lending MSL 2016	Jakarta
	Strategic Direction Start of The Year 2017	Surabaya
	UOB Strategic Workshop	Bandung
	Workshop Compliance	Lombok
	Workshop for Senior Management - AML / CFT Update	Jakarta
	Yuk Kita Sharing (YKS) - Budget Staff Cost	Jakarta

B. Completeness and Implementation of Committees' Duties

1. The Board of Commissioners Committees

a. Remuneration and Nomination Committee

Based on Board of Directors' Decision No.15/SKDIR/0024 dated 30 June 2015 on the Appointment of Members of the Remuneration and Nomination Committee, following is the composition of the Remuneration and Nomination Committee :

Remuneration and Nomination Committee Members as of 31 December 2016	
Name	Composition
Rusdy Daryono	Chairman (Independent Commissioner)
Lee Chin Yong Francis	Member (Commissioner)
Roy Fahrizal Permana	Member (Executive Officer responsible for Human Resource)

Term of Office

The term of office of Remuneration and Nomination Committee members is 2 (two) years and will expire on 2017. Remuneration and Nomination Committee members whose term of office has expired may be re-appointed.

Independency of Remuneration and Nomination Committee Members

All members of the Remuneration and Nomination Committee have high integrity and good moral character, in keeping with the requirements of Remuneration and Nomination Committee members as stated in Board of Directors' Decision No.16/SKDIR/0002 on Policies and Procedures for the Nomination, Replacement and/or Dismissal of Members of the Board of Commissioners, Board of Directors, Senior Executive Officers, and Committees Reporting to the Board of Commissioners, and also have met the criteria set by the Regulator.

The Remuneration and Nomination Committee performs its duties, responsibilities and authorities based on the Work Guidelines and Regulations of the Remuneration and Nomination Committee including :

1) On Remuneration Policy

- Perform evaluation of remuneration policy.
- Provide recommendations to the Board of Commissioners for :
 - i. Remuneration policy for the Board of Commissioners and Directors to be submitted to the General Meeting of Shareholders;
 - ii. Remuneration policy applied to Executive Officers and employees as a whole to be submitted to the Board of Directors; and

- iii. Remuneration amount and structure for members the Board of Commissioners and Board of Directors.
 - Help the Board of Commissioners in assessing the performance according to the remuneration received by each member of the Board of Commissioners and/or Board of Directors.
- 2) On Nomination Policy
- Formulate and provide recommendation for the system and procedure for selection and/or replacement of the Board of Commissioners and Directors to the Board of Commissioners for submission to the GMS.
 - Analyze and provide recommendation to the Board of Commissioners concerning candidate of the Board of Commissioners and/or the Board of Directors to be submitted to the GMS.
 - Recommend Independent Parties to be appointed members of the Audit Committee and Risk Monitoring Committee to the Board of Commissioners.
 - Provide recommendation to the Board of Commissioners on :
 - i. Composition of the Board of Commissioners and/or Directors member;
 - ii. Policies and criteria needed in nominating process of the Board of Commissioners and/or Directors member; and
 - iii. Policies and performance evaluation to the Board of Commissioners and/or Directors member.
 - Support the Board of Commissioners in assessing the performance of the Board of Commissioners and/or Directors member based on the stipulated criteria as a evaluation materials.
 - Provide recommendation to the Board of Commissioners concerning competence development program of the Board of Commissioners and/or Directors member.

Meetings of the Remuneration and Nomination Committee were held according to the needs of the Bank. During 2016, the Remuneration and Nomination Committee held 6 (six) meetings, including via teleconference, and were attended by more than 51% of the members including one Independent Commissioners and executive officer overseeing Human Resources.

The decisions in the meetings were made through deliberations to reach consensus or by simple majority of votes in case of dissenting opinions. All decisions of the meetings were recorded in minutes of meeting signed by all members of the Committee present and were properly documented.

The results of the Remuneration and Nomination Committee meetings are recommendations which can be used by the Board of Commissioners.

The Work Program of the Remuneration and Nomination Committee and its realisation in 2016 included but was not limited to :

No	Work Program	Realisation
1	Nomination and Recommendation of Candidate Members of Board of Commissioner, Board of Directors, Senior Executive Officers, Independent Committees Member.	Meeting was held on 24 August 2016, 28 September 2016, and 27 November 2016 to discuss and provide recommendation on nomination and renewal of term of office for several members of Senior Executive Officers.
2	Recommendations on the renewal of term of office of members of the Senior Executive Officer which enter pension.	Meeting was held on 24 August 2016 to discuss and provide recommendation on renewal of term of office for a member of Senior Executive Officer which entered pension on July 2016.
3	Formulation of a policy on remuneration for members of the Board of Directors, members of the Board of Commissioners and/or Senior Executive Officers.	Meeting was held on 18 February 2016, 23 June 2016, 24 August 2016 and 28 September 2016 to discuss formulation of the Bank's remuneration policies and structure in order to align with OJK Regulation No.45/POJK.03/2015.
4	Recommendation to the Board of Commissioners on the nominal amount of remuneration for members of the Board of Commissioners, the Board of Directors and Senior Executive Officers.	Meeting was held on 29 March 2016 to discuss the nominal amount of bonus for 2015 and salary increase for 2016 for members of the Board of Commissioners, Board of Directors and Senior Executive Officers.

b. Audit Committee

Based on Board of Directors' Decision No.15/SKDIR/0025 dated 30 June 2015 on the Appointment of Members of the Audit Committee, the Audit Committee consists of 3 (three) members, namely :

Audit Committee Members as of 31 December 2016	
Name	Composition
Wayan Alit Antara	Chairman (Independent Commissioner)
Winny Widya	Member (Independent Party)
Thomas Abdon	Member (Independent Party)

Double Position

Thomas holds a position as a member of the Audit Committee and also as a member of the Risk Monitoring Committee.

His competence and experience in the field of finance, accounting and banking of more than 50 years lend a great support to the implementation of supervisory duties of both the Audit Committee and the Risk Monitoring Committee.

As a member of the Audit Committee and the Risk Monitoring Committee, he is able to perform his duties and responsibilities properly and to support the supervisory function of the Board of Commissioners.

Term of Office

The term of office of the Audit Committee members must not exceed the term of office of the Board of Commissioners as regulated in the Articles of Association of the Bank and such members may be reappointed only for one other subsequent period.

Independent Commissioners serving as Audit Committee members may only be reappointed into the Audit Committee for 1 (one) other term of office of the Audit Committee. Term of office of the Audit Committee will expire on 2017.

Independency of Audit Committee Members

All committee members have met the prevailing regulations on the independence requirements of integrity, morals, and ethics of each member of the Audit Committee.

To maintain independence and objectivity, members of the Audit Committee are Independent Commissioners and Independent Parties. Board of Directors members may not sit on the Audit Committee.

All members of the Audit Committee have high integrity and good moral character, in keeping with the requirements of Audit Committee members as stated in Board of Directors' Decision No.16/SKDIR/0002 on Policies and Procedures for the Nomination, Replacement and/or Dismissal of Members of the Board of Commissioners, Board of Directors, Senior Executive Officers, and Committees Reporting to the Board of Commissioners, and also have met the criteria set by the Regulator.

The Audit Committee performs the duties, responsibilities and authorities based on the Audit Committee Charter, which include :

- 1) Analyse the financial information to be issued by the Bank to the public and/or other authorities, financial statements, financial projections and other reports related to the financial information of the Bank.
- 2) Analyze compliance with laws and regulations which concern the Bank's activities.
- 3) Provide recommendations to the Board of Commissioners for the appointment of Public Accountant based on independency, scope of assignment and fee.
- 4) Provide independent opinion in case of disagreement between Management and the Public Accountant on the services they render.

- 5) Performing monitoring and evaluation of audit planning and implementation as well as following up on internal audit results in order to assess the adequacy of internal control, including the financial reporting process.
- 6) In order to perform its duties as stated above, the Audit Committee must monitor and evaluate the following :
 - Duties implementation of Internal audit function.
 - Appropriatenes of audit realization by Public Accountant Firm according to the prevailing accounting standard.
 - Appropriatenes of financial report according to the prevailing accounting standard.
 - Follow up action by the Board of Directors concerning audit findings from the Internal Audit function, Public Accountant and supervisory result from the Regulator as a recommendation to the Board of Commissioners.
- 7) Providing recommendations for the appointment, resignation or dismissal of Internal Audit Head and providing input on annual assessment of his/her performance and remuneration.
- 8) Preparing annual work programmes and conducting annual review of the scope of functions of the Audit Committee and its effectiveness as well as providing recommendations for any necessary amendments to the Board of Commissioners.
- 9) Analysing complaints received by the Audit Committee related to the accounting process and financial reports of the Bank, and follow up such complaints.
- 10) Analysing and providing suggestions to the Board of Commissioners related to potential conflicts of interest of the Bank.
- 11) Maintaining the confidentiality of documents, data and information of the Bank.

The meetings of the Audit Committee were based on the needs of the Bank. In 2016, the Audit Committee held 24 (twenty-four) meetings, all of which were attended by more than 51% of all members of the Audit Committee.

Meeting resolutions were made by way of deliberations to reach consensus or by simple majority of votes in case of dissenting opinions. All decisions of the meetings, including dissenting opinions (if any), were recorded in minutes of meeting signed by all members of the Committee present and were properly documented.

The results of Audit Committee meetings are recommendations which can be used by the Board of Commissioners.

Audit Committee's work programme and realisations in fiscal year 2016 included but were not limited to :

No	Work Program	Realisation
1	Monitoring and evaluation on planning and implementation of audits as well as monitoring on the follow-ups to audit findings in order to assess the adequacy of internal control.	There were 5 (five) meetings with Internal Audit as invitee throughout 2016
2	Evaluation on the implementation of the duties of Internal Audit.	The meeting was attended by Internal Audit as invitee to discuss the results of case investigations carried out by Internal Audit..
3	Evaluation on appropriateness of financial report compared to prevailing accounting standards.	<ul style="list-style-type: none"> • The meeting was held to review the draft audit report with the Finance Division and External Auditor of the Bank as invitees. • The meeting was held to discuss the monthly and quarterly publications of financial report with the Finance Division as invitee.
4	Monitoring on the implementation of audit plan by external auditor.	The meeting was held to discuss interim audit progress by External Auditor with the Finance Division and External Auditor of the Bank as invitees.
5	Evaluation on follow-up by the Board of Directors to findings of Internal Audit, external auditor and supervision result of the Financial Services Authority (OJK).	The meeting was held to discuss report on the implementation of Bank's Compliance Function with Compliance Division as invitee.
6	Monitoring and evaluation on audit plan and implementation as well as monitoring on follow-ups to audit findings in order to assess the adequacy of internal control.	The meeting was held with Internal Audit Division as invitee to discuss revisions to the Internal Audit Charter.
7	Recommendation on the appointment of Public Accountant and Public Accounting Firm pursuant to prevailing provisions.	<p>The meeting was held with the Finance Division as invitee to discuss the recommendation on the appointment of Public Accounting Firm to perform audit for fiscal year ending 2016 by taking into consideration :</p> <ul style="list-style-type: none"> • Independency of Public Accounting Firm in performing audit; • Scope of work; and • Audit fee proposed by the Public Accounting Firm.
8	Evaluation on audit implementation conducted by Public Accounting Firm in accordance with prevailing audit standards.	The meeting was held to discuss interim audit and general audit progress with the Finance Division and External Auditor as invitees.

c. Risk Monitoring Committee

Based on Board of Directors' Decision No.15/SKDIR/0026 dated 30 June 2015 on the Appointment of Members of the Risk Monitoring Committee, the Risk Monitoring Committee consists of 3 (three) members, namely :

Risk Monitoring Committee Members as of 31 December 2016	
Name	Composition
Aswin Wirjadi	Chairman (Independent Commissioner)
Hendry Patria Rosa	Member (Independent Party)
Thomas Abdon	Member (Independent Party)

Term of Office

The term of office of Risk Monitoring Committee members is 2 (two) years and will expire in 2017. Risk Monitoring Committee members whose term of office has expired may be reappointed.

All members of the Risk Monitoring Committee have high integrity and good moral character, in keeping with the requirements of Risk Monitoring Committee members as stated in Board of Directors' Decision No.16/SKDIR/0002 on Policies and Procedures for the Nomination, Replacement and/or Dismissal of Members of the Board of Commissioners, Board of Directors, Senior Executive Officers, and Committees Reporting to the Board of Commissioners, and also have met the criteria set by the Regulator.

The Risk Monitoring Committee performs its duties, responsibilities and authorities based on the Work Guideline and Regulations of the Risk Monitoring Committee, which cover :

- 1) Evaluating the consistency of risk management policies with their implementation.
- 2) Monitoring and evaluating the implementation of duties and responsibilities of the Risk Management Committee and Risk Management work unit.

The meetings of the Risk Monitoring Committee were held based on the needs of the Bank and were attended by all members of the Committee and Risk Management Work Unit as invitees (if necessary). During 2016, the Risk Monitoring Committee held 12 (twelve) meetings, which were attended by more than 51% of members of the Risk Monitoring Committee.

The decisions of the meetings were made through deliberations to reach consensus. All decisions of the meetings, including any dissenting opinions, were recorded in the minutes of meeting and properly documented.

The Work Programme of the Risk Monitoring Committee and its realisation in 2016 included but was not limited to :

No	Work Program	Realisation
1	Evaluating the Bank's risk profile.	Meeting was convened to discuss the Bank's risk profile for the period of 2nd and 3rd Quarter of 2016.
2	Evaluating the risk management policies and implementation.	Meeting was convened with Risk Management Function as invitee to evaluate the updated risk management policies.

Performance Appraisal for the Board of Commissioners Committees

Throughout 2016, Board of Commissioners' Committees have implemented their respective duties and responsibilities in accordance with their respective Work Guidelines and Regulations. Board of Commissioners' Committees have effectively contributed by evaluating and providing constructive recommendations on the implementation of various internal policies and initiatives of the Bank. The realisation of Board of Commissioners' Committees work program during 2016 can be found in the table of work program and realisation on respective Board of Commissioners' Committees.

2. The Board of Directors Committees

a. Executive Committee (EXCO)

Pursuant to Board of Directors' Decision No. 14/SKDIR/0037 dated 25 June 2014 regarding Executive Committee (EXCO), the composition as well as the duties and responsibilities of the EXCO are as follows :

1) Strategic Policies

- Submitting proposals and recommendations to the Board of Commissioners regarding medium- and long- term objectives, strategic directions, goals and priorities of the Bank.
- Formulating and reviewing policy matters, with a view towards the overall planning and development of strategies to achieve medium- and long-term objectives of the Bank.

2) Expense for Properties Purchase/ Other Capital Expense.

Analysing and deciding or approving proposals or requests concerning :

- Purchase or sale of the Bank's Fixed Assets.
- Purchase or sale of the Bank's inventory, including computer hardware and software.
- Procurement of other goods and services conforming to applicable regulations.

EXCO approval is provided according to the applicable authority limits.

3) Treasury & Investment Activities

Determining relevant policies and guidelines for all dealers, officers and relevant committees involved in the Treasury & Investment activities of the Bank.

4) Others

- Deciding on urgent and important business of a confidential nature or requiring immediate and/or prudent decision, but this delegation to the EXCO requires the attention and decision of the Board of Directors.
- Deciding on business matters which are of unusual or extraordinary nature or which have strategic or significant impact (financial or otherwise) on the Bank.
- Performing such other functions as may be delegated to it from time to time by the Board of Directors.

The EXCO is required to report to the Board of Directors and Senior Executive Officers on meetings where major decisions were made.

EXCO Member as of 31 December 2016	
Chairman	President Director
Permanent Members	• Deputy President Director - Business
	• Deputy President Director - Admin & Operations
	• Finance & Corporate Services Director, for all non credit issues
	• Head of Related Credit Approval, for all credit issues
Secretary	Corporate Services Head

EXCO meetings are held as necessary, depending on the volume and urgency of issues to be followed-up. EXCO meetings may be attended in person by EXCO members or via telephone/video conference. The quorum needs to cover at least the majority of EXCO members (>50%), including the EXCO Chairman or EXCO Interim Chairman if the Committee's Chairman is unavailable.

Decisions made at EXCO meetings were deliberated upon to achieve a consensus. In the event that a consensus cannot be reached, the Chairman of the Committee or Interim Chairman has the final casting vote. EXCO decisions may also be made by circulation, provided that EXCO members have been notified in writing of the proposal submitted. Decisions made in such manner shall have the same force as decisions validly made in any EXCO meeting.

All decisions of meetings are stated in the minutes of meeting signed by attending Committee members and properly documented, including any dissenting opinions.

The Work Program of EXCO and its realisation in 2016 includes but is not limited to:

No	Work Program	Realisation
1	Formulating and reviewing the issue on policies by taking into consideration all planning and implementation of strategy to achieve the Bank's medium and long term goals.	Evaluate and granted approval the following policies: Asset Classification Policy version 3.0, Risk Mitigation Policy version 2.0, Credit Risk Concentration Policy version 2.0, Work Guidelines and Regulation of Board of Commissioners, General Credit Policy version 5.0, Consumer Credit Policy version 5.0, Report on the Supervision of Bank Business Plan for Second Half 2015, Report on the Supervision of Bank Business Plan for First Half 2016.
2	Analysing and making decisions for proposals or requests on the purchase or sales of the Bank's fixed assets, Bank's inventories, goods and services procurement, to be in line with the prevailing regulation.	Evaluate and granted approval for several strategic projects of the Bank, such as Lease Extension for Pondok Indah Branch, Budget for Limit & Exposure System (LES) and Customer Grouping System (GRP) Project, Proposal for Sale 11 (eleven) Property Assets, Budget for Business Banking Credit Application Fraud Detection System (Instinct) Project, Privilege Lounge in Pantai Indah Kapuk and Medan Uniplaza, Budget for Personal Internet Banking Project, HRIS Replacement Project, Omega Project Budget, Implementation of UOB Group PWEB (Public Website) Project, UOBI One Account Budget, Self Registration Senior Bond I 2016, and Self Registration Subordinated Bond I 2016.

b. Assets and Liabilities Committee (ALCO)

Based on Board of Directors' Decision No. 16/SKDIR/0052 dated 15 September 2016, the composition of Asset & Liability Management Committee is as follows :

ALCO Member as of 31 December 2016	
Chairman	President Director
Deputy Chairman	Deputy President Director - Business
Permanent Members	• Deputy President Director - Admin & Operations
	• Finance & Corporate Services Director
	• Head of Risk Management
	• Head of Global Markets & Investment Management
	• Head of Personal Financial Services
	• Head of Business Banking
	• Head of Commercial Banking
	• Head of Corporate Banking
	• Head of Transaction Banking
• Head of Financial Institutions	

ALCO Member as of 31 December 2016	
Secretary	Market & Balance Sheet Risk Management Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

The ALCO meeting shall be held according to necessity of the Bank, at least 12 (twelve) times a year.

Duties and responsibilities of the ALCO are as follows:

- 1) Grant approval for the following :
 - Asset & Liability Management Policy, Market Risk Management Policy, Interest Rate Risk Management Policy, and Liquidity Risk Management Policy as well as related methodologies and assumptions used in asset and liabilities management.
 - Delegation of risk appetite limit, risk control limit and other risk limits concerning market risk, banking book interest rate risk and liquidity risk.
 - Ratification of limit excesses by businesses.
 - Granting of temporary limits based on businesses.
 - Limits review at least once a year.
 - Pricing, FTP, and Prime Lending Rate.
 - Funding strategies (Target Balance Sheet Mix).
- 2) Provide endorsement for the following :
 - Framework related to Market & Balance Sheet Risk.
 - Review and recommend Internal Model related initiatives (when ready) used in regulatory reporting.
- 3) Monitoring and Reporting
 - Monitor and highlight limit excesses from risk appetite limits, risk control limits and other risk limits related to market risk, banking book interest rate risk and liquidity risk, for escalation to Risk Management Committee, and Board of Directors.
 - Monitor, assess and review critical market, profile and exposure of banking book interest rate and liquidity risk, vulnerabilities, profit/loss, material issues and major transactions.
 - Monitor earnings spread, asset/liability distributions and maturity, liquidity and market risk, and capital allocations for market risk.
 - Provide a forum for discussion and decisions related to all aspects of market, banking book interest rate and liquidity risks.

- Ensure compliance with regulatory requirements relevant with market and liquidity risk management.
- Review the current and possible liquidity positions and monitor alternative funding sources.
- Monitor and ensure sufficient liquidity is available for unanticipated contingencies.

The Work Program of ALCO and its realisation in 2016 includes but not limited to :

Work Program	Realisation
To conduct ALCO meeting at least 12 (twelve) times a year (once a month), or as necessary due to changes in national economic conditions, or the Bank's condition and risk profile, particularly market and liquidity risk.	During 2016, ALCO held 15 (fifteen) meetings and has approved 4 (four) proposals through circulation.

c. Risk Management Committee (RMC)

Based on Board of Directors' Decision No. 16/SKDIR/0053 dated 16 September 2016, the composition of Risk Management Committee (RMC) is as follows :

RMC Member as of 31 December 2016	
Chairman	President Director
Deputy Chairman	Head of Risk Management
Permanent Member	• Deputy President Director - Business
	• Deputy President Director - Admin & Operations
	• Compliance Director
	• Finance & Corporate Services Director
	• Channels Director
	• Head of Retail Credit
	• Head of Technology & Operations
	• Head of Human Resources
	• Internal Audit Head
• Legal Head	
Secretary	Basel & Enterprise Risk Management Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

RMC meeting shall be held once a month, with minimum of 10 (ten) meetings a year.

The duties, authorities and responsibilities of the RMC are as follows :

- 1) Recommend or approve Bank-wide risk management strategies, models and methodologies, policies, frameworks and guidelines.
- 2) Endorse/approve improvement and development plans of Bank's risk management.
- 3) Provide a forum for discussion and decision on issues, matters and regulatory changes impacting the risk and capital of the Bank.
- 4) Evaluate and approve the result of self-assessment on the Bank soundness rating (Risk Based Bank Rating).
- 5) Assess and evaluate the Bank's internal capital adequacy, to ensure the Bank has an adequate capital based on its risk profile.
- 6) Recommend and approve Risk Appetite and tolerable risk thresholds/limits, as well as monitor and manage Bank's risk portfolio to be within the prescribed risk limit.
- 7) Ensure an effective risk management implementation through proper risk measurement methodologies.
- 8) Review and endorse Bank-wide stress test scenarios, assumptions, parameters, results, and impacts on Bank's capital, as well as the reasonableness of actions and contingency plans, if needed.
- 9) Develop Bank-wide risk awareness culture, strengthen code of conduct, and foster commitment in managing risk, including enforcement of consequence management through the performance appraisal and sanction, if needed.

The Work Program of RMC and its realisation in 2016 includes but is not limited to :

No	Work Program	Realisation
1	Conduct RMC meeting once a month, with minimum of 10 (ten) meetings a year.	During 2016, RMC meetings were conducted 12 (twelve) times.
2	Review of the Bank's Risk Profile.	Review of the Bank's risk profile was conducted quarterly.

d. Credit Policy Committee (CPC)

Based on Board of Directors' Decision No. 16/SKDIR/0011 dated 15 February 2016 the composition of Credit Policy Committee (CPC) is as follows :

CPC Member as of 31 December 2016	
Chairman	Head of Risk Management
Deputy Chairman	Head of Retail Credit
Permanent Member	• Head of Related Credit Approval, according to CPC topic
	• Head of Related Business, according to CPC topic
Secretary	Credit Risk Management Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

CPC meeting shall be held based on the necessity of the Bank.

Duties and responsibilities of the CPC are :

1) Duties

- Provide recommendation and initial approval of Credit Policy that will be approved and enforced by Board of Directors.
- Oversee so that the Bank's Credit Policy can be applied and executed properly.
- Formulate solutions for barriers/obstacles in the implementation of Credit Policy.
- Conduct regular review of Bank's Credit Policy and provide suggestions to the Board of Directors if adjustments and improvements are needed.
- Monitor and evaluate the development and quality of the credit portfolio as a whole (including rating grade distribution, migration and exposure reports).
- Monitor and evaluate adherence to the prevailing Credit Policy, laws and other rules in the implementation of funds provision.
- Monitor and evaluate effectiveness of credit risk management structure.
- Monitor and evaluate appropriateness of credit discretionary limit implementation.
- Provide recommendation to Board of Directors in determining a credit discretionary limit for Bank Officer.
- Monitor and evaluate appropriateness of process, development, and quality of lending to the Bank's related parties and certain large debtors.
- Monitor and evaluate appropriateness of implementation of Legal Lending Limit (LLL) regulation.

- Monitor and evaluate solutions to non-performing loans in accordance with Credit Policy.
- Monitor and evaluate the Bank's efforts in meeting the adequacy of Allowance for Earning Assets.
- Monitor and evaluate the adequacy of the Bank's credit infrastructure.
- Approve, monitor and evaluate the implementation and execution of Internal Rating Based (IRB) Credit Risk parameters, models and scorecard.

2) Responsibilities

- Submit written report on a regular basis to the Board of Directors with a copy to the Board of Commissioners, concerning :
 - i. supervision report of Credit Policy implementation and execution;
 - ii. result of monitoring and evaluation on items stated in Duties of CPC.
- Provide recommendation to the Board of Directors on corrective actions with a copy to the Board of Commissioners related to items on the point above.

The Work Program of CPC and its realisation in 2016 includes but is not limited to :

No	Work Program	Realisation
1	Monitoring and evaluation on credit portfolio quality, stress-testing and other significant issues related to credit business.	CPC periodically monitor Bank's portfolio. One of the session of this Committee was discussing the largest Exposure of Single Obligor in the Bank due to a surpassing of the trigger limit. CPC also reviewed the model rating process. The Credit Risk Management Division also submitted several updates on matters related to credit risk to the CPC, such as review of stress test result and Credit policy revision.
2	Review and provide recommendations on credit policy.	During 2016, CPC held 13 (thirteen) meetings. The realisations are : <ul style="list-style-type: none"> • Endorsement on General Credit Policy that governs credit for Corporate, Commercial, Bank (including Non-Bank Financial Institutions) and Sovereign. • Endorsement on Consumer Credit Policy which governs credit for Retail Banking. • Approval for 3 (three) customers who have outstanding more than IDR 1 Trillion. • Approval on credit stress test in 2016. • Client Fullfillment Service (CFS) / Middle office update. • Approval of Environmental Social and Governance Policy. • Implementation on Bankruptcy Checking. • Improve on Credit Process.

No	Work Program	Realisation
		<ul style="list-style-type: none"> • Approval on Global Markets Product. • Update on Notary Panel. • Concurrence on IPRE Stress Test.

e. Human Resources Committee (HRC)

Based on Board of Directors' Decision No. 15/SKDIR/0051 dated 3 Desember 2015 concerning Human Resources Committee for Head Office, the composition of Human Resources Committee (HRC) is as follows :

HRC Member as of 31 December 2016	
Chairman	President Director
Permanent Member	• Deputy President Director - Business
	• Deputy President Director - Admin & Operations
	• Head of Human Resources
Secretary	Learning Development & Business HR Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

HRC meetings are conducted at least once every 3 (three) months or adjusted to Bank needs.

The duties and authorities of HRC are :

1) Duties

- Ensure the availability of HR strategy to support the Company's strategy and objectives.
- Ensure the alignment between HR strategy and policy with Company's strategy which covers :
 - i. Organisation Development.
 - ii. Recruitment and assessment.
 - iii. Learning and development.
 - iv. Employee Performance Management.
 - v. Talent Management.
 - vi. Reward and recognition.
 - vii. Corporate values.
 - viii. Industrial Relations.
- Ensure the execution of HR strategy and HR policies

- Provide guidance and make decisions regarding organisational issues, employee morale, productivity, culture and industrial relations.
- Approve and ensure risk mitigation related to Human Resources based on issue escalation or internal audit findings.
- Assess, discuss, review and recommend follow-up actions for ethical violation cases or disciplinary cases with indication of/is a fraud committed by an employee including the determination of sanctions.

2) Authorities

- Discuss and decide any material policies related to HR.
- Determine programs to be performed related to HR policies.
- Decide on matters related to the implementation of HR policies and programs that are routine or specific.
- Provide guidance and decide standard remuneration, performance bonus distribution, employee promotion, and talent nomination both at Bank level and regional level.
- Assess and evaluate overall performance, HR development and related policies.
- Review talent management process including succession planning and its development and other related HR initiatives.
- Recommend to Remuneration and Nomination Committee regarding appointment or replacement of Senior Executive Officers based on competencies, capability and experience, including but not limited to remuneration package which will be given;
- Assess, discuss, review and recommend follow-up action including to determine sanctions for ethical case or disciplinary cases with indication of/is a fraud and corporate values violation.

HRC is responsible to implement duties and authorities as set out in this Board of Directors' Decision.

The Work Program of HRC and its realisation in 2016 includes but is not limited to :

No	Work Program	Realisation
1	Conduct meetings at least once every 3 (three) months or adjusted as the Bank deems necessary.	During 2016, Human Resources Committee has conducted 10 (ten) meetings.
2	Review Organisation Effectiveness (OE) & increase productivity	Based on the organisation effectiveness mechanism, Bank has implemented OE Initiative in Channels , Property General Services & PFS Organisation.
3	Strengthen Performance Management System and promote high performance culture through performance based	<ul style="list-style-type: none"> • Update on New Performance Management System with embed Values into Performance Appraisal.

No	Work Program	Realisation
	reward system.	<ul style="list-style-type: none"> • Evaluate performance rating distribution Bankwide and for each Function. • Highest Panel discussion for employees Performance Appraisal. • Review of promotion recommendation. • Review & Decide Bonus Pool for Bankwide, Functions Senior Level Management & Staff.
4	Organisation and People Review (OPR).	<ul style="list-style-type: none"> • Update OPR Mechanism in 2016. • Identification of Corporate Talent and Local Talent. • Update on Development have been done and Next Development Plan for each Talent.
5	Implementation of job evaluation regularly aligned with updated organisation structure.	Updated job size to support promotion in performance evaluation 2016.
6	UOB Value Reinforcement Program for Internalisation for Employees.	<ul style="list-style-type: none"> • Define Programs for Value Reinforcement for Employees. • Reminder Implementation of Meeting Etiquete, Story & Quiz, Skip Level Meeting.
7	Develop Learning Framework for the Bank & Training Budget to support organisation capability development.	<ul style="list-style-type: none"> • Learning Development Framework & Training Roadmap for the Bank. • Training Budget & Plan for 2016.
8	Leadership Capacity Improvement for Line Managers & Program Management Trainee untuk Fresh Graduated.	<ul style="list-style-type: none"> • Leadership Development Framework in UOBI, consist of 3 level (Junior, Middle & Senior). • Implementation of 5 batches Leadership Development Program in UOBI for Junior Level. • General Officer Developmental Framework. • Training Budget for Leadership Development and General Officer Development Program.
9	GEMS (Global Employees Management System) to support Digitalisation in HR and to increase service level to employees.	<ul style="list-style-type: none"> • GEMS SAP Project Kick Off & Project Member. • Develop Local Business Blue Print for all GEMS Module. • User Acceptance Test for New System. • Data Verification Test & Data Migration • Project Approved by OJK. • Go Live Preparation for GEMS Implementation January 2017.
10	Promote Staff Activity to increase engagement level, team work and support employee productivity.	Define Staff Engagment Program & Implementation of Lunar New Year, UOB Heartbeat & UOB 60 th Anniversary in 2016
11	Review & Revamp Remuneration & Benefit Policy in order to maintain competitiveness level with market as well as retention effort for employees and to	<ul style="list-style-type: none"> • Remuneration Policy & Structure. • International Assignment Policy. • Teller Allowances Conversion for Head Teller.

No	Work Program	Realisation
	comply with regulatory requirement.	<ul style="list-style-type: none"> Health Insurance Renewal.

f. Business Continuity Management Committee (BCMC)

Based on Board of Directors' Decision No. 15/SKDIR/0045 dated 11 November 2015 the composition of Business Continuity Management (BCM) Committee is as follows :

BCMC Member as of 31 December 2016	
Chairman (Recovery Director)	Head of Technology & Operations
Deputy Chairman (Alternate Recovery Director)	Head of Risk Management
Anggota Tetap	<ul style="list-style-type: none"> Head of Human Resources
	<ul style="list-style-type: none"> Global Markets & Investment Management Head
	<ul style="list-style-type: none"> Channels Director
	<ul style="list-style-type: none"> Operational Risk Management Head
Secretary	Operational Risk Management Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

BCM Committee Meeting is held as necessary, at least once a year.

The duties and responsibilities of BCM Committee are :

- 1) Drive BCM implementation within the Bank.
- 2) Ensure effectiveness of BCM capability within the Bank.
- 3) Support the policy, guidelines and strategy of BCM.
- 4) Approve list of critical functions.
- 5) Manage BCM particularly as related to risk management matters.
- 6) Review regular reports related to BCM program status within the Bank.
- 7) Review annual BCM Assessment within the Bank.

The Work Program of BCM Committee and its realisation in 2016 includes but is not limited to :

Work Program	Realisation
Business Continuity Management Committee Meetings are held as necessary. All decisions are taken in the meetings or in writing by circulation.	During 2016, BCM Committee conducted 1 (one) meeting.

g. Credit Committee (CC)

Based on Board of Directors' Decision No. 15/SKDIR/0059 dated 17 December 2015 concerning Credit Committee and Joint Signing Authority (JSA), the composition of the Credit Committee (CC) is as follows :

CC Member as of 31 December 2016	
CC - Wholesale Credit	• Deputy President Director - Admin & Operations
	• Deputy President Director - Business
	• Head of Related Credit Approval
CC - Retail Credit	• Deputy President Director - Admin & Operations
	• Deputy President Director - Business
	• Head of Retail Credit
Join Signing Authority - Wholesale Credit	This authority is suspended temporarily until further notice
Join Signing Authority - Retail Credit	This authority is suspended temporarily until further notice
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

CC meeting are held as necessary.

Authority of CC is to approve credit decisions in accordance with its credit discretionary limit.

In 2016, 567 credit proposals were submitted to the Credit Committee, consisting of 152 proposals from Corporate Banking segment, 393 proposals from the Commercial Banking segment, and 22 proposals from the Retail Credit segment.

h. Information Technology Committee (ITC)

Based on Board of Directors' Decision No.16/SKDIR/0051 dated 15 September 2016 concerning PT Bank UOB Indonesia Information Technology Committee, the composition of Information Technology Committee (IT Committee) is as follows :

ITC Member as of 31 December 2016	
Chairman	Deputy President Director - Admin & Operations
Deputy Chairman	Head of Technology & Operations
Permanent Member	• Channels Director
	• Finance & Corporate Services Director
	• Head of Risk Management

ITC Member as of 31 December 2016	
	<ul style="list-style-type: none"> • CEO Office Head
Secretary 1	Business Technology Services Head
Secretary 2	Shared Infrastructure Services Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

ITC meeting shall be held on regular basis, at least 4 (four) times a year.

Duties, authorities and responsibilities of ITC are as follows :

1) Duties and Responsibilities

- Assist the Bank in deciding and supervising the Bank's investment in the field of IT and be responsible for developing infrastructure and strategic plans for information technology, while ensuring that everything is in line with the business strategy of the Bank.
- Discuss specifically about plans on information technology development, either currently applied by the Bank or new technology.
- Discuss a policy format in relation to the utilisation of information technology that is fundamental such as utilisation of software, hardware, and professional service to be engaged.
- Assist the Bank in directing, overseeing and managing information technology security risk in accordance with technology security policies.
- Review the progress of IT key activities periodically.
- Responsible for duties and authorities which have been delegated as established in Board of Directors' Decision No.16/SKDIR/0051.

2) Authorities

- Approve information technology development plans, either currently applied by the Bank or new technology.

Note :

Cost expense will still referring to SOP for Requisition, Procurement and Payment through Procurement and Expense Management System (PEMS).

- Approve policies in relation to strategy or utilisation of information technology such as utilisation of software, hardware, and professional services to be engaged.
- Set priorities for IT developments which are strategic, compliance, business or customer service in nature.
- Approve any high-risk deviation from standard policy in utilisation of technology as a result of security risk assessment report.

The Work Program of ITC and its realisation in 2016 includes but is not limited to :

Work Program	Realisation
<p>Conducted routine meetings to review and approve IT investment (for purchase of equipment and IT projects implementation), monitoring of IT strategic projects, and approve strategic IT policy.</p>	<p>IT Committee conducted 7 (seven) meetings to review and approve IT investments, with details of schedule & agenda of discussion as follows :</p> <ol style="list-style-type: none"> 1 • Approval request for implementation of e-Tax Payment Services. • Approval request for implementation of UOBI Virtual Account Payment Through ATM. • Approval request for implementation of Business Banking SME Credit Excellence : McKinsey. • Approval request for implementation of Fraud Detection System (Instinct) for Business Banking Credit Application System (bCAS). • Approval request for implementation of UOBI Governance, Risk, & Compliance (GRC) System. 2 • Approval request for implementation of UOBI PIB Project using In-Country Infrastructure, namely by sharing infrastructure with Global Electronic Banking (BIBPlus) System • Approval request for implementation of Fraud Detection System (Instinct) for Business Banking Credit Application System (bCAS) 3 Approval request for implementation of Technology Refresh for Existing Hubbing System IBM MERVA SWIFT Gateway to Alliance Messaging Hub (AMH) 4 • Approval request for implementation of BIBPlus Mobile (GEB Mobile) • Request for approval implementation of HRIS-SAP (GEMS) • Approval request for implementation of UOBI Governance, Risk & Compliance (GRC) System 5 • Approval request for implementation of UOBI Public Website • Approval request for implementation of UOB Indonesia Branch Centralisation Cheque Clearing • Endorsement request for IT Steering Committee Member • Endorsement request for Information Security Risk Assessment (ISRA) with Medium/High Risk Rating • Endorsement request for Revision of IT Security Management Policy • Approval request for appointment of Independent Audit for UOBI HRIS & GRC Project

Work Program	Realisation
	6 <ul style="list-style-type: none"> • Update on the newest IT Committee Member • Update on Personal Internet Banking (PIB) & Global Electronic Banking (GEB) DR Exercise • Approval request for implementation of Omega Project with scope of Cardlink, PLCE • Approval request for implementation of Project on UOBI Senior Debt & Sub Debt to be booked in Wallstreet (Treasury System) • Approval request for implementation of UOBI HRIS -SAP Project - Vendor Evaluation • Update on Post Implementation Review - Rating Master • Approval request for implementation of New UOBI eMail System • Approval request for implementation of Bluecoat Proxy Hardware Refresh 7 <ul style="list-style-type: none"> • Approval request for implementation of UOB One Account • Approval request for Deployment and UOB Agents Mobile Application usage for market in Indonesia

i. Anti Money Laundering Committee (ALMC)

Based on Board of Directors' Decision No. No.15/SKDIR/0047 dated 18 November 2015 concerning Anti Money Laundering Committee, the composition of Anti Money Laundering Committee (AMLC) is as follows :

AMLC Member as of 31 December 2016	
Chairman	Compliance Director
Deputy Chairman	Head of Commercial Banking
Permanent Member	• Head of Technology & Operations
	• Head of Personal Financial Services
	• Head of Business Banking
	• Head of Corporate Banking
	• Head of Financial Institution
	• Operational Risk Management Head
Secretary	AML/CFT & Sanctions Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

AMLC shall meet on monthly basis and may be conducted more often when a decision in line with its duty, authority and responsibility is required. In this case, the AML Committee secretary will initiate a meeting/request for approval via circulation.

For urgent AML/CFT & Sanctions cases that require immediate attention, ad-hoc meeting will be called. In condition where meetings cannot be convened, such cases will be circulated to the AMLC members via e-mail or teleconference.

Duties, authorities and responsibilities of AMLC are to :

- 1) Review and endorse changes to core tenets of, and deviations from, the Bank's Policy on the Anti Money Laundering and Countering of Terrorism Financing and Sanctions (AML/CFT & Sanctions).
- 2) Review and endorse Sanction Directives, in line with the applicable AML/CFT & Sanctions framework.
- 3) Approve the on-boarding of prospective or the continuation of an existing relationship with specific customers deemed to pose higher reputation and ethical risks to the Bank.
- 4) Manage, arbitrate and decide on conflicts arising from differing views between Business Work Function and Compliance Function on customer acceptance of specific new customers, and the retention of existing customer.
- 5) Approve account closure arising from the associated AML/CFT & Sanctions compliance risk exposure associated with specific existing customers.
- 6) Approve any significant AML/CFT & Sanctions related matters that increase money laundering or terrorist financing risk exposure to the Bank.
- 7) Approve any AML/CFT & Sanctions controls implementation that pose high AML/CFT risks and approve the compensating AML/CFT controls for implementation.
- 8) Provide a forum for the Board of Directors discussion and decision on any reputational and regulatory compliance issues relating to money laundering, terrorist financing and sanctions.
- 9) Review and provide guidance on significant weakness in process and inspection/audit issues noted in the Bank.

During 2016, AMLC held 6 (six) meetings and granted approval via circulation 6 (six) times, and there were no AML/CFT & Sanctions cases escalated to AMLC.

j. Operational Risk Management Committee (ORMC)

Based on Board of Directors' Decision No. 15/SKDIR/0043 dated 11 November 2015 concerning Operational Risk Management Committee, the composition of the Operational Risk Management Committee (ORMC) is as follows :

ORMC Meeting as of 31 December 2016	
Chairman	Head of Risk Management
Deputy Chairman	Head of Technology & Operations
Permanent Member	<ul style="list-style-type: none"> • Compliance Director

ORMC Meeting as of 31 December 2016	
	<ul style="list-style-type: none"> • Finance & Corporate Services Director • Channels Director • Head of Human Resources • Operational Risk Management Head
Secretary	Operational Risk Management Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

ORMC meetings are held as necessary, and at least twice a year.

Duties and responsibilities of ORMC are to :

- 1) Approve and periodically review the Bank Operational Risk Management Framework, ensure the implementation of operational risk management through the determination of risk tolerance, policies, procedures and guidelines and limits, including risk management strategies to prevent financial loss.
- 2) Make decisions on methods to be applied in identification, measurement/assessment, monitoring and controlling/mitigating operational risk management at the Bank.
- 3) Conduct periodic meetings to discuss significant operational risk issues.
- 4) Provide recommendations or decisions to resolve operational risk issues.
- 5) Develop organisational culture that is aware of the Operational Risk and foster commitment in managing operational risk.
- 6) Ensure that the remuneration policy of the Bank is in accordance with the Bank's risk management strategy.
- 7) Create a culture of objective operational risk disclosures in all elements of the organisation so that operational risk can be identified quickly and appropriately mitigated.
- 8) Establish an effective policy of reward and punishment integrated in the performance appraisal system.
- 9) Ensure that the Bank has a code of ethics that apply to all employees at every level of the organisation.
- 10) Consistently apply sanctions to employees who are convicted of committing breaches or violations.

The Work Program of ORMC and its realisation in 2016 includes but is not limited to:

Work Program	Realisation
ORMC Meetings will be held as necessary, and at least twice a year.	During 2016, Operational Risk Management Committee held 3 (three) meetings to discuss significant operational risk issues and provide recommendations or decisions to resolve operational risk issues.

On 16 September 2016, ORMC was merged into RMC, as stated in board of Directors' Decision No.16/SKDIR/0053 concerning Risk Management Committee.

Pursuant to the regulation as stipulated in OJK Circular Letter No.30/SEOJK.04/2016 dated 3 August 2016 regarding Annual Report Form and Content of the Issuer or Public Company, the followings are information of the Directors Committees as of 31 December 2016.

No	Position	Name	Nationality	Age	Education Background	Work Experience
1	<ul style="list-style-type: none"> • President Director • Chairman of EXCO • Chairman of ALCO • Chairman of RMC • Chairman of HRC 	Lam Sai Yoke	Singapore	48	1989 - 1992, Bachelor of Business Administration, National University of Singapore	<ul style="list-style-type: none"> • 1992 - 1999, Citibank Singapore, Sales Development Director • 1999 – 2001, Ebiz Solution , Regional Sales Manager • 2001 – 2003, Citibank Singapore, Sales Director Personal Banking • 2004 – 2005, Standard Chartered Singapore, Head of Customer Experience • 2005 – 2010, UOB Ltd Singapore, Managing Director - Head of Sales & Distribution, PFS • 2011 – 2013, UOB Malaysia, Managing Director - Country Head of Personal Financial Services • 2013 – 2016, Deputy CEO UOB Malaysia, responsible as Head of Wholesale Bank, and oversee Technology and Operations (T&O), Special Asset Management (SAM), Customer Service Quality (CASQ), and Brand and Corporate Communications (BPCC) functions • 2016 – present, PT Bank UOB Indonesia, President Director <p>Has more than 24 years of experience in banking industry</p>
2	<ul style="list-style-type: none"> • Deputy President Director - 	Tan Chin Poh	Singapore	59	1981, Bachelor of Accounting, National University of	<ul style="list-style-type: none"> • 1983 - 1998, Chase Manhattan Bank N.A. Singapore, Vice President Asia Pacific Private Bank and Individual

No	Position	Name	Nationality	Age	Education Background	Work Experience
	Admin & Ops <ul style="list-style-type: none"> • Member of EXCO • Member of ALCO • Member of RMC • Member of HRC • Member of CC • Chairman of ITC 				Singapore	Banking Singapore <ul style="list-style-type: none"> • 1998 – 2003, Salomon Smith Barney International Merchant Bank Limited, Chief Administrative Officer • 2003 – 2010, Citibank N.A. Thailand, Hongkong & Singapore, Chief Financial Officer • 2010 – 2013, UOB, Ltd, Singapore, Managing Director - Head of Finance • 2013 – present, PT Bank UOB Indonesia, Deputy President Director Has more than 33 years of experience in banking industry
3	<ul style="list-style-type: none"> • Deputy President Director - Business • Member of EXCO • Deputy Chairman of ALCO • Member of RMC • Member of HRC • Member of CC 	Iwan Satawidinata	Indonesia	48	1990 - Bachelor of Science in Business Administration, University of Southern California, USA	<ul style="list-style-type: none"> • 1990 - 1991, Assistant Regional Manager for Southern California Banking Group on United Savings Bank FSB, USA • 1991 - present, PT Bank UOB Indonesia, Deputy President Director Has more than 26 years of experience in banking industry
4	<ul style="list-style-type: none"> • Finance & Corp Services Director • Member of EXCO • Member of ALCO • Member of RMC • Member of ITC • Member of ORMC 	Muljono Tjandra	Indonesia	51	<ul style="list-style-type: none"> • 1984 - 1989, Bachelor of Economics, Trisakti University • CPA Indonesia from Indonesian Institute of Accountants 	<ul style="list-style-type: none"> • 1990 – 1998, KAP KPMG Hanadi, Sudjendro & Rekan, Senior Manager - concentrating in banking industry • 1998 – 2003, KAP Pricewaterhouse Coopers, Senior Manager - concentrating in banking industry • 2003 – 2012, PT Bank Danamon Indonesia, Executive Vice President • 2012 – 2015, PT Asuransi Adira Dinamika, Chief Financial Officer • 2015 – present, PT Bank UOB Indonesia, Finance & Corporate Services Director Has more than 26 years of experience in financial, accounting, and banking industry
5	<ul style="list-style-type: none"> • Compliance Director • Member of RMC • Chairman of AMLC • Member of 	Soehadie Tansol	Indonesia	57	<ul style="list-style-type: none"> • 1993, Master of Business Administration, Institute Management John Luther • Pacific Rims Banker, University 	<ul style="list-style-type: none"> • 1980 - present, PT Bank UOB Indonesia, Compliance Director Has more than 36 years of experience in banking industry

No	Position	Name	Nationality	Age	Education Background	Work Experience
	ORMC				of Washington, USA	
6	<ul style="list-style-type: none"> • Channels Director • Member of RMC • Member of BCMC • Member of ITC • Member of ORMC 	Pardi Kendy	Indonesia	58	Certified as Wealth Manager, University of Greenwich Business School	<ul style="list-style-type: none"> • 1977 - 1986, HSBC Jakarta, Treasury Director, TNO, Electronic Banking and Consumer Credit • 1987 – 1988, Bangkok Bank Limited Jakarta, Chief Treasury Dealer • 1993 – 1996, Bank Mitsubishi Buana Treasury, General Manager • 1996 – 2006, UOB Indonesia , Treasury Director, TNO, Electronic Banking and Consumer Credit • 2006 – 2012, UOB Indonesia , Human Resources Director • 2012 – 2015, UOB Indonesia, Head of Human Resources • 2016 – present, PT Bank UOB Indonesia, Channels Director <p>Has more than 39 years of experience in banking industry</p>
7	<ul style="list-style-type: none"> • Head of Risk Management • Member of ALCO • Deputy Chairman of RMC • Chairman of CPC • Deputy Chairman of BCMC • Chairman of ORMC 	Vacant	-	-	-	-
8	<ul style="list-style-type: none"> • Head of Global Markets • Member of ALCO • Member of BCMC 	Frederikus	Indonesia	53	<ul style="list-style-type: none"> • 1981 - 1986, Bachelor Degree, Goldey Beacom College • 1986 - 1988, Master Degree, Wilmington College 	<ul style="list-style-type: none"> • 1988 - 1993, PT Bank BII, Senior Trader • 1993 - 2004, ABN Amro Bank NV, Vice President Head Interbank FX and Money Market • 2004 - 2009, PT Bank BII, FM Trading Acting Treasure Division Head • 2009 - 2009, PT ICB Bumiputera, Treasure • 2009 - 2010, PT Bank UOB Indonesia , Global Markets & Investment Management Group Head • 2010 - 2015, PT Bank UOB Indonesia , Head of Global Markets & Investment Management • 2015 - present, PT Bank UOB

No	Position	Name	Nationality	Age	Education Background	Work Experience
						Indonesia, Head of Global Markets
9	<ul style="list-style-type: none"> • Head of Personal Financial Services • Member of ALCO • Member of AMLC 	Lynn Ramli	Indonesia	43	1993 - 1994, Master Degree, University of San Fransisco	<ul style="list-style-type: none"> • 1994 - 1998, Citibank, PM • 1998 - 2000, LSK International, FM • 2000 - 2002, Providian Financial, PM • 2002 - 2003, Citibank, AVP • 2003 - 2006, Standard Chartered, VP • 2006 - 2008, Danamon, SVP • 2008 - 2014, PT Adira Quantum Multifinance, President Director • 2014 - present, PT Bank UOB Indonesia, Head of Personal Financial Services
10	<ul style="list-style-type: none"> • Head of Business Banking • Member of ALCO • Member of AMLC 	Denny Setiawan Hanubrata	Indonesia	44	1991 - 1996, Bachelor Degree, Catholic University of Parahyangan	<ul style="list-style-type: none"> • 1992 - 1996, Natalia Cosmetics, Sales Manager • 1996 - 2002, Bank Bali, Senior Account Officer - Commercial Banking • 2003 - 2003, Chinatrust, RM Corporate Banking • 2003 - 2007, Bank Permata, Head of SME • 2007 - 2016, Bank DBS Indonesia, Head of IBG 4 • 2016 - present, PT Bank UOB Indonesia, Head of Business Banking 2
11	<ul style="list-style-type: none"> • Head of Commercial Banking • Member of ALCO • Deputy Chairman of AMLC 	Tonny Timor Basry	Indonesia	41	1997, Bachelor Degree, Indiana State University	<ul style="list-style-type: none"> • 1997 - 2004, OCBC Bank Ltd Singapore, Assistant Vice President • 2004 - 2006, Standard Chartered Bank China, Head of Sales • 2006 - 2009, Standard Chartered Bank Indonesia, General Manager for SME Banking • 2009 - 2011, UOB Singapore Commercial Banking - Industry Group 4 • 2012 - 2012, UOB Singapore Commercial Banking - Industry Group 3 • 2013 - 2013, UOB Singapore Commercial Banking - Enterprise Banking • 2013 - 2015, UOB Singapore. Industry Group Head 1 • 2016 - present, PT Bank UOB Indonesia, Head of Commercial Banking
12	<ul style="list-style-type: none"> • Head of Corporate Banking • Member of ALCO • Member of 	Geoffry Nugraha	Indonesia	45	<ul style="list-style-type: none"> • 1994 - 1995, Bachelor Degree, Hawaii Pacific University • 1994 - 1999, Master Degree, 	<ul style="list-style-type: none"> • 1996 - 1999, Bank Danamon, Relationship Manager • 1999 - 2000, Rabobank International, Risk Management Credit Analyst • 2003 - 2005, HSBC Indonesia, Vice President

No	Position	Name	Nationality	Age	Education Background	Work Experience
	AMLC				Hawaii Pacific University	<ul style="list-style-type: none"> • 2007 - 2008, Standard Chartered Bank, Country Head Transaction Banking • 2012 - 2013, Bank ANZ Indonesia, Head of Corporate & Institutional Banking • 2014 - present, PT Bank UOB Indonesia Head of Corporate Banking
13	<ul style="list-style-type: none"> • Head of Transaction Banking • Member of ALCO 	W. Kartyono	Indonesia	38	1995 - 1999, Bachelor Degree, Tarumanegara University	<ul style="list-style-type: none"> • 1999 - 2005, Bank Central Asia, Trade & Payment Specialist di International Banking Division • 2005 - 2010, Bank DBS Indonesia, Head of Trade Finance Sales • 2010 - 2010, ANZ Panin Bank, Head of Trade & Supply Chain Sales (SVP) • 2010 - 2012, PT Bank UOB Indonesia, Trade Sales Division Head • 2013 - present, UOB Indonesia, Head of Transaction Banking
14	<ul style="list-style-type: none"> • Head of Financial Institution • Member of ALCO • Member of AMLC 	Marcio Apm Jatmiko	Indonesia	44	1991 - 1995, Master Degree, Business Studies/ Administration/Management	<ul style="list-style-type: none"> • 1995 - 1998, Bank Dagang Nasional Indonesia, Regional Officer • 1998 - 2000, Indover Bank, Senior Credit Analyst • 2000 - 2001, Lippo Bank, Senior Product Management - FI • 2001 - 2005, HSBC Bank, Vice President - Institutional Banking • 2005 - 2006, HSBC Bank, Vice President - Commercial Banking • 2006 - 2010, Standard Chartered Bank, Director of Financial Institution • 2010 - 2015, Bank ANZ Indonesia, Head of Financial Institution Group • 2015 - present, PT Bank UOB Indonesia Head of Financial Institution
15	<ul style="list-style-type: none"> • Head of Retail Credit • Member of RMC • Deputy Chairman of CPC • Member of CC 	Rudy Widjaja	Indonesia	45	1990 - 1992, Bachelor Degree, Iowa State University	<ul style="list-style-type: none"> • 1992 - 1995, Seagate Technology Singapore, Industrial Engineer • 1995 - 1996, PT Indo Airo Sugih Indonesia, Business Development Manager • 1996 - 2001, Citibank Indonesia - various role in Credit Operations • 2001 - 2003, Citibank Indonesia, Credit Ops Strategy and Control Head • 2003 - 2006, Citibank Indonesia, Country Collections Head • 2006 - 2008, Citifinancial Japan, Collections Head • 2008 - 2014, Citibank Phillipines & Guam, Credit Operations Director

No	Position	Name	Nationality	Age	Education Background	Work Experience
						<ul style="list-style-type: none"> • 2014 - 2016, Citibank Indonesia, Credit Operations Director • 2016 - present, PT Bank UOB Indonesia Head of Retail Credit
16	<ul style="list-style-type: none"> • Head of Technology & Operations • Member of RMC • Chairman of BCMC • Deputy Chairman of ITC • Member of AMLC • Deputy Chairman of ORMC 	Goh Seng Huat	Malaysia	65	1989, Bachelor Degree, Associate Chartered Institute of Bankers, UK	<ul style="list-style-type: none"> • 1981 - 1994, UOB (Malaysia) (THEN CHUNG KHIAW BANK Ltd. AND LEE WAH BANK Ltd., various role • 1994 - 1995, Hong Leong Bank, Training Manager • 1995 - 2005, EON Bank, Head of Banking Operation • 2005 - 2008, United Overseas Bank Ltd, First Vice President, International • 2005 - 2010, PT Bank UOB Indonesia, Technology & Operations Director • 2010 - present, PT Bank UOB Indonesia Head of Technology & Operations
17	<ul style="list-style-type: none"> • Head of Human Resources • Member of RMC • Member of HRC • Member of BCMC • Member of ORMC 	Ani Pangestu	Indonesia	51	<ul style="list-style-type: none"> • 1989 - 1990, Bachelor Degree, Kennedy Western University, Wyoming, USA • 1990 - 1991, Master Degree, Kennedy Western 	<ul style="list-style-type: none"> • 1991 - 2000, Asia Pulp & Paper, Senior Human Resources Manager • 2000 - 2002, HM Sampoerna, Head of Human Resources & Development Surabaya • 2002 - 2003, Bentoel Prima Indonesia, GM Human Resources Development • 2003 - 2008, Deka Medica, Head of Human Resources • 2008 - 2010, Lippo Bank, Head of HR Strategy • 2010 - 2011, Bank Permata, HR Merger & Acquisition • 2011 - 2012, Bank Permata, HR, Legal & Compliance Director • 2012 - 2015, BII Maybank, Human Capital Director • 2015 - present, PT Bank UOB Indonesia, Head of Human Resources
18	<ul style="list-style-type: none"> • Internal Audit Head • Member RMC 	Ridwan Moezwir	Indonesia	54	2003 - 2005, Master Degree, Gajah Mada University	<ul style="list-style-type: none"> • 1987 - 1990, Dep of Finance, Tax Inspector • 1991 - 2003, Bank Niaga, Operations Div Head • 2003 - 2006, Bank Permata, Division Head • 2006 - 2007, Bank Agroniaga, Operation Audit Div Head • 2008 - present, PT Bank UOB Indonesia, Internal Audit Head
19	<ul style="list-style-type: none"> • Legal Head 	Irvan Gunardwi	Indonesia	45	2003 - 2005, Master	<ul style="list-style-type: none"> • 1994 - 1995, Shipping Line Company,

No	Position	Name	Nationality	Age	Education Background	Work Experience
	<ul style="list-style-type: none"> Member of RMC 				Degree, University of Indonesia	Export Dep Officer <ul style="list-style-type: none"> 1995 - 1998, Bank Bali, Legal Officer in Corp Legal Dept 1999 - 2000, Bank Bali, Legal Manager in Corp Legal Dept 2000 - 2000, Bank Bali, Coordinator in Corp Legal & Compliance Dept 2000 - 2003, Bank Bali, Corp Legal & Compliance Dept Head 2000 - 2003, Bank Permata, Secretary to Director 2002 - 2003, Bank Permata, Member of Corporate Secretary 2003 - 2003, Bank Permata, Head of Advisory & Monitoring 2003 - 2009, BII, Legal Div Head 2009 - 2010, BII, General Legal Counsel & Corp Secretary Div Head 2010 - 2014, Bank DBS, Head of Legal - CBG 2014 - present, PT Bank UOB Indonesia, Legal Head
20	<ul style="list-style-type: none"> Market & Balance Sheet Risk Management Head Secretary to ALCO 	Candra Putra	Indonesia	37	<ul style="list-style-type: none"> 1997 - 2001, Bachelor Degree, Gajah Mada University 2007 - 2009, Master Degree, Gajah Mada University 	<ul style="list-style-type: none"> 2001 - 2005, Bank Central Asia, Associate Officer in Risk Management Dept 2005 - 2006, Bank Mizuho Indonesia, Officer in Credit Risk Management Dept 2006 - 2006, Citibank NA, Assistant Manager in Credit Risk Management 2006 - 2008, Bank DBS, Risk Management Unit Manager in Risk Management Unit Dept 2008 - 2011, Bank Permata, Head of Quality Assurance & Operational Risk Manager 2011 - 2011, PT Bank UOB Indonesia, Operational Risk Portfolio Management 2011 - 2014, PT Bank UOB Indonesia, Operational Risk Management Head 2015 - 2016, PT Bank UOB Indonesia, Acting Head of Risk Management 2014 - present, PT Bank UOB Indonesia, Market & Balance Sheet Risk Management Head
21	<ul style="list-style-type: none"> Basel & Enterprise Risk Management Head Secretary to 	Dwi Susiyanto	Indonesia	44	1990 - 1996, Bachelor Degree	<ul style="list-style-type: none"> 1995 - 1996, LPK AKSMI, Teacher 1997 - 2000, Bank Permata, Supervisor 1997 - 1997, Pura Barutama, TDC, Management Trainee 2000 - 2007, GE Finance, SM, Head

No	Position	Name	Nationality	Age	Education Background	Work Experience
	RMC					<ul style="list-style-type: none"> • 2007 - 2013, BII Maybank, VP, Head • 2013 - 2014, PT Bank UOB Indonesia, Risk Strategy & Analytics Head • 2014 - 2016, PT Bank UOB Indonesia, Basel & Enterprise Risk Management Head
22	<ul style="list-style-type: none"> • Credit Risk Management Head • Secretary to CPC 	Foengky Santosa	Indonesia	44	1991 - 1996, Bachelor Degree, University of Pembangunan Nasional (Veteran)	<ul style="list-style-type: none"> • 1997 - 2003, Bank Bali, Operational Development • 2003 -2010, Bank Permata, Risk Analytic Head • 2010 - present, PT Bank UOB Indonesia, Credit Risk Management Head
23	<ul style="list-style-type: none"> • Operational Risk & Anti Fraud Management Head • Member of & Secretary to BCMC • Member of AMLC • Secretary to ORMC 	Virna Medina	Indonesia	41	1998 - 2001, Master Degree, Bandung Institute of Technology	<ul style="list-style-type: none"> • 1997 - 2006, Bank Permata, Operational Risk Officer • 2006 - 2012, BII Maybank, Divisional OR & Policy Head • 2012 - 2014, OCBC NISP, Quality Assurance and Control Head - Retail Credit • 2014 - 2015, Standard Chartered Bank, Quality Assurance and Control Head - Retail Credit • 2015 - 2016, PT Bank UOB Indonesia, Operational Risk Management Head • 2016 - present, PT Bank UOB Indonesia, Operational Risk & Anti Fraud Management Head
24	<ul style="list-style-type: none"> • Learning Dev & Business HR Head • Secretary to HRC 	Widyarini Utami	Indonesia	45	<ul style="list-style-type: none"> • 1990 - 1996, Bachelor Degree, University of Indonesia • 2006 - 2008, Master Degree, Gajah Mada University 	<ul style="list-style-type: none"> • 1996 - 1999, Bank Danamon, Assessment Officer • 1999 - 2003, Indonesia Bank Restructuring Agency, HR Communication & Relation Head • 2003 - 2008, CIMB Niaga, Human Resources Rep for Corp & Business Banking • 2008 - 2009, UOB Buana, Staffing Dept Head • 2009 - 2010, UOB Buana, Human Resources Business Management Head • 2010 - 2013, PT Bank UOB Indonesia, Human Resources Business Partner Head • 2013 - 2016, PT Bank UOB Indonesia, HR Business Partner & Organisation Development Head • 2016 - present, PT Bank UOB Indonesia, Learning Dev & Business HR Head

No	Position	Name	Nationality	Age	Education Background	Work Experience
25	<ul style="list-style-type: none"> Business Tech Services Head Secretary to ITC 	Jieni	Indonesia	43	1992 - 1996, Bachelor Degree, STMIK Bina Nusantara	<ul style="list-style-type: none"> 1992 - 1999, Bank Kharisma, Deputy in Teknologi Informasi Division 1999 - 2008, PT Bank UOB Indonesia, Business System Development 1 Sub Division Head 2010 - 2011, PT Bank UOB Indonesia, Business Technology Solutions 1 Head 2013 - present, PT Bank UOB Indonesia, Business Technology Services Head
26	<ul style="list-style-type: none"> Shared Infrastructure Services Head Secretary to ITC 	Sigit Arnanto	Indonesia	54	1981 - 1987, Bachelor Degree, University of Indonesia	<ul style="list-style-type: none"> 1988 - 1990, Swadharma Duta Data, Technology Analyst 1991 - 2011, CIMB Niaga, Regional Infrastructure 2011 - 2013, PT Bank UOB Indonesia, Technical Support Head 2013 - present, PT Bank UOB Indonesia, Shared Infrastructure Services Head
27	<ul style="list-style-type: none"> CEO Office Head Member of ITC 	Jenny Hadikusuma	Indonesia	42	1993 - 1997, Bachelor Degree, University of Surabaya	<ul style="list-style-type: none"> 1992 - 1996, Colliers Jardine International, Marketing Executive 1996 - 1997, Mal Galaxy, Marketing & PR Executive 1997 - 1999, Jones Lang La Salle, Assistant Manager 2000 - 2001, Hyatt Regency Surabaya, Manager 2001 - 2005, PT Broadband Multimedia, Corp Sales & Customer Manager 2008 - 2009, PT Bank UOB Indonesia, Call Center & Mobile Banking Head 2009 - 2010, PT Bank UOB Indonesia, Contact Center Head 2010 - 2011, PT Bank UOB Indonesia, Call Center Head 2011 - 2012, PT Bank UOB Indonesia, IFS Business Finance Manager 2012 - 2014, PT Bank UOB Indonesia, IFS Portfolio Management Head 2014 - 2015, PT Bank UOB Indonesia, Wholesale Portfolio Management Head 2015 - present, PT Bank UOB Indonesia, CEO Office Head
28	<ul style="list-style-type: none"> AML/CFT & Sanctions Head Secretary to AMLC 	Laurentius E. Purwatomoko	Indonesia	49	1987 - 1995, Bachelor Degree, Sanata Dharma University	<ul style="list-style-type: none"> 1996 - 2001, SMA Notre Dame, Teacher 2001 - 2010, PT Bank UOB Indonesia, User System Support Head 2010 - 2011, PT Bank UOB Indonesia, Centralised System Adm Head

No	Position	Name	Nationality	Age	Education Background	Work Experience
						<ul style="list-style-type: none"> • 2011 - 2013, PT Bank UOB Indonesia, Operations Control Review Head • 2013 - 2013, PT Bank UOB Indonesia, Operations Control Analysis & Reporting Manager • 2013 - 2013, PT Bank UOB Indonesia, Targeted Control Review Manager • 2013 - present, PT Bank UOB Indonesia, AML/CFT & Sanctions Head

- EXCO : Executive Committee
- ALCO : Assets & Liabilities Committee
- RMC : Risk Management Committee
- HRC : Human Resources Committee
- ITC : Information Technology Committee
- CC : Credit Committee
- CPC : Credit Policy Committee
- BCMC : Business Continuity Management Committee
- AMLC : Anti Money Laundering Committee
- ORMC : Operational Risk Management Committee

C. Corporate Secretary

The Corporate Secretary is the officer responsible to the Board of Directors, who is the liaison between the Bank and the Bank internal parties, authorised institutions affiliated with the Bank, Bank external parties and investors. The Bank appoints the Corporate Secretary to assist the Board of Commissioners and Board of Directors in carrying out the duties and responsibilities of each related to the implementation of GCG and to manage communications to interested parties (stakeholders), both internally and externally.

1. Appointment of Corporate Secretary

The Corporate Secretary is appointed by the Board of Director's decision. Currently, the office of the Corporate Secretary is held by Susilowati, who has officially served since the date of June 25, 2015 by virtue of Board of Directors' Decision No.15/DIR/0021. In the organizational structure of the Bank, the Corporate Secretary is responsible directly to the Director of Finance & Corporate Services.

Susilowati has a domicile in Jakarta and earned a Bachelor Degree in Management from Tarumanegara University Jakarta in 2003 and a Master Degree in Accounting from Trisakti University Jakarta in 2009. Susilowati started her career at PT Bank Victoria International Tbk since 2004 with her last position as Corporate Secretary.

2. Development of Competencies of Corporate Secretary

Susilowati has participated competence development programs namely Risk Management Certification Level 1, 2, and 3 from Indonesia's Risk Management Certification Body.

In addition, various trainings/ seminars/ workshops that have been enrolled in order to increase the competency of Corporate Secretary throughout 2016 are as follows :

Workshop/ Training/ Dissemination	Venue
CEO Quarterly Update - Q2 (Semester 1)	Jakarta
Strategic Direction Start of The Year 2017	Surabaya
UOB Strategic Workshop	Bandung
Workshop for Senior Management - AML / CFT Update	Jakarta
Risk Base Rating Bank and Good Corporate Governance	Jakarta
Implementation on the Change of Statement of Financial Accounting Standards (PSAK), Annual Report Preparation in accordance with Financial Services Authority, Good Corporate Governance and ASEAN CG Scorecard	Jakarta
National Seminar regarding Merger and Acquisition Regulation in Business Competition Perspective and Global Economics Trend	Jakarta
Indonesia Sectors Prospects and Challenges – 2017	Jakarta

3. Duties and Responsibilities of Corporate Secretary

Corporate Secretary must at least have the function as referred to in Financial Services Authority Regulation No.35/POJK.04/2014 regarding Corporate Secretary of Issuing Companies or Public Companies and Functions of Corporate Secretary, as follows :

- a. To stay abreast with the developments of Capital Market, particularly the laws and regulations applicable in the field of Capital Market;
- b. To provide inputs to the Board of Directors and Board of Commissioners of the Issuing Company or Public Company in order to comply with the provisions of laws and regulations in the field of Capital Market; and
- c. To assist the Board of Directors and the Board of Commissioners in implementing good corporate governance, which includes :
 - 1) Information transparency to the public, including availability of information on the Website of the Issuing Company or Public Company;
 - 2) Submission of reports to the Financial Services Authority in a timely manner;
 - 3) Conduct and documentation of General Meeting of Shareholders;
 - 4) Conduct and documentation of Board of Directors and/or Board of Commissioners meetings; and
 - 5) Implementation of corporate orientation program for the Board of Directors and the Board of Commissioners.
- d. To act as a liaison between the Bank and the shareholders of the Issuing Company or Public Company, the Financial Services Authority and other stakeholders.

4. Realisation of Duties and Responsibilities of Corporate Secretary

Activities carried out by the Corporate Secretary throughout 2016 in relation to her duties and responsibilities include :

- a. Preparing and publishing the Annual Report for financial year 2015 which contains information on the Company's performance.
- b. Convening the General Meeting of Shareholders on 24 May 2016.
- c. Submitting the Annual Report for financial year 2015 and Financial Statements for financial year 2015 to related stakeholders.
- d. Attending and preparing minutes of Board of Commissioners meeting, Board of Directors meeting, as well as meetings of Committees reporting to the Board of Commissioners.
- e. Updating the Internal Regulation of the Company regarding Board of Commissioners and Board of Directors as well as Committees reporting to the Board of Commissioners in order to comply with the prevailing regulations.
- f. Assisting the Board of Directors and the Board of Commissioners in implementing good corporate governance among others by ensuring smooth communication between the company and the stakeholders, ensuring the availability of information accessible to stakeholders as reasonably required by stakeholders as well as by conveying information about corporate action to the regulator concerned.
- g. Coordinating with Compliance function in preparing data related to Self-Assessments on Good Corporate Governance for the Board of Directors, Board of Commissioners as well as Committees reporting to the Board of Commissioners.
- h. Convening Due Dilligence Meeting and Public Expose in the context of Shelf Registration of Senior Bonds I of Bank UOB Indonesia Year 2016 and Shelf Registration of Subordinated Bonds I of Bank UOB Indonesia Year 2016.

D. Press Release

UOB Indonesia understands the needs to engage with the public with the objectives to raise its profile and shared newsworthy information regarding to Bank's activities. These objectives met by the Bank by conducted several media engagement in the form of press conference, media gathering, and one-on-one interview.

In each media engagement, the bank issued a press release to accompany the activity. In 2016, the bank issue press releases ranging from the topic of bank's new products and services, corporate social responsibility, bank's performance, bank's contribution toward Indonesian small and medium enterprises, and bank's outlook on Indonesian economy.

The following are list of UOB Indonesia press releases in 2016 :

- “UOB Indonesia launches travel-focused PRVI Miles credit card to meet the needs of Indonesian travellers”, issued on 14 January 2016.
- “UOB Indonesia launches finance industry’s first tertiary education programme for SME bankers in Indonesia”, issued on 23 February 2016.
- “Expanding Indonesian companies fuel UOB Indonesia cash management growth”, issued on 15 March 2016.
- “UOB Indonesia invites emerging and established artists to draw on their artistic talents for the UOB Painting of the Year competition”, issued on 14 June 2016.
- “UOB employees and customers across Asia raise more than Rp10.6 billion for children’s and art charities at the annual UOB Heartbeat Run/Walk”, issued on 24 July 2016.
- “UOB Indonesia to open five more business consultancy centres to provide advisory services to local enterprises”, issued on 19 August 2016.
- “UOB Indonesia to offer Rp3 Trillion Shelf Registration bonds”, issued on 20 October 2016.
- “Patriotism triumphs at the UOB Indonesia Painting of the Year Award 2016”, issued on 24 October 2016.
- “UOB Indonesia maintains optimistic outlook on Indonesia’s growth”, issued on 16 November 2016.
- “UOB Indonesia opens SME Centre in Jakarta to deepen support for SMEs”, issued on 13 December 2016.
- “UOB Indonesia offers travelling year end program for its credit card holders”, issued on 14 December 2016.

The press releases were published by top tier Indonesia media in their print edition as well as online platform. This first tier media are Kompas, Bisnis Indonesia, The Jakarta Post, Investor Daily, and Kontan.

E. Implementation of Compliance, Internal Audit, and External Audit Function

1. Compliance Function

a. The Role of Compliance Function

The implementation of Bank’s Compliance Function refers to Bank Indonesia Regulation No. 13/2/PBI/2011 and OJK Regulation No.18/POJK.03/2016.

Following are the roles and responsibilities of the Compliance Function :

- 1) Create steps in order to support the creation of a culture of compliance in the Bank’s business activities at every organisational level;
- 2) Conduct identification, measurement, monitoring, and control of compliance risk with reference to the regulation on the Implementation of Risk Management for Commercial Banks;

- 3) Assess and evaluate in a strict manner and in collaboration with the Business/Support Sectors the effectiveness, adequacy, and conformity of policies, provisions, systems and procedures of the Bank with prevailing regulations;
- 4) Conduct reviews and/or recommend update and refinement of policies, regulations, systems and procedures of the Bank to ensure compliance with the regulations issued by regulators and prevailing legislation;
- 5) Make efforts to ensure that the policies, provisions, systems and procedures, as well as the Bank's business activities are in compliance with the regulations issued by regulators and prevailing legislation;
- 6) Fulfill the anti-money laundering function by ensuring the system for customer transaction monitoring is in line with prevailing guidelines, policies and procedures to support a smooth implementation of the AML&CFT Programs and to protect the Bank against sanctions;
- 7) Identify, assess and document the compliance risks associated with the business activities of the Bank including new products, services, business practices and material changes to existing business and customer relationships, etc;
- 8) Provide regulatory advice and updated information related to the prevailing regulator's regulations and other regulation to all Business and Support Units including Board of Directors and Senior Executive Officers;
- 9) Together with Business Work Functions develop compliance manuals and guidelines related to the applicable regulations issued by regulators, other regulations and key business conduct for use by Executive Officers, Line Managers and staff of the Bank;
- 10) Identify and maintain an inventory of all prevailing regulations issued by regulators and other regulations with the support of internal/external legal counsel where needed;
- 11) Assist the Board of Directors and Senior Executive Officers in educating relevant staff on compliance issues;
- 12) Provide advice, guidance and continuous training for staff on the appropriate implementation of the compliance framework which includes policies, guidelines and procedures such as those contained in the Bank's compliance manuals, internal code of conduct and guidelines;
- 13) Advise the units/divisions in the Bank and/or Board of Directors and Senior Executive Officers on CLRS, the implications of regulatory changes, and provides guidance on the proper and prompt implementation of procedures to comply with the regulatory requirements;
- 14) Monitor, test and report compliance implementation according to Compliance Framework and internal policies or procedures to the Senior Executive Officers

and Board of Directors/Board of Commissioners, if required, to regulators. However, the responsibility for ensuring day-to-day compliance remains within each respective work function;

- 15) Make enquiries into compliance incidents and complaints, and carry out further investigations as deemed appropriate;
- 16) Act as the key liaison body with relevant internal and external parties, including regulators, regarding the Bank's compliance issues;
- 17) Perform responsibilities according to compliance plans and procedures developed in accordance with its compliance framework including conducting compliance reviews using a risk-based approach.

b. Actions to Prevent Breaches of Prevailing Regulations

The Compliance Director through the Compliance Function always monitors and controls the Bank's business activities, so that they do not violate the prevailing regulations by ensuring the Bank's compliance to regulators provisions and prevailing legislation.

This is reflected in measures that have been put in place :

- 1) Support the creation of a compliance culture in all Bank business activities at all levels of the organisation through the establishment of :
 - Compliance Charter;
 - Compliance Organisational Structure;
 - Compliance Guidance;
 - Compliance Standard Operational Procedures; and
 - Compliance Culture Campaign Posters.
- 2) Identify, measure and monitor Compliance Risk and implement control processes through :
 - Compliance Review Procedure; and
 - Supervision of sanctions imposed by regulators
- 3) Establish the Compliance Review & Testing Division to manage compliance risk through the Compliance Review Programme, so that Bank can ensure conformity and adequacy of policy, guidelines, systems and procedures of the Bank with prevailing legislation through :
 - Reports of Compliance Review Results; and
 - Regulatory Risk Assessment Reports
- 4) Provide Opinions on Compliance.
- 5) Monitor and report Follow-Ups to Regulator's Audit Inspection Results.

- 6) Socialise regulatory provisions and provide information on compliance related matters, either through face-to-face socialisation activities or through Compliance News.
- 7) Evaluate the Marketing Material and Checklist.
- 8) Monitor the follow-up of RBBR- GCG improvement by RBBR-GCG (Risk Based Bank Rating-Good Corporate Governance) Working Group.
- 9) Act as liaison officer for compliance related issues between the Bank and regulators or internal Bank units.

c. The Implementation of Good Corporate Governance

The provisions related to the Implementation of Good Corporate Governance for Commercial Banks refer to Financial Services Authority Regulation No.55/POJK.03/2016 dated 7 December 2016 and Bank Indonesia Circular Letter No.15/15/DPNP dated 29 April 2013.

The Bank consistently ensures that the GCG principles of transparency, accountability, responsibility, independence and fairness are implemented in every business aspect and at all levels of the Bank. The five GCG Principles should be applied to at least 11 (eleven) GCG Implementation Factors, and each factor's effectiveness should be measurable with respect to 3 (three) governance aspects as a continuous process.

The three governance aspects are :

- 1) Governance Structure, refers to the Bank's governance structure and infrastructure adequacy to ensure that the outcome of the implementation of the GCG principles meet the expectations of the Bank's stakeholders.
- 2) Governance Process, refers to the effective implementation of the GCG principles, supported by adequate governance structure and infrastructure of the Bank, in order to produce an outcome that meets the expectations of the Bank's stakeholders.
- 3) Governance Outcome, reflects the result of the implementation of the GCG principles that meets the expectations of the Bank's stakeholders with the support of adequate governance structure and infrastructure of the Bank.

The implementation of the GCG principles is evaluated periodically through GCG Self Assessment and the result is submitted to Regulator and the Bank's Management as a part of the Bank's Soundness Rating Report (Risk-Based Bank Rating).

As part of Bank's commitment to continuously improve the implementation of the GCG principles, the Bank has formed the RBBR (Risk-Based Bank Rating) Working Group which aims to monitor, maintain and/or improve the composite rating of Risk

Based Bank Rating. This mechanism is stipulated in the Bank's policy, through Board of Directors' Decision No.13/SKDIR/0064 dated 17 September 2013 on PT Bank UOB Indonesia Soundness Rating System.

The Compliance Unit has also reviewed and revised the previous Compliance Guidance in order to provide guidance for all stakeholders to improve the effectiveness of the Compliance Function implementation, as stipulated in Board of Directors' Decision No. 16/SKDIR/0074 dated 21 December 2016 on Compliance Guidance of PT Bank UOB Indonesia.

Moreover, in line with the Financial Services Authority (OJK) regulation on the implementation of Integrated Corporate Governance for Financial Conglomerates as stipulated in OJK Regulation No.18/POJK.03/2014 and OJK Circular No. 15/SEOJK.03/2015, the Compliance Work Unit has issued the Integrated Compliance Charter for Entities in the Financial Conglomerates of UOB in Indonesia as the umbrella policy for the implementation of the integrated compliance function, as stipulated in Board of Directors' Decision No. 15/SKDIR/0062 dated 30 December 2015 on Integrated Compliance Charter for the Financial Conglomerates of UOB as updated through Circular Letter No. No.16/CMP/0007 dated 16 November 2016 concerning Amendment on Integrated Compliance Charter version 2.0.

PT Bank UOB Indonesia as the Main Entity in the Financial Conglomerates has also issued an Integrated Corporate Governance Guidance as the principal guidelines for each entity in the Financial Conglomerates in implementing their duties and responsibilities as stipulated in Board of Directors' Decision No. 15/SKDIR/0063 dated 31 December 2015 on Integrated Corporate Governance Policy for the Financial Conglomerates of UOB.

2. The Implementation of Internal Audit Function

Pursuant to Bank Indonesia Regulation No.1/6/PBI/1999 dated 20 September 1999 on the Appointment of Compliance Director and the Establishment of Standards for the implementation of Bank's Internal Audit Function (SPFAIB), the Bank has implemented the internal audit function and issued the Internal Audit Charter and Internal Audit Guidelines.

a. Internal Audit Head

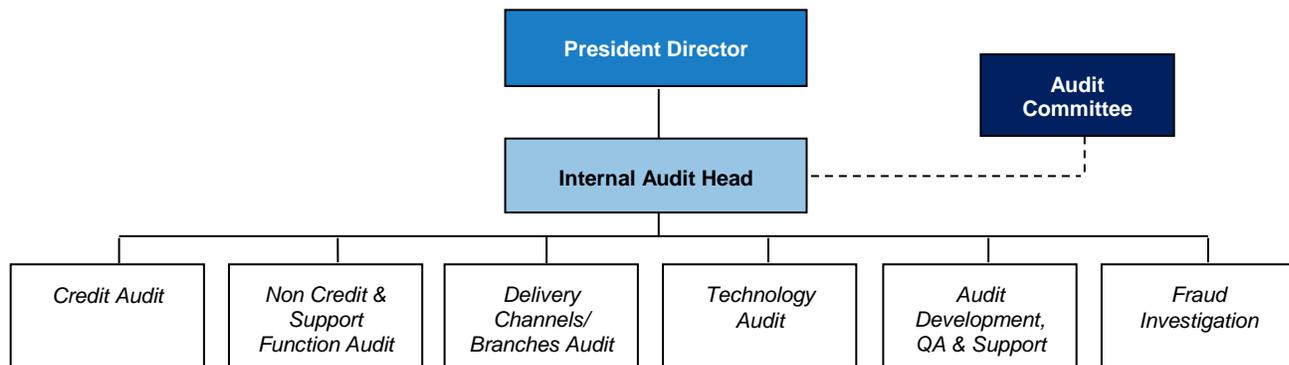
Ridwam Moezwir, serving as Internal Audit Head, 54 years old, domiciled in Indonesia, has joined with UOB Indonesia since 2008. His appointment as Internal Audit Head is pursuant to Directors' Decree No.08/SKDIR/1326 dated 12 August 2008. He hold Bachelor Degree of Economic majoring in Accounting from Padjajaran University, Bandung, and Master Degree of Management from Gajah

Mada University, Yogyakarta, and has experience more than 30 years as auditor financial industry.

b. Competency Improvement of Internal Audit Head

During 2016, the Internal Audit Head has joined Bank’s Internal Auditor Association National Conference, Institute of Internal Auditor (IIA) National Conference, Risk Management Certification Level 5, and UOB Leadership Signature Level 3.

c. Structure of Internal Audit Function



d. Duties and Responsibilities of Internal Audit Function

Internal Audit is part of internal control. The internal audit function is implemented based on the Risk Based Approach, as the basis for auditors to analyse, test and consider issues related to the audit task.

The scope of Internal Audit work should cover audit and assessment and provide independent, objective, reliable, valued and timely services to give added value to the Bank’s operating activities. Internal Audit helps the Bank to achieve its objectives through a systematic, well-directed approach to assess the adequacy of internal control, financial, operational and compliance as well as improving the effectiveness of the governance process, risk management, and internal control that mitigate both current and evolving risks.

The Internal Audit Head reports administratively to the President Director and functionally to the Audit Committee. To support the independence and guarantee smoothness of the audit process as well as the authority to monitor follow-ups, the Internal Audit Head can directly communicate with the Board of Commissioners on audit issues through the Audit Committee, which is conducted through periodic and ad-hoc meetings.

Internal Audit has an evaluation program on the quality performance of internal audits, comprising of Ongoing Performance Monitoring Reviews, Internal Quality Assessment and External Quality Assessment.

e. Internal Audit Professional Qualification/Certification

Bank's Internal Auditor holds internal audit professional qualification and certification , including :

- 1) Competency Certification as an Assessor (Manager Level on Internal Audit Division) from a National Professional Certification Agency (BNSP).
- 2) Competency Certification as an Assessor from BNSP.

f. Disclosure of Internal Audit Practice in 2016

All internal audit findings have been addressed and rectification actions are on track to completion.

Internal Audit has established a follow-up process to monitor and ensure that rectification and risk mitigation has been completed effectively. Significant issues are highlighted to the Audit Committee through audit reports and Audit Committee meetings as well as to Board of Directors meetings.

g. Key Initiatives of Internal Audit in 2017

The Key Initiatives of Internal Audit in 2017 are prepared to increase value added, by always striving to meet the expanding expectations and needs of the stakeholders, by focusing on activities such as :

- 1) Learning and growth perspective through Internal Audit staff development
- 2) Internal process perspective by sharpening the focus (on strategic matters & forward looking), timely annual business plan and 2-year audit cycle, Management Governance Oversight Rating (MGOR) and Governance Risk and Control (GRC) implementation.
- 3) Customer perspective to build impact and influence through guest auditor program.
- 4) Financial perspective through Computer Assisted Audit Techniques (CAAT) development to increase effectiveness and efficiency.

3. The Implementation of External Audit Function

Based on approval of AGM and recommendation from the Audit Committee through the Board of Commissioners, the Bank has appointed a Public Accountant Firm registered with Bank Indonesia, namely Purwantono, Sungkoro & Surja, in which has "BIG 4" qualification and experience in conducting audits of several major banks in Indonesia. In addition, the legality of its appointment and agreement, it has been complied with the applicable regulation.

Public Accountant Firm Purwantono, Sungkoro & Surjamet specified targets and performed the audit independently, and has also met the public accountant professional standards and audit scope as specified in prevailing regulations and as stated in the Engagement Letter between the Public Accountant Firm and the Bank.

Public Accountant Firm Purwantono, Suherman & Surja, according to Bank Indonesia Regulation No. 3/22/PBI/2001 on the Transparency of Bank Financial Condition, has engaged in communication with Bank Indonesia to request information on the condition of the Bank, as well as provide information on the audit process from beginning to end.

F. Implementation of Risk Management Including Internal Control System

For further informations regarding The Implementation of Risk Management Including Internal Control System can be found on page xxx.

G. Related Party Funding and Large Exposure

The Bank has policies on and procedures for Legal Lending Limits and allocation of funds to related parties and large exposures as part of its prudential principles.

The following are loans to related parties and large exposures as of 31 December 2016 :

(in Million Rupiah)

No	Funding	Total	
		Debtor	Nominal
1	To Related Parties	157	2,220,572
2	To Core Debtors	25	17,833,744
	a. Individu	3	1,231,712
	b. Group	22	16,602,032

Note :

- Nominal is all related party outstanding (either included or excluded from LLL calculation, e.g: guaranteed by time deposit, lending to executive officer, with SBLC collateral, Prime Bank)
- Funding to core debtor, based on explanation in form 10 of Periodic Report of Commercial Bank, which covers 25 debtors/groups (one obligor concept) excluding related party in relation to total assets of the Bank, pursuant to Bank Indonesia Regulation concerning Bank Soundness Rating System for Commercial Bank.

H. Bank's Strategic Plan

In order to improve Good Corporate Governance and to comply with regulator provisions, the Bank has proposed a Business Plan detailing the Bank's business activities in the short term and medium term so that the direction of the Bank's policies and strategic objectives follow proper planning, are prudent and follow sound banking principles. The Business Plan took into consideration global and domestic economic development as well as the Bank's vision and values. The Bank has been fully supported by the majority shareholder and by the Bank's capital.

Strategic plans that will be taken by Bank UOB Indonesia to achieve the Bank's vision, mission and objectives are :

1. The Bank is planning to strengthen its capital structure through increasing the supplementary capital in which the issuance will be adjusted to market condition in order to support the business growth.
2. Issues the Continuous Senior Obligation to diversify the funding resources and improve the funding structure of the Bank by taking into consideration the economic conditions, particularly in the interest rate growth to gain a maximum result for the Bank's financial performance.
3. Direct the loan growth to the retail segment.
4. Improve the distribution strategy by maximising the 178 branches located in the right place, also by improving the branch management through regional development from five to seven regions as well as a more structured area distribution.
5. Improve the branches productivity, skills, and the role of sub branch managers into business managers by providing single captain training and opportunities for further career growth. Aside from that, the branch operational managers will keep monitoring the operational activities in the sub branches.
6. Expand the target market and improve the business penetration for payment facilities to gain a market share of non-cash payment, move into the trend for a cashless society and digitalisation in the retail customer segment.
7. Focus on the industries which have a bigger potential demand for cash management services.
8. Long-term partnership with non-retail customers focusing on consumer staple industries: agriculture, Fast Moving Consumer Goods (FMCG) Manufactures and Retail, telecommunications, construction, and real estate including hotel and tourism.
9. Marketing and branding strategy focusing on strong and consistent brand identity.
10. Support the Government program as stated in Nawacita program which comprises 9 agenda items, especially related to the 7th program which is to realise economic independence by empowering the local strategic economy sectors such as micro, small and medium enterprise (UMKM), tourism, infrastructure, maritime and agriculture.
11. Effective cost management.

With proper business strategies and good management practices along with the implementation of prudent principles and compliance with internal and external regulations, it is expected that the Bank's business will grow and give benefits to all stakeholders.

I. Transparency of Bank's Financial and Non Financial Condition Not Yet Disclosed in Other Reports

The Bank has fulfilled the transparency principle in providing financial and non-financial information to the public in a timely, complete, accurate, up to date and comprehensive manner.

J. Share Ownership, Financial Relation, and Family Relation of Board of Commissioners' Member and Board of Directors' Member with Fellow Members of Board of Commissioners, Board of Directors, and/or Controlling Shareholders of the Bank

1. Shares Ownership of Board of Commissioners and Board of Directors

No	Name	Position	Company Name (domestic and overseas)	Ownership Percentage as of 31 Dec 2016 (%)
Board of Commissioners				
1	Wee Cho Yaw	President Commissioner	C Y Wee & Company Pte Ltd	30.00
2	Wee Ee Cheong	Deputy President Commissioner	Kheng Leong Company Pte Ltd	23.67
			Eastern Century Limited	10.40
			KIP Industrial Holdings Ltd	13.00
			Phoebus Singapore Holdings Pte Ltd	26.67
			Portfolio Nominees Ltd	26.01
			Supreme Island Corporation	26.00
			UIP Holdings Ltd	10.00
			Wee Investments (Pte) Ltd	26.01
			Wee Venture (Overseas) Ltd	26.01
			E.C. Wee Pte Ltd	98.00
			C Y Wee & Company Pte Ltd	30.00
3	Francis Lee Chin Yong	Commissioner	Kemaris Development Sdn Bhd	50.00
			Kemaris Holdings Sdn Bhd	50.00
			Kemaris Industrial Sdn Bhd	50.00
			Kemaris Residences Sdn Bhd	50.00
			Kemaris Construction Sdn Bhd	50.00
4	Rusdy Daryono	Independent Commissioner	NIL	

No	Name	Position	Company Name (domestic and overseas)	Ownership Percentage as of 31 Dec 2016 (%)
Board of Commissioners				
5	Wayan Alit Antara	Independent Commissioner	PT Citra Indah Prayasa Lestari	5.00
6	Aswin Wirjadi	Independent Commissioner	NIL	
Board of Directors				
1	Lam Sai Yoke	President Director	NIL	
2	Tan Chin Poh	Deputy President Director	NIL	
3	Iwan Satawidinata	Director	NIL	
4	Pardi Kendy	Director	NIL	
5	Muljono Tjandra	Director	NIL	
6	Soehadie Tansol	Compliance Director	NIL	

2. Financial Relation and Family Relation of Board of Commissioners' Member and Board of Directors' Member with Fellow Members of Board of Commissioners, Board of Directors, and/or Controlling Shareholders of the Bank

Name	Position	Note	Relation Type
Wee Cho Yaw	President Commissioner	Biological father of Wee Ee Cheong	Family relation
Wee Ee Cheong	Deputy President Commissioner	Biological son of Wee Cho Yaw	

K. Disclose of Remuneration Policy

1. Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee (RNC) consist of 3 (three) members namely : 2 (two) Commissioners and 1 (one) Executive Officer in charge of Human Resources or staff representative. Associated with remuneration function, the RNC has duties and responsibilities among other things to evaluate and recommend policies, structure and remuneration amount for the Board of Commissioners, Board of Directors and Senior Executive Officers. In 2016, the RNC has convened 6 (six) meetings in accordance with the Bank's needs. In performing its duties, members of the RNC do not receive any special remuneration where the members of the RNC are

appointed Commissioners and Executive Officer of the Bank, thus the granted remunerations were referring to their main positions and there were no additional remuneration for members of the committee.

2. Preparation Process of Remuneration Policy

With regards to Financial Services Authority Regulation No.45/POJK.03/2015 on Implementation of Governance in Granting Remuneration for Commercial Bank, the Bank has prepared Policies and Structure of Remuneration as approved by the Board of Commissioners and stated in Board of Directors' Decision No.16/SKDIR/0071 dated 16 December 2016 on Policies and Structure of Remuneration. Such policies and structure of remuneration was devised to support organisational capability development which taking into consideration the risk aspect and to provide competitive excellence for business as well as flexibility on responding the Bank's needs and dynamic external market.

3. Granting of Remuneration associated with Performance and Risks

In determining the risks associated with variable remuneration, the Bank has considered the risks that have significant influence to business activities as the key risks with regards to Financial Services Authority Regulation concerning implementation of risk management for commercial bank. The key risks is the risks associated with business activities and have significant impact to the Bank's risk profile, which come from 8 (eight) risks in the Bank's business activities, i.e. credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk, and compliance risk.

Parties who have duties and responsibilities that significantly impact to the Bank's risk profile, are determined as Material Risk Taker (MRT). Considering the duties and responsibilities in decision making which significantly impact to the Bank's risk profile, it was decided that the Material Risk Taker (MRT) of the Bank is the Board of Directors.

The Bank has governed the granting of variable remuneration especially for Material Risk Taker position. The granting of remuneration may be deferred according to the prevailing regulations with taking into consideration the individual performance, business unit performance, and Bank's performance in general. The granting of variable remuneration is exercised to align the remuneration with the taken risk in a proper manner and cover the conformation that reflect : (i) financial and non-financial business performance measurement; (ii) risks associated with the business activities, if relevant; and (iii) necessary time to effectively estimate the business activities results. A weak or negative financial performance may leads to decrease or defer of performance-based variable remuneration, thus impact to the total of compensations. Specific for controlling unit officers, the performance assessment is carried out according to Key Performance Indicator (KPI) which has been stipulated based on their role and function and the granting of variable remuneration on such controlling unit officers are carried out by Human Resources Committee Panel with considering the objectivity and independency.

The provision on Granting of Remuneration associated with Performance and Risks will be implemented starting from 2017.

The deferred variable remuneration is a variable remuneration which has not yet due in which the granting can be deferred partly or entirely, or deleted (malus). The Bank can also withdraw the performance-based variable remuneration which has been paid (claw back) to the material risk takers if there are cases such as material risk, error in financial statements, disgraceful actions, deviations or frauds.

Variable remuneration cannot be hedged, the total of deferred amount for Material Risk Taker is about 40% to 60% of total variable remuneration, with taking into consideration the defer time related to performance achievement. The defer time is at least 3 (three) years based on determined risk period and performance criteria, which going to be implemented in 2017.

In accordance with Policies and Structure of Remuneration that has been prepared, variable remuneration for the Board of Commissioners is a cash bonus while for the Board of Directors are cash bonus and/or deferred cash-based bonus in the form of shares as a long-term incentive. Considering that the provision on Granting of Remuneration associated with Performance and Risks is only implemented starting from 2017, hence the details on remuneration cannot be disclosed.

L. Remuneration Package/Policy and Other Benefits for Board of Commissioners and Board of Directors

1. Type of Remuneration and Other Benefits for Board of Commissioners and Board of Directors

(in Million Rupiah)

Type of Remuneration and Other Benefits	Total Received in 1 (One) Year			
	Board of Commissioners		Board of Directors	
	Person	Total	Person	Total
Remuneration (salary, bonus, routine allowance, tantiem, and other facilities in the form of cash)	6	2.649	6	32.980
Other benefits in kind (housing, transportation, health insurance, etc.) which *)	-	-	-	-
a. can be owned	-	-	-	-
b. cannot be owned	-	-	6	942

*) counted in equivalent Rupiah

2. Description of Remuneration Package for Receiver Group

Total Remuneration per Person in 1 (One) Year *)	Board of Commissioners	Board of Directors
Above Rp 2 milyar	-	6
Above Rp 1 milyar up to Rp 2 milyar	-	-
Above Rp 500 juta up to Rp 1 milyar	3	-
Below Rp 500 juta	3	-

*) received in cash

3. Highest and Lowest Salary Ratio

Description	Ratio
Ratio of the highest & lowest salary of the employees	1 : 89.20
Ratio of the highest & lowest salary of the Directors	1 : 2.46
Ratio of the highest & lowest salary of the Commissioners	1 : 8.30
Ratio of the highest salary of the Directors & highest salary of the employee	1 : 1.79

4. Share Options

During 2016, PT Bank UOB Indonesia did not grant Share Options to Commissioners, Directors or Employees.

M. Number of Internal Fraud Cases and Bank's Effort to Settle the Cases

The number of fraud cases in 2016 is shown in the table below :

Internal Fraud in 1 (One) Year	Total Cases Conducted By					
	Management		Permanent Employee		Non Permanent Employee	
	Previous Year (2015)	Current Year (2016)	Previous Year (2015)	Current Year (2016)	Previous Year (2015)	Current Year (2016)
Total of fraud cases	0	0	3	3	0	0
Has been settled	0	0	3	3	0	0
In settlement process in internal Bank	0	0	0	0	0	0

Internal Fraud in 1 (One) Year	Total Cases Conducted By					
	Management		Permanent Employee		Non Permanent Employee	
	Previous Year (2015)	Current Year (2016)	Previous Year (2015)	Current Year (2016)	Previous Year (2015)	Current Year (2016)
Settlement has not yet been attempted	0	0	0	0	0	0
Has been followed up through legal process	0	0	0	0	0	0

N. Number of Legal Cases and Bank's Effort to Settle the Cases

As of 31 December 2016, the Bank still has some legal cases detailed in the table below :

Legal Cases	Number of Cases		
	Civil Law		Criminal Law
	Bank UOB Indonesia as Plaintiff	Bank UOB Indonesia as Defendant	
Settled (has permanent legal power)	0	8	0
In settlement process	2	25	0
Total	2	33	0

O. Legal Cases Faced by the Board of Commissioners and Board of Directors

Throughout 2016 there were no important cases faced by the Bank involving members of the Board of Commissioners and/or Board of Directors.

P. Administrative Sanctions

During 2016, there were no significant administrative sanctions. Most of the administrative sanctions imposed were caused by error and lateness in transactional reports. The Bank has followed-up improvement action in reporting, as well as the risk mitigation such as by conducting training and improving systems and controls.

Q. Transactions Involving Conflict of Interest

During 2016 there were no conflict of interest transactions that could potentially harm or reduce the Bank's profits.

R. Bank's Share and Bond Buybacks

During 2016, the Bank did not perform any share or bond buyback.

S. Donation for Social and Political Activities During the Period of 2016

Bank UOB Indonesia believes in its ability to actively develop a better environment by participating in various activities to develop the community. Below are the Bank's activities in 2016 :

Category	Activities Type	Description	Total Fund (in Rupiah)
Social and Community Relation	UOB Love, Cook & Share	To help and support childrens' welfare in Indonesia especially in providing health foods as well as providing basic financial education	30,000,000
	UOB Heartbeat	UOB Indonesia raised funds from its employees for Indonesian artist empowerment through Yogyakarta Bienalle Foundation	100,000,000
		UOB Indonesia raised funds from its employees to help children with special needs through Daya Pelita Kasih Foundation	150,000,000
Religious	Sacrificial Livestock Event	To celebrate Islamic Day of Sacrifice 1437 H, we made an offering of 9 (nine) cows for 1.400 people (staff and neighbours)	215,680,509
	Giving Staple Food Package	To celebrate Idul Fitri 1437 H, UOB Indonesia gave staple food packages to 1,245 UOB non staff members, in the form of shopping vouchers	250,628,770
	UOB Christmas Celebration	UOB Indonesia staff organized an annual event and raised funds to help Bhakti Asih Multiple Disabilities Orphanage and Rindang Asih Nursing Home	23,000,000
Education	Scholarship for Employees' Children	Education donations for 131 employees' children with outstanding achievements	123,650,000
	Scholarship for Employees	Education donations for 3 employees with outstanding achievements to seek higher education	120,220,000
	Internship	Provided an opportunity for final-year students to have an experience in the work environment	114,825,000
Financial Literacy	UOB Inspiration	Provided financial education through UOBI Inspiration "Digitalization Workshop & Business Plan Competition" for students of Bandung Institute of Technology	240,000,000
	UOB Career Day	Provided financial education through UOBI Inspiration " Financial Education & Career	60,000,000

Category	Activities Type	Description	Total Fund (in Rupiah)
		Workshop” for students of University of Indonesia and Indonesia Banking School	
	HR Experts Gathering	Provided financial education to increase financial knowledge in cooperation with HR from various industries through “HR Professional Gathering”	6,000,000
	Financial Education and Workshop	Organized talkshow seminar entitled “Economic Outlook “Post Indonesia Economic Reform & US Election : What’s Next for Indonesia ?” to focus in building relationship with customers and give information regarding Economic Outlook 2013 to UOB’s customers	500,000,000
	Financial Education Staff Volunterism	Through “Wealth Management Advisory” event provided education in financial planning and solution available in the bank	20,098,308
	SME Business Center	Through SME Business Center event, provided financial education in investment, loans and cash management in general with entrepreneur and expert in culinary business, fashion, travel & SME financing, and digital marketing as speakers	40,000,000
	SME Bankers Certification Program	Provided education in investment, loans and cash management in general for university in Bandung through SME Bankers Certification	10,000,000
Art	Bazaar Art Jakarta	Organized “Bazaar Art Jakarta” comprising art from art collectors, gallery owner and Indonesian artists which was aimed to introduce art to children between age of 8-12 years through a painting competition	150,000,000
	Painting Competition	Organized the 6 th UOB Painting of the Year competition in 2016 to promote local artist and to bring Indonesian arts into Regional level	704,020,250
Total Contribution			2,858,122,837

T. Code of Conduct

1. Code of Conduct

The code of conduct is the basis of the Bank's corporate governance framework which reflects the Bank's commitment to act fairly, properly and does not break the law. The management and employees, without exception, are committed to continue and enhance the implementation of corporate governance practices that promote moral and ethical principles appropriate to Bank's code of conduct.

2. Coverage of Code of Conduct Implementation

All parties including the Board of Directors, Board of Commissioners and employees without exception, must understand, comply with and implement the Code.

3. Main Points of the Code of Conduct

The Bank periodically reviews the contents of the Code of Conduct and Code of Conduct as well as disseminating them to all employees and management, ensuring the guidelines and codes of conduct are understood and executed. The Bank's Code of Conduct is outlined in 6 (six) components, namely :

a. Responsibilities to the Bank

The Bank is obliged to cooperate with external and internal investigators, the obligation to safeguard the interests of the Bank in terms of intellectual property rights, the use of information technology tools for Banks, recording and accurately, in accordance with the document storage and the prohibition to influence employees or other parties related to business relationships (non-solicitation).

b. Responsibilities at the Work Place

The Bank is responsible to create a conducive working environment and non-discriminative.

c. Responsibilities to the Customers and Other External Parties

The Code of Conduct contains provisions which prohibit employees from accepting any gift or money from external parties, and require employees to exercise appropriate business judgement when selecting third-party business associates. An employee may participate in political activities if he or she has obtained prior approval from Human Resources function.

d. Confidentiality

Every employee shall protect the privacy of customers as well as the confidentiality of customers' data.

e. External Investment and Activities

The Bank prohibits insider trading, avoid involvement in transactions that contain conflict of interest and prohibit any activities outside the Bank which directly or indirectly may interfere the performance of that employee and/or Bank.

f. Legal Provisions and Other Major Compliance

The Bank's provisions prohibit any violation of the prevailing anti-trust law and oblige employees to comply with all prevailing laws and regulations.

4. Dissemination of Enforcement and Sanctions of Code of Conduct

Socialization for the Bank's Code of Conduct has been executed since the employee joined in the Bank by reading, understanding and signing to comply and follow the

Bank's Code of Conduct. In ensuring that the employee has read, understand and implement the provision of Bank's Code of Conduct, the Bank requires its employee to fill a declaration letter for an annual basis, in which the content is to declare that the employee has read and understand the provision of Bank's Code of Conduct as a refreshment.

As an enforcement action, the Bank has also monitored the transactions of the employee's account and used a vendor to screen the data and profile of the employee candidate and also conducted Debtor Information System checking.

It is expected that the employee will have a responsibility and also actively participated in preserving and enforcing the provision of Bank's Code of Ethics.

U. Corporate Culture

The Bank believes in the importance of fundamentals aspect in doing business. To that end, the Bank utilises its experience and expertise to support customers wherever they are. The Bank strives to provide the right solutions for customers to grow their assets, manage their business, and capture opportunities across the region. The Bank also believes in the importance of nurturing deep relationship and staying committed for economic and society growth where we operate.

In this way, the Bank creates value for all of stakeholders, now and in the future.

The core values of the Bank are as follows :

1. Honourable

We act prudently to fuel our customers' success and maintain the highest professional and moral standard in all we do.

2. Enterprising

We possess a forward-looking mindset, provide deep insight and taking initiative to find solutions.

3. United

We reach our corporate and individual goals through cooperation, mutual respect and loyalty.

4. Committed

We are accountable for ensuring that UOB is a trusted source of stability, security and strength.

V. Whistleblowing

The Bank has established a policy and procedures for whistleblowing. This policy provides for any employee to report in confidence any breach or potential breach of laws, regulations, and the Bank's policies, guidelines and code of conduct. The Bank prohibits reprisal against whistleblowers who have acted in good faith. Whistleblowers may report through Whistleblowing Hotline, or to their respective direct supervisor, Head of Internal Audit, President Director or Chairman of the Audit Committee.

1. Whistleblowing Procedure

Any whistleblowing report should be made based on fact. Anonymous reports received will be handled according to established procedures. The whistleblower must provide clear information and evidence which can be investigated and followed-up accordingly and has to be submitted either verbally or written to their direct supervisor/manager. However, the process relies on the severity or sensitivity of the related issues and the party suspected to commit the offence. If the whistleblower feels uncomfortable to report the issue or has suspicion on the management staff (including direct supervisor/manager) and the Directors, then the report must be directly submitted to the Head of Internal Audit or Chairman of the Audit Committee.

2. Protection for Whistleblower and Reported Party

Whistleblower submitting the report according to the policy, and acting in good faith, will be protected from the risk of dismissal or retaliatory action. The protection is not valid for a whistleblower who intentionally submits a false report, or reports made with malicious intent. The Bank will protect the whistleblower's identity and will not disclose his/her identity without their permission. If there are any particular circumstances where the Bank fails to settle the issue without disclosing the whistleblower's identity (e.g. due to the evidence is required by the Court), Bank will discuss it with the whistleblower on how to follow-up this issue. The Bank assures that every report submitted to the Bank's officers will be treated with a high level of confidentiality. The Bank will also optimally strive to protect the confidentiality of whistleblower or a suspected party, and for anyone who provides information during the investigation process based on the prevailing laws. Internal Audit officers who are in charge of Whistleblowing Hotline will respond to every report submitted as well as ongoing issue through the following mechanism :

- Investigated by appropriate Unit/Division.
- Referred to the Police Department through Whistleblowing panel/committee.
- Recommended to the Audit Committee.

If a necessary action required to be done immediately, it can be carried out before another investigation being settled. The policy implementation is not limited to the complaint severity, credibility and the extent to which it can be verified by existing sources

3. Result of Whistleblowing

During 2016, there were 5 (five) cases reported through whistleblowing hotline and all cases have been resolved.

W. Internal Communications

The Bank uses various internal communications media to educate its employees about banking industry, and to provide information on related business activities, policies, and the Bank's plan. The internal communications network consist of :

- **UOB Intranet Portal**

Containing important information to support Bank's services and daily operations.

- **CEO Message**

Containing information about Bank's strategic plan and achievement, also congratulatory messages on religious and cultural activities presented by the President Director.

- **E-Learning**

Conducted as a refreshment of implementing the Bank's policy information in which all UOB staff must participate in. The information provided includes policies on Know Your Customer, Anti Money Laundering, IT Security Awareness, Fair Dealing, Insider Trading and other policies related to banking operations

- **Daily News**

Sent on a daily basis to all staff which containing news summaries associated to financial institution and UOB Indonesia coverage in various printed and online media

- **Hello UOB**

Containing general information presented by Strategic Communication Work Function related to UOB Indonesia corporation both internal and external activities.

- **HR News**

Sent to all staff which containing information on policies related to human resources in the Bank's environment.

- **PFS News**

Containing information related to promotional activities carried out bu Personal Financial Services Work Function on privilege banking, savings, time deposits, credit cards, housing loans and other internal events held by PFS.

- **TSB News**

Containing information on activities conducted by Transaction Banking Work Function.

- **CASQ News**

Containing routine publication on information associated to customers services.

- **IT News**

Containing information related to policies implemented in information and technology system within the Bank's environment.

- **UOB One**

Is an internal electronic magazine which is sent through email to all employees of the Bank.

- **Risk Management**

Containing information on risk implementation policies in the Bank.

- **Poster**

The Bank created posters which contain information related to the Bank's policies, and stationed in staff's offices, both in head office and branch offices.

- **Screen Saver**

The Bank utilise the employees' computer screen saver to provide the latest information about programs related to the employees' personal development.

X. Corporate Social Responsibility

UOB Indonesia is dedicated in helping customers to manage their personal and business financial, and in conducting the Bank's business activities, we also committed in empowering the community where we operate. On that, the Bank is actively participating in the community through Corporate Social Responsibility.

Y. Customer Protection

UOB Indonesia conducts its business in a responsible manner. We provide quality services to our customers and ensure their financial needs are met. Our Customer Service and Call Centre always support every need of customer transactions. To ensure that the complaints and concerns of customers is well responded, the Bank implements a policy for handling complaints and settling disputes with customers.

Bank procedures in receiving customer complaints in a branch office or our business units and for the settlement of disputes carried out in accordance with Indonesian laws and other regulations through Circular No. 14 / CSQ / 0005 regarding Revised Guidelines for Acceptance and Settlement of Customer Complaints. Customers who want to give feedback on the services of the Bank can fill out a form provided by Customer Service Officers at our branches.

In addition, the Bank also provides information to customers about banking mediation through posters mounted on our branches. Bank Call Centre is equipped with an automatic answering machine and call center agent service for 24 hours. Call Centre handles customer questions about credit cards, savings and loans.

We continuously improve the quality of service, therefore the Bank regularly holds special development program for the agents to increase their knowledge and ensure the delivery of accurate information to customers.

Table of Customer Complaint in 2016

Period	Within SLA		> SLA	Remarks			Completion Ratio (%)
	<5 days	5-20 days	>20 days	Completed	In Progress	Total	
1 st Quarter	328	47	10	385	110	495	77.78%
2 nd Quarter	363	48	17	428	91	519	82.47%
3 rd Quarter	290	43	10	343	60	403	85.11%
4 th Quarter	252	15	3	270	95	365	73.97%
Total	1,233	153	40	1,426	356	1,782	80.02%

SLA : Service Level Agreement

Z. General Conclusion of Good Corporate Governance Implementation Self Assessment Result of PT Bank UOB Indonesia

UOB Indonesia conducted a self assessment of its implementation of Good Corporate Governance principles as of December 2016. The Bank is rated by comparing its Good Corporate Governance implementation against the minimum criteria set by Bank Indonesia.

The Management is fully aware that the Bank should implement Good Corporate Governance to gain trust from customers as well as shareholders.

The Bank believes that Good Corporate Governance should be achieved with high standards in order to support business (for business growth, profitability, and value-added for all stakeholders) as well as to enhance its ability so that long-term business sustainability can be achieved.

Based on the GCG Self Assessment in the 2nd Semester of 2016, the Bank scored a composite rating of **2**, which means that the Bank has achieved generally ‘**Good**’ GCG implementation. This is reflected by the adequate fulfilment of GCG principles.

Below is the result of GCG Self Assessment viewed from the aspect of governance structure, governance process and governance outcome.

The Bank has conducted a self assessment of the implementation of Good Corporate Governance principles for the period of January to December 2016. In general, the Good Corporate Governance principles have been applied to satisfy all eleven assessment factors and has included aspects of governance structure, governance process and governance outcome adequately.

Based on the assessment of the Governance Structure aspect, the Bank's organisational structure is made up of a Board of Commissioners, a Board of Directors and Committees, as well as work functions according to the Bank's needs and has complied with regulatory requirements. Its organisational structure is supported by completeness of policies and procedures, and management information system, as well as the provision of main duties and functions. These include several parameters to prevent losses that may arise from errors, oversight, and etc. The control is performed based on the whole of Internal Control System. The Board of Commissioners and Board of Directors have the responsibility to ensure the adequacy of sufficient management and monitoring on various risks faced by the Bank.

Similar to the assessment of Governance Process, the Bank has periodically conducts inspections to ensure the effectiveness of the implementation of Bank's policies, procedures and management information system by an independent Internal Audit Work Unit and External Audit.

The Bank is being managed based on three line defense mechanism. The implementation of three line of defense mechanism involved the risk taking unit (both Business Unit and Support Unit) as the first line of defense. Risk Management Function as the second line of defense and Internal Audit Function as the third line of defense. Concerning the good corporate governance, the Bank's management has performed, the following :

- Approved the periodic reviews on several policies, frameworks, work processes, products, risk measurements, changes in Bank's activities, changes in interest rate, risk limit stipulation, credit approval authority, credit policies, credit write-off policies, and others.
- Ensured the adequacy of qualified human resources including the adjustment on organisational structure of Bank to be more focused and effective.
- Prepared the annual operational plan which covers the Bank's infrastructure development plan, human resources including training plan to improve staff qualifications.
- Disclosed the implementation of good corporate governance including the Bank's risk governance through print and electronic media to the shareholders and stakeholders (customers, suppliers, vendors, regulators, the public, rating agencies and other related agencies).

In the assessment of Governance Outcome aspect, the Bank has consistently met the expectation of stakeholders, namely :

- Adequacy of report transparency;
- Compliance with laws and regulations;
- Customer protection;
- Objectivity in performing assessment/audit;
- Bank performance (in earnings, efficiency, and capital); and

- Improvement of compliance with prevailing provisions.

From the Bank's achievement, by the end of 2016 the Bank has shown a good performance which can be seen as follow :

- Capital Adequate Ratio (CAR) at 16.43%, above the minimum requirement at 9.625%;
- Increase in net profit before tax by 5%; and
- Lending growth by 7.5%.

These are reflecting that the Bank's Business Plan has been carried out effectively.

Moreover, under the the tax amnesty programme, the Bank facilitated repatriation of funds in the amount of IDR 4,201 billions from 177 customers and compensation fees in the amount of IDR 1,646 billions from 3,950 customers.

Based on the assessments results of the governance aspects, a few areas for enhancement have been identified as follows :

1. Improvements are still required in the Bank's internal control system, There were administrative sanctions imposed by regulators due to error in reporting, which was generally caused by human factor and lack of control from supervisor. As for improvement actions and prevention of similar incidents from occurring, the Bank has carried out the followings :
 - Prepared renewal on Guideline of Risk Based Key Performance Indicator (KPI) Adjustment, where the penalty upon regulatory breaches will be heavier;
 - Instructed relevant units to improve dual control;
 - Formed a task force to analyse the potential for error in reporting to regulators and to implement necessary improvement actions; and
 - Conducted refreshment training for reporting officer as well as supervisors.
2. With the growth in the Bank's business and complexity, seen from the increase of total assets and variety of product and new programs, it is predicted in the future the number of IA's staff is not enough. To overcome this situation, IA is developing its offsite audit (desk audit) activities to ensure the smoothness of audit processes.
3. There is a lack of Bank guidelines for preparation of annual publications. The Bank is in the process of preparing the aforementioned internal guidelines.
4. There is room for improvement in Risk Control System particularly for Credit Risk and Operational Risk.

RISK MANAGEMENT

Risk Management has a very important role for the Bank to support the sustainability of business activities. A good risk management implementation may support the Bank in order to prevent losses and minimize future potential losses. Additionally, a proper and effective risk management implementation also could provide additional value for shareholders, as the Bank could take proper anticipation measures through the availability of the updated information on potential risks.

Risk Management in UOB Indonesia ("Bank") is implemented thoroughly to support the sustainability and business growth of Bank. This process is in accordance with the Risk Management Vision which is *"To embed a strong risk management culture in order to support a sustainable, trustworthy and sound business growth"*. With this strong risk management culture, variety of risks arised from business activities of the Bank shall be consistently identified, managed, monitored, supported with internal control, and followed up the appropriate measures, to minimize the impact of risk, if or when it occurs. The impact of failure in mitigating risks on a timely basis may be very significant. However, if the risks are identified and mitigated effectively and promptly, it may result in opportunities for the business development. Hence, the Bank consistently develops and implements Risk Management controls for all of the inherent risks.

In order to achieve the Risk Management Vision, the Bank applies the following Risk Management principles:

- Delivery of sustainable long-term growth through by embracing sound Risk Management principles and business practices.
- Continual improvement of risk discovery capabilities and risk controls.
- Conduct of business development within a prudent, consistent and efficient Risk Management framework that balances risks and returns.

The risks taken by the Bank in implementing its business strategies are managed in accordance with the Bank's prudential principle. Bank also has determined Risk Management Values which are "AWARE" (*Accountable, Weighted, Accurate, Responsive, and Excellence*).

The Bank's risk management framework are implemented based on the Three Lines of Defence principle, which is as follows:

1. First Line of Defence - Risk Taking Unit

Consists of business and supporting units, responsible to manage risks from their business activities, including managing risks in accordance with the established risk policies, limits, and appetite.

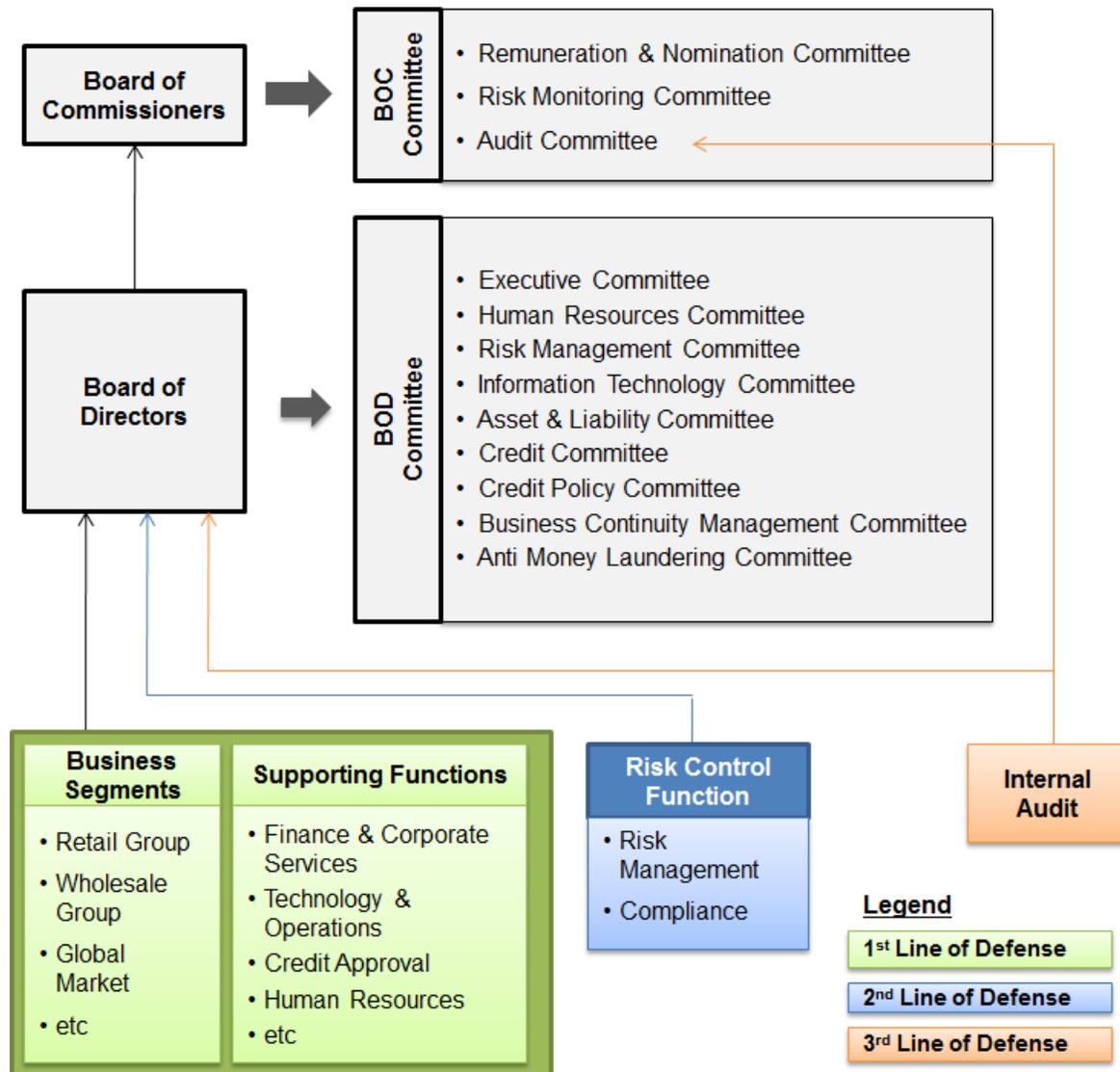
2. Second Line of Defence - Risk Oversight

Consists of the Risk Management Function and the Compliance Function, responsible to develop risk management policies and frameworks, risk appetite, and limits. As part of their governance oversight, both of these Functions are also responsible to conduct independent reviews and oversight of the Bank's risk profile, including reporting any material risks to the

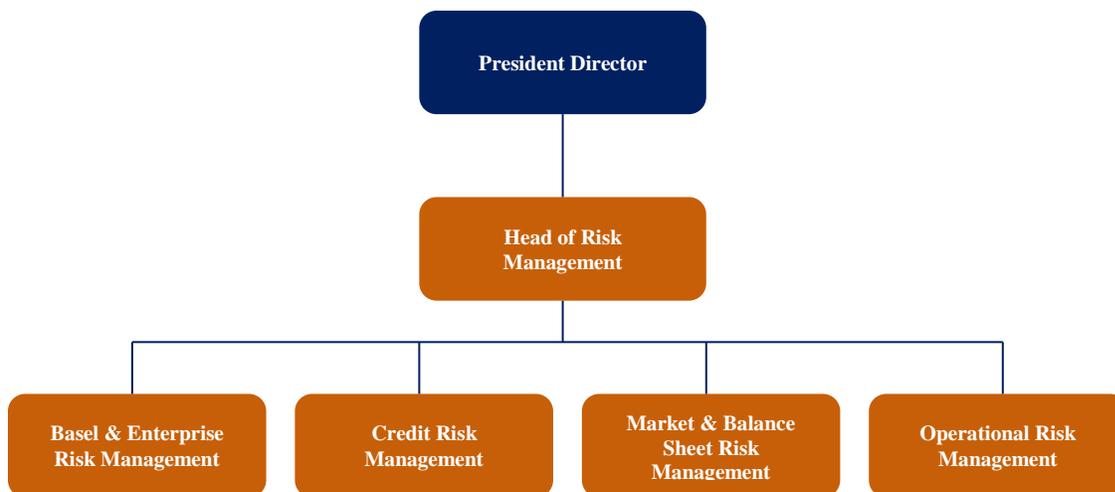
respective management.

3. Third Line of Defence - Independent Audit

Consists of the Internal Audit Function and External Audit, responsible to conduct risk based audits covering all organizational aspects to ensure the effectiveness of Risk Management implementation.



As governed in the regulatory provision, the Bank established an independent Risk Management Function which directly reports to President Director.



Risk Management Function, actively reviews the overall risk appetite and risk limits for each type of risk, develops Risk Management policies and procedures in accordance with the business strategy of Bank, and emphasizes that the risk management process should also involve all relevant parties in the business lines. Hence, Bank seeks to build a strong Risk Management culture through the implementation of various risk awareness campaigns coordinated by Risk Management Function.

Risk Management aims to improve the quality of managing the Bank through two aspects, which are to maintain capital and optimize returns in accordance with the risk appetite. Due to a wide scale of operation and increase of business volume, Bank continuous to improve the quality of risk management in comprehensive and integrated manners (Enterprise-Wide Risk Management) through process of identification, measurement, monitoring and controlling risk exposures across all organizational lines promptly and accurately.

A. General Risk Management Implementation

Bank implements Risk Management Framework which covered the implementation of four pillars of Risk Management in accordance with OJK Regulation No.18/POJK.03/2016 regarding Risk Management Implementation for Commercial Banks which consists of:

1. Active supervision of the Board of Commissioners and Directors.
2. Adequacy of policies, procedures, and limits.
3. Risk Management processes and Risk Management information system.
4. Internal control system.

with brief explanations as follows:

A.1 Active Supervision by Board of Commissioners & Directors

Board of Commissioners and Directors are responsible to ensure the adequacy of Risk Management implementation aligned with the characteristics, complexity, and risk profile of

the Bank, and to have a good understanding of the types and levels of risks inherent in the business activities of the Bank.

The Bank has several committees at the Board of Commissioners level which consists of the Risk Monitoring Committee, the Remuneration and Nomination Committee, and the Audit Committee. In the process of supervision, the Risk Monitoring Committee conducts regular meetings with the Risk Management Function to oversee the implementation of the Risk Management Framework in the Bank.

Meanwhile at the Board of Directors level, the Bank has various committees such as the Risk Management Committee (RMC), the Asset and Liability Committee (ALCO), the Credit Policy Committee (CPC), and others. The duties and responsibilities of these committees are to review the adequacy of the Risk Management methodologies, policies, procedures and authorization of limits. These duties and responsibilities are documented in the Terms of Reference of each committee.

To support the Risk Management implementation, the Board of Directors determines clear qualification criteria for risk management personnel and ensures sufficiency of competent staff through recruitment and various programmes including continuous development and training, succession planning and job rotations. These ensure that officers and staff understand and manage risks in accordance with the Risk Management Framework.

A.2 Adequacy of Policy, Procedure, and Limit

The Bank establishes various Risk Management Frameworks, Policies and Procedures to identify, measure, monitor and control risks. The Risk Management Function continues to develop and update these frameworks, policies, and procedures to align with the changes in the Bank's business activities and any regulatory requirements.

The Bank reviews the risk appetite regularly in order to align with the changes of internal and external conditions of the Bank, management expectations, as well as the regulatory provisions. Risk limits have been in place for various risk types and in line with the Bank's risk appetite. All excess limits and any significant changes are escalated to the related Directors and officers for further action plans.

A.3 Risk Management Process and Risk Management Information System

Bank implements Risk Management through four stages; which consists of:

- a. Risk identification is conducted pro-actively, by analyzing all sources of risk on the products and activities of Bank, including ensuring the adequacy process of identification and assessment of the inherent risks on new products and activities prior to its launch.
- b. Risk measurement is conducted in regular basis to measure overall and individual risk factors and exposures on all products and business activities of Bank.

- c. Risk monitoring covers monitoring the level of risk exposure, risk tolerance, internal limit compliance, stress testing result, and consistency between the implementation and established policies and procedures.
- d. Risk controlling is conducted through a framework of policies, processes, and procedures which include the determination of exposure and concentration limits, proper segregation of duties, and other risk mitigation methods as well as improvement of control functions at all activities of Bank.

To support the overall Risk Management process, the Bank implements and develops a robust Risk Management information system in order to identify, measure, monitor, and control risks. The Risk Management Function also provides various reports of the Bank's Risk Management implementation to the Board of Directors and Senior Executive Officer, as well as regulators.

The Bank conducts investment to build and develop Information Technology based automation systems to ensure the accuracy of risk profile monitoring process result. Some of these automation processes have been in place to identify and detect any changes in the risk profile promptly and accurately so that the Bank can take effective and efficient risk mitigating measures.

A.4 Internal Control System

An effective internal control system is performed toward the implementation of business and operational activities at all organization levels to support the process of Risk Management implementation based on the established policies and procedures which include:

- a. Conduct segregation of duties between operational units with risk control units.
- b. Assign an independent Risk Management Function, which responsible to develop various Risk Management policies and limits, develop risk measurement methodologies, and perform data/model validation.
- c. Assign an independent Internal Audit Function, which responsible to conduct periodic audits, document audit findings and management responses of the audit result, and review follow up of audit findings.
- d. Review and monitor every transaction and functional activities that have risk exposures as necessary, which is performed by each unit.

B. Risk Management Implementation for Each Risk Type

Bank established various Risk Management policies which consists of 8 types of risk; Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Compliance Risk, Strategic Risk, Legal Risk and Reputation Risk.

B.1 Credit Risk

Credit Risk is defined as the risk of loss arising from any failure by a debtor or a counterparty to fulfill its financial obligations as and when they fall due. Credit Risk is the single largest risk that the Bank faces in its core business as a commercial bank, arising primarily from loans and other lending-related commitments to retail, corporate and institutional borrowers. Treasury and capital market operations, and investments also expose the Bank to counterparty and issuer Credit Risks. The Bank believes that a disciplined approach towards credit risk measurement is essential to the effective understanding and management of credit risk.

Credit Risk Management Governance Structure

Board of Commissioners, Directors and Senior Executive Officers are responsible to ensure the Bank's governance activities as follows:

- a. Ensure the adequacy of Risk Management resources;
- b. Review the overall risk profile, limits and tolerance;
- c. Review and approve risk measurement models and approaches;
- d. Approve Bank's credit policies;
- e. Approve credit concentration limits (including collateral, country/cross border, industry, borrower, obligor and portfolio limits);
- f. Approve Internal Rating-Based (IRB) parameters, models and scorecards in accordance with the Bank policies.

To support the above responsibilities related to Credit Risk Management, the Bank has several committees at Director level such as Credit Committee (CC) and Credit Policy Committee (CPC).

In April 2016, the Bank also established Credit Management Working Group (CMWG), a working group chaired by the President Director with the purpose of:

- a. Monitoring credit portfolio;
- b. Monitoring credit quality and other matters related with watch list and special mention accounts;
- c. Developing action plan and performing credit restructuring for any credit with deteriorating collectability;
- d. Developing collection strategy, asset selling, and performing foreclosed assets for credit with deteriorating collectability/NPL.

Credit Risk Management Division (CRM) provides independent oversight of Credit Risk and is responsible to report and conduct analysis of all elements of Credit Risk. CRM develops various core policies and guidelines related to Credit activities, and also monitors and manages Credit Risk within the established framework. CRM actively engages with business functions to manage credit issues, which focus in facilitating the prudent business developments, consistently and in accordance with the Credit Risk Management framework. It aims to create added value for the Bank through the implementation of Credit Risk method

and policies consistently.

To maintain independency and integrity of the credit approval process, Credit Approval Function is separated from business functions. Credit Approval Function is independently responsible for performing overall analysis, evaluation, and credit approval without relying on external credit assessors. Credit Approval Function performs its duties guided by the credit policies, product programmes and credit initiation guidelines.

Furthermore, the Bank has an independent credit review process and independent credit processing function, to ensure all accounts are properly graded and classified according to internal policies and regulatory provisions.

Credit Risk Management Policies

Bank established the various following policies to manage Credit Risk:

- a. General Credit Policy for Corporate, Commercial, Bank (including Non-Bank Financial Institution) and Sovereign that governs the principles of credit extension and the broad credit principles and standards by which the Bank undertakes and manages Credit Risk. This policy also includes the Credit Classification rule that governs the assessment of credit quality based on five credit grades of Pass, Special Mention, Substandard, Doubtful and Loss.
- b. Consumer Credit Policy that governs the principles of credit extension, the credit principles and standards by which the Bank undertakes and manages Credit Risk for the consumer segment.
- c. Credit Concentration Risk Management Policy that manages Credit Concentration Risk.
- d. Credit Restructuring Policy (Non-Retail) provides guidance on restructuring credit facilities to borrowers who are facing difficulties in meeting their financial obligation to the Bank.
- e. Green Banking Guidelines, on the Bank's role to support the Government's programme to preserve the environment.
- f. Watchlist Accounts Guidelines provide the criteria of watchlist accounts and guidance on the management of watchlist accounts. These watchlist accounts require close monitoring due to the potential deterioration of borrower's repayment capability.
- g. The Asset Classification Policy lays down the guidelines for classifying exposures into the Basel II Asset Classes for Risk Weighted Asset calculation.
- h. The Credit Risk Mitigation Policy specifies the types and minimum requirements for collateral, guarantees and credit derivatives to be eligible for capital relief.
- i. Credit Risk Scorecard & Override Rating Policy, contains the Bank's override policies and guidelines for adjusting the rating output.
- j. The Workflow for Basel II ECAI (External Credit Assessment Institutions) Process lays down the guidelines for obtaining and maintaining the external ratings of debtors for Risk Weighted Asset calculation.
- k. Credit Risk Management Framework that governs the management of Credit Risk in the Bank.

Credit Risk Management Framework

Credit Risk Management framework covers the whole cycle of Credit Risk, supported by comprehensive Credit Risk process, which also use models to quantify and manage the risk efficiently and consistently.

Credit Risk Mitigation

As a basic principle of credit activity, the Bank does not grant credit facilities based solely on the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate Credit Risk. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity, and volatility of the collateral value. The main types of collateral taken by the Bank are cash, marketable securities, real estate, equipment, inventory and receivables.

Credit Assessment & Approval

Approval of credit facilities and exposures to borrowers and/or other counterparties is in accordance to the credit discretionary limits approved by Executive Committee. Bank has established a structure for the delegation of Credit Discretionary Limits (CDL), including the escalation process for approval of exception, excesses and credit extension beyond prescribed limits.

The credit approval authority is delegated through a risk based CDL structure where the CDL to approve a credit is scaled according to the borrower's credit rating. Besides, the delegation of CDL follows a stringent process that takes into consideration the experience, seniority and track record of the officer. Credit Risk Management Division acts as the custodian of the CDL structure to ensure that the CDL's are properly administered.

Credit Management and Special Asset Management

The Bank classifies its credit portfolios according to borrower's ability to repay the credit facility from their normal source of income. Any account which is delinquent or in excess for more than 90 days will automatically be categorized as Non Performing Loan by the Bank's NPL system to ensure independence of classification.

All borrowing accounts are categorized into Pass, Special Mention, or Non-Performing (Substandard, Doubtful or Loss) in accordance with the regulatory provisions. Account grading must be supported by a credit assessment based on the repayment capability, cash flows and financial position of the borrower.

Credit Management and Special Asset Management Divisions respectively monitor weak credits and manage non performing assets. These units are separate from the loan origination units to ensure independency and objectivity in managing non performing loans.

Impairment

Credit facilities are downgraded to impaired/non-performing loan status when any of the following criterias are met:

- a. the principal and / or interest are in past due more than 90 days;
- b. the outstanding amount, including interest of a revolving credit facility is in excess for more than 90 days;
- c. the credit facility exhibits weaknesses that render a classification appropriate, although the amount past due or in excess is less than 90 days.

Bank uses both Individual and Collective approaches in determining the impairment allowances.

Credit Exposures under Basel II

Bank currently uses the Standardized Approach under Basel II to measure the risk weighted asset (RWA) for Credit Risk. The guidelines for assignment of credit exposures to Basel II asset classes are documented in the Asset Classification Policy.

Under the Standardized Approach, Bank's exposures are classified into 11 asset classifications and portfolios, as follows:

- a. Sovereign
- b. Non Central Government Public Sector Entities
- c. Multilateral Development Bank
- d. Banks
- e. Corporate
- f. Employee/Retiree
- g. Claim Secured by Residential Property
- h. Claim Secured by Commercial Real Estate
- i. Overdue Claims
- j. Other Assets
- k. Claims on Micro Business, Small Business, and Retail Portfolio

Currently, Bank only recognizes credit ratings from Fitch Ratings, Moody's Investors Service and Standard and Poor's.

B.2 Market Risk

Market Risk is the risk of loss arising from movements in market variables on the position held by the Bank which can result in losses for the Bank. Market variables that influence the position of the Bank are interest rates and exchange rates, including changes in the price of the option.

Market Risk Management Governance Structure

Board of Directors delegates authority to Assets and Liabilities Committee (ALCO) to provide oversight on Market Risk Management. ALCO reviews and provides direction on all market risk related matters.

In practice, ALCO is supported by Market and Balance Sheet Risk Management (MBR) Division. MBR Division, particularly through Market Risk Management and Control Unit, is an independent risk control unit that is responsible to operationalize the Market Risk Management framework in order to support the business growth and ensure the adequacy of risk control and oversight.

Bank established the roles and responsibilities on each level of the position which related to the implementation of Market Risk Management and tailored with the purpose, business policy, size and complexity of the Bank. These roles and responsibilities are governed in the Market Risk Management Policy.

Market Risk Policies

Bank established Market Risk Management policies as guidance of Market Risk Management implementation. Market Risk Management Policy is reviewed at least annually to conform with business changes, management directives, and regulatory requirements, approved by ALCO.

Market Risk Management Framework

The Bank's Market Risk framework comprises of Market Risk policies and practices, delegation of authority and Market Risk limits, validation of valuation and risk models, and others. This framework also encompasses the process of new product / service to ensure the identified Market Risk issues are adequately addressed prior to its launch.

The main responsibility of Market Risk Management and Control Unit (part of Market and Balance Sheet Risk Management Division) is responsible to identify, measure, monitor and mitigate Market Risk, as well as to escalate any exceeds of limit transactions. All Market Risk appetites and controlling limits are reviewed at least once a year that inline with the business strategy and capital adequacy of Bank.

The Bank's Market Risk measurement methods are able to:

- 1) measure the sensitivity and exposures to Market Risk under normal and stress conditions;
- 2) provide the outstanding and potential profit and loss on a daily basis;
- 3) perform mark to market valuations; and
- 4) accommodate increase in volume of activities, changes of valuation techniques, changes in methodology and new products.

The Bank calculates Market Risk capital requirements using the standardized approach as defined by regulator. Internally, the Market Risk is measured and controlled using internal models. Bank adopted the method of Value at Risk (VaR) calculation with a historical simulation to measure the potential losses at 99% confidence level using historical data of 300

days. Estimation of VaR is backtested using Profit and Loss data on trading book to validate the accuracy of the methodology. The process of backtesting is performed to analyze whether the deviation due to weaknesses in the model calculation or genuine movement of the market. All identified irregularities are explained and model deficiencies are addressed. To complement VaR measurement, stress tests is conducted on the trading book portfolios to identify the Bank's vulnerability in the event of crisis.

Interest Rate Risk in the Banking Book (IRRBB)

Interest Rate Risk in the Banking Book is defined as the risk of potential reduction in or loss of earnings (net interest income) and capital (the economic value of the Bank) due to changes in interest rates environment.

Interest Rate Risk Management Governance Structure

ALCO is delegated by the Board of Directors to supervise the effectiveness of Interest Rate Risk Management governance. Market and Balance Sheet Risk Management Division supports ALCO in monitoring the profile of interest rate risk in the banking book. At the operational level, the Global Markets - PLM (GM-PLM) and Central Treasury Unit (CTU) Divisions are responsible for the effectiveness of the management of interest risk in the banking book tailored with the established interest rate risk management policy.

Interest Rate Risk Management Framework

The primary objective of interest rate risk management is to protect and enhance capital or economic value through adequate, stable and reliable growth in net interest earnings under a broad range of possible economic conditions.

Exposure is quantified on a monthly basis using static analysis tools, such as repricing schedules and sensitivity analysis. They provide indications of the potential impact of interest rate changes on interest income and price value through the analysis of the sensitivity of assets and liabilities to changes in interest rates. Mismatches in the longer tenor will experience greater change in the price-value of interest rate positions than similar positions in the shorter tenor.

Both earnings (or net interest income or NII) and economic value of equity (EVE) approaches are applied to assess interest rate risk from interest rates changes in different interest rate scenarios such as changes in the shape of yield curve, including the highest and lowest scenarios.

Stress testing is also performed regularly to determine the capital adequacy of Bank in meeting the impact of extreme interest rate movements of both on and off balance sheet. Such test also aims to provide early warnings of potential extreme losses, in order to provide proactive interest rate risk management to align with any rapid changes of financial market environment.

B.3 Liquidity Risk

Liquidity Risk is defined as the risk to a bank's earnings or capital from its inability to meet its obligations or fund the increase in assets as they fall due, without incurring significant costs or losses.

Liquidity Risk Management Governance Structure

Asset and Liability Committee (ALCO) assists the Board of Directors in managing the Bank's Liquidity Risk. Liquidity Risk is consistently reported and discussed in the ALCO meeting, which is conducted regularly, with minimum once a month.

In addition, the growth of the liquidity position is also presented in Risk Management Committee (RMC) meeting and to the Board of Commissioners (BOC) through Risk Monitoring Committee (ROC) meeting. Analysis and control of Liquidity Risk is performed by Market and Balance Sheet Risk Management (MBR) Division, particularly through Balance Sheet Risk Management Unit, which responsible to monitor, measure, and report the Bank's Liquidity Risk and IRRBB.

Bank established the roles and responsibilities on each level of position which related to the implementation of Balance Sheet Risk Management and tailored with the purpose, business policy, size and complexity of Bank. These roles and responsibilities are governed in the Liquidity Risk Management Policy.

Liquidity Risk Management Policies

Liquidity Risk Management Policy is developed by Balance Sheet Risk Management Unit (part of Market and Balance Sheet Risk Management Division), which provides details on how Liquidity Risk is effectively managed by the Bank. This policy aims to address the Liquidity Risks that might arise primarily from the business activities of extending loans, making investments, accepting deposits and other funding requirements on trading activities. This policy is reviewed at least annually to incorporate significant business changes, management objectives and regulatory requirements approved by ALCO.

Liquidity Risk Management Framework

Liquidity Risk arises because of discrepancy between the period of funding and disbursement of loan on Bank's business activities. In addition, Liquidity Risk is also closely related to other risks and very sensitive to the negative trend of financial condition. To mitigate the Liquidity Risk, the Bank established Liquidity Risk management policy, including the establishment of strategies and limits which appropriate with the risk level taken by the Bank.

Bank strategies focus on the business development within the Liquidity Risk framework which is performed prudently, consistently and efficiently in order to balance the risk and returns. This is performed through ensuring the effectiveness of risk findings by using the main principles of Risk Management, which are risk identification, measurement, controlling, monitoring and analysis or reporting. Bank determined clear duties and responsibilities on

every level positions related to the Liquidity Risk Management implementation tailored with the objectives, business policy, size and complexity of the Bank.

The key measures used by the Bank for managing Liquidity Risk are using cash flow projection under 'business as usual', 'bank-specific crisis' and 'general market crisis' scenarios, and also by monitoring liquidity ratios as an early warning indicator i.e. decreased in non-bank deposits, LDR, Top 50 and 20 non-bank depositors ratios, swap funding ratio, undrawn facility ratio, Interbank Funding Mix ratio, and Top 20 bank depositors ratio. In addition, Bank also monitors the stability of its 'core deposits' which consist of non-bank stable deposits such as current account, savings account, and fixed deposit by analyzing their volatility overtime. Balance Sheet Risk Management Unit is responsible to enhance, implement, maintain, review, develop and communicate assumptions, methodologies, sources of data, delegation of authority, stress testing and procedures that used to measure the Liquidity Risk.

Several strategic actions have been taken to manage Liquidity Risk. On the funding side, Bank conducts an in-depth evaluation of its funding capacity focusing on funding sources, concentration, tenor, and access to other funding sources in the market. Meanwhile from the asset side, Bank conducts analysis of the type and composition of asset such as loans, liquid asset, and policies for financial instrument that covers the acceptable criteria for trading and investment assets. Updated information regarding financial market and economic condition are also critical to be done in order to understand the amount of funding available from the market under normal and stress conditions. Furthermore, new product/transaction/activities that have exposure to Liquidity Risk should be adequately reviewed and approved prior to its initiation.

The cash flow analysis of net funding requirement involves the preparation of cash flow mismatch based on actual contractual maturity. Contractual cash flow profile allocates asset, liabilities, and off balance sheet items into time band by remaining maturity. Bank also produces cash flow mismatch report based on behavior assumption, related to behavior analysis of asset, liabilities, and off balance sheet, and provides potential cash flow projection based on assumptions which derived from the behavior patterns. From the behavior cash flow analysis, the expected Net Cumulative Outflow (NCO) gaps that will be encountered are obtained.

The daily and monthly cash flow mismatch reports are produced by Balance Sheet Risk Management Unit and monitored by Market Risk Management & Control Unit by comparing the daily report position against NCO limit. Balance Sheet Risk Management Unit also ensures that the Bank is not exposed by Liquidity Risk and provides report to senior management for action that will be taken to mitigate and manage the Liquidity Risk.

Internally, the Bank performs calculation and monitoring of LCR on a daily basis and Net Stable Funding Ratio (NSFR) on a monthly basis, where both ratios are reported in ALCO

meeting. To support the Risk Management implementation particularly related to Basel III, the Bank will continuously develop and enhance the process and database in order to perform the monitoring activities effectively.

Contingency Funding Plan

The Contingency Funding Plan (CFP) is a critical component of the liquidity management framework and serves as an extension of the Bank's operational or daily liquidity management policy. The CFP outlines the actions to be taken by the Bank in the event of a liquidity crisis and would be activated in the event of a liquidity stress situation. It serves to identify and recognize a liquidity crisis, define the appropriate management responsibilities and responses during a crisis, rectify areas of concern, and ensure that information flows remain timely and uninterrupted to facilitate quick, precise, and effective decision-making. The level of sophistication and detail of the plan would commensurate with the complexity, risk exposure, activities, products and organisational structure of the Bank, in order to determine the most relevant indicators for managing liquidity and funding. In addition, the Bank also established a Liquidity Task Force (LTF) which is responsible to evaluate liquidity position and decide actions to be taken when a crisis occurs.

B.4 Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The purpose of grouping those risk types is to align the perception and understanding throughout the organization and set the basis for Operational Risk identification, measurement, evaluation, mitigation, monitoring and reporting.

Operational Risk Management Governance Structure

In order to implement adequate Operational Risk Management, the Bank has various Operational Risk Management policies and procedures. In Semester II of 2016, the Bank has merged the Operational Risk Management Committee (ORMC) into the Risk Management Committee (RMC) and increased the meeting frequency to regularly every month, which aims to improve the effectiveness of the Bank's overall Operational Risk Management. In addition, the Bank has implemented Business Continuity Management, Crisis Management Plan and Disaster Recovery Plan as a precaution to manage emergency situations that may disrupt the Bank's operations.

Operational Risk Management Policies

The Bank has issued the Operational Risk Management Framework and established the Operational Risk Management Policy to guide all business and supporting units in the implementation of Operational Risk Management for their respective areas. The Operational Risk Management Policy is reviewed periodically in order to align with the Bank's internal and external conditions, and is approved by the Board of Directors through the Risk Management

Committee. The update of Operational Risk Management Policy has been performed through the following:

1. Changes in Operational Risk Management strategy and tools.
2. Assessment of new product and activities.
3. Assessment of outsourcing activities in order to comply with the prevailing regulations.
4. Assessment of Business Continuity Management implementation strategy.
5. Assessment of Operational Risk Management monitoring process and reporting.

Operational Risk Management Framework

The Bank established an Operational Risk Management Framework to ensure ongoing process of a robust Operational Risk Management that comprises risk identification, assessment, mitigation, and monitoring in a structured and consistent manner. Operational Risk Management process is applied based on current market best practices. In general, the Operational Risk control strategy is carried out through the principal and methodology of Three Lines of Defense which includes Business Continuity Management, Fraud Risk Management, Insurance Management and Outsourcing Management.

Bank applies the principle of Three Lines of Defense, in which Operational Risk Management Division and Compliance Function serve as 2nd Line of Defense and become independent parties that periodically conduct a review of risk mitigation measures supported by Operational Risk Management policies, procedures and tools that are tailored to the Bank's business activities. Bank's limits and policies are reviewed at least annually to comply with the Bank's conditions. Periodically the Internal and External Audit findings are followed up and reported.

Implementation of the review was also carried out by Internal Audit as the 3rd Line of Defense on a regular basis, in terms of methodology, frequency, and reporting to the Board of Commissioners and Directors. The results of the Audit reviews are submitted to Audit Committee and other relevant Directors in order to improve the Risk Management framework and processes. Improvements made by the business / support functions on the internal audit findings are monitored by Internal Audit Function, as well as reported to the Board of Directors for any follow-up actions, if necessary.

The main focus of the Bank's Operational Risk Management programme is to strengthen the Operational Risk infrastructure and governance. Bank established Operational Risk Management framework that includes the risks identification, measurement, mitigation, controlling, and monitoring as follows:

1. Operational Risk identification is done by reviewing new products and activities, Key Risk & Control Self Assessment (KRCSA) implementation, General Operating and Control Environment Questionnaire (GOCEQ) implementation, Key Operational Risk Indicators (KORI) implementation, and outsourcing risk assessment.
2. Operational Risk measurement is done by using a matrix of impact and likelihood.
3. Operational Risk monitoring is conducted by analyzing various reports such as

Operational Risk Highlight, Incident Reporting Form (IRF), KORl, KRCSA, GOCEQ, outsourcing activities, and new products and activities.

4. Operational Risk is controlled by carrying out the action plans for the various Operational Risk events that have been identified through a variety of Operational Risk tools and methodologies, including the determination of limit transactions and risk transfer through insurance and outsourcing as well as the establishment of a Business Continuity Plan (BCP).

Operational Risk Management process is the responsibility of all employees in the Bank. Various Operational Risk Management initiatives and programmes that have been implemented to increase risk awareness and effectiveness of Risk Management implementation, are as follows:

1. To ensure that the Bank's operations are aligned with the level of risk tolerance, the Bank appointed Line Risk & Control Manager (LRCM) as the person in charge (PIC) for the implementation of operational risk management in each working unit as the 1st Line of Defense. To upskill the LRCMs, ORM Division collaborates with HR – Learning & Development Division holds regular training and socialization sessions on Operational Risk Management for the LRCMs.
2. Conducts training/workshops on a regular basis for unit BCP Manager in order to improve their understanding on their tasks and responsibilities, especially in developing Business Impact Analysis (BIA) and Business Continuity Plan (BCP) documents. In addition, ORM Division also conducts Crisis Management Team (CMT) simulation, Business Continuity Plan (BCP) and IT Disaster Recovery Exercise every year.
3. Continues and conducts regular reviews on the implementation of Operational Risk programmes, such as Operational Risk Incident Reporting, Key Risk and Control Self Assessment (KRCSA), Key Operational Risk Indicator (KORI), Business Continuity Management, Outsourcing Management and Insurance Management.
4. Develops Operational Risk Management culture in all working units through socialization and training (such as an email blast, workshop & training, e-learning, and others).
5. Calculates Bank's minimum capital adequacy requirement for Operational Risk factors based on the Basic Indicator Approach in accordance with the regulatory provisions. Bank also made preparations for implementing the higher standards of calculation based on the Standardized Approach.
6. Strengthens Business Continuity Management (BCM) Policy implementation, through developing Regional and Local Command Center, establishing Regional Command Center Procedures, forming Emergency Response and Recovery Team, and conducting simulation, training and testing to ensure readiness.

Business Continuity Management

The Bank established and regularly updates Business Continuity Management (BCM) Policy and Guideline that cover Business Impact Analysis (BIA), Operational Risk assessment, recovery strategy performed by the Bank for each type of disruption, documentation of disaster recovery and contingency plan, and evaluation of BCM programme effectiveness.

The Bank will continue to increase its capability to minimize the likelihood and impact of identified disaster. The Bank has initiated a strategy to manage a wide-area disruption, especially for Jakarta area. In order to support and improve the Bank's BCM readiness, several BCP exercises are conducted on a regular basis. The exercises include BCP Exercise, Disaster Recovery Exercise for IT system and Management Call Tree Exercise.

Quality Assurance

The Bank will continue to enhance the roles of Quality Assurance to support Branches in managing Operational Risk. Various workshops and socializations on Fraud Risk Awareness and Branch Assurance Programme for Quality Assurance are held to ensure that branches continue to be effective and capable of performing their roles in a risk-controlled manner. The Quality Assurance Control Checklist was developed and periodically reviewed to support Quality Assurance team in assessing the adequacy and implementation of controls in Branches.

B.5 Compliance Risk

Extensively for the Bank's internal purposes Regulatory Compliance Risk is defined as:

- The risk of legal or regulatory sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, regulations, rules, standards or codes of conduct (established by industry associations) applicable to the Bank's business activities and operations; and
- The risk that a change in laws and regulations, can increase the cost of operation and the cost of capital for the Bank thereby impacting the Bank's earnings or returns.

In line with Bank Indonesia Regulation No.13/2/PBI/2011 concerning the Implementation of Compliance Function for Commercial Banks, one of the Compliance Function strategy is the Management of Compliance Risk, through compliance culture on all working levels of the organization and to ensure that all of the Bank's policies and business activities are in line with the prevailing regulations.

Compliance Risk Management Governance Structure

The implementation of compliance function in the Bank is the responsibility of all stakeholders. Stakeholders involved in managing Compliance Risk are as follows:

- Board of Commissioners evaluates the implementation of Bank's compliance function at least twice a year.
- Board of Directors approves the Compliance Charter and ensures the implementation of compliance culture at all levels of the organization and Bank's business activities.
- Senior Executive Officer is responsible to foster and ensure the implementation of compliance culture at all level of Bank's organization and business activities, as well as ensuring the implementation of Bank's Compliance Function.

- Executive Officer is responsible to ensure implementation of compliance culture in all activities in function and/or branch and/or related unit.
- Compliance Director is responsible to formulate strategy to encourage the creation of Bank's Compliance culture, establish compliance systems and procedures that will be used to formulate Bank's internal provisions and guidelines.
- Compliance Advisory and Monitoring Division monitors the effectiveness of the implementation strategy of the Compliance function in accordance with the policies, systems and procedures, and manage the Bank's compliance with the Bank's commitment to the regulator, and take steps to institute a compliance culture in all the Bank's business activities.
- Compliance Review and Testing Division identifies, measures, monitors, and manages compliance risk with reference to the Regulators' regulations concerning the risk management implementation for commercial banks. This is performed by coordinating with the business/support function to ensure that the Bank's policies, provisions, systems, and procedures, as well as business activities are in accordance with the regulations from Regulators and other applicable regulations.
- AML/CFT and Sanctions Division formulates and institutionalizes an Anti Money Laundering and Countering the Financing of Terrorism framework that is robust to manage the Bank's exposure to money laundering and terrorist financing risks.
- Risk Management Function is responsible to implement the risk management frameworks, strategy, policies, processes, and controls to manage all risks of the Bank.
- Internal Audit function independently evaluates the reliability, adequacy, and effectiveness of internal controls and risk management processes of the Bank; assesses the extent to which the Bank's objectives, corporate governance, and management directives are achieved through the review of systems and operations; determines whether the Bank complies with laws and regulations and adheres to established policies, plans and procedures, and whether Management is taking the appropriate steps to address control deficiencies; and provides objective assurance to add value and improve the Bank's operations.
- Legal Function is responsible for providing legal advice and guidance, monitoring and reporting legal risk, and also responsible for the development and maintenance of policies, procedures, and guidelines for the management of legal risks on a Bank-wide basis.
- Line Managers and Staffs are accountable for Compliance Risk and responsible to ensure compliance with all regulations.

Compliance Risk Management Policies

One of the strategies for Compliance Risk Management is the establishment of Compliance Charter and Compliance Guidance as two main policies and procedures in managing Compliance Risk. Both policies set out:

- Compliance Framework
- Compliance Code of Conduct
- Compliance Review Procedure

- Financial Benchmark Surveillance Mechanism Procedure
- Monitoring of Bank's Commitment Monitoring and Follow-Up on Request from Related Regulator Procedure
- Escalation and Reporting of Compliance Risk Incident Procedure
- Provisions related to Compliance Function
- Risk Assessment of Regulatory Obligations

Compliance Charter and Compliance Guidance are reviewed annually to ensure an adequate and timely compliance function implementation in all level of the organization and thus facilitate the Bank to better harmonize between commercial interest and compliance towards prevailing regulations. For such policy and procedure to be implemented effectively, the most fundamental aspect that must be in place is compliance culture, which drives the value, behavior and action that supports Bank's compliance towards the prevailing laws and regulations.

Compliance Risk Management Framework

In order to strengthen the Bank's internal control system framework, especially for Compliance Function as the 2nd line of Defense, the Bank developed organizational structure under Compliance Function into three divisions namely Compliance Review and Testing Division, Compliance Advisory and Monitoring Division, and AML/CFT and Sanctions Division. Strategies to implement the Bank's compliance function are through aspects of compliance function governance, compliance risk management, as well as the implementation of compliance culture.

The Bank's compliance function framework on the compliance risk governance aspects are reflected in the Compliance organizational structure which is independent off business and other supporting units, where the Compliance Director report directly to the President Director. Thus, enabling the compliance function to be handled independently.

In respect of Compliance Risk Management, fulfillment of the Bank's commitment to compliance and regulatory obligations is monitored through several compliance tools such as Compliance Review, corrective action plans for regulatory inspection findings, internal monitoring and breaches, and others.

Moreover, the compliance culture implementation is performed through training to employees on Compliance Code of Conduct and its application in daily activities of employees.

The functions which perform Risk Management implementation for Compliance Risk (Compliance Function and Operational Risk Management Division) are responsible in monitoring and reporting of compliance risk issues to the Board of Commissioners and Directors on a regular basis.

B.6 Strategic Risk

Strategic Risk is defined as risk due to improper setting and/or implementation of a strategic decision and failure to anticipate any changes in business environment.

Strategic Risk Management Governance Structure

Related parties involved in managing Strategic Risk are as follows:

- Board of Commissioners and Directors formulate and approve strategic plan and business plan, including the communication to all employees within organization.
- Risk Management Committee supports Board of Directors in monitoring Strategic Risk management implementation in the Bank, and providing information related to material risk exposures, issues, and action plans.
- Business and support functions monitor and manage Strategic Risk in their respective areas, and responsible for ensuring all material risks that arise from the business activities and implementation of strategy are reported in a timely manner to the related Directors or Senior Executive Officers.
- Risk Management Function, together with Finance Division, conducts evaluation on the realization of Bank's Business Plan.

Strategic Risk Management Policies

An effective implementation of Strategic Risk Management is supported with adequate policies and procedures, and also risk limits which are aligned with the Bank's vision, mission, and business strategy. The development of these policies and procedures is tailored with the type, complexity, business activity, risk profile, risk limit and complies with the prevailing regulations and/or sound banking practices. The implementation of these policies and procedures is also supported with the adequacy of capital and quality of human resources.

Strategic Risk Management Framework

Bank adheres to prudent principles in all its business decisions so as to minimize and mitigate any risks involved. In managing Strategic Risk, Bank constantly monitors the environment in which it operates, analyzes the Bank's performance in relation to its competitors, and takes corrective actions to adjust its strategies and plans as appropriate.

Bank sets strategic plan in a proper and realistic manner, as well as considering the prudential principles and risk management implementation. The Bank's strategic plans are prepared by the Board of Directors, and upon approval of the Board of Commissioners, communicated to all employees of the Bank on each level of the organization. Each Function Head is responsible to ensure the alignment of the annual work plans in their respective functions with the work plan established by the Board of Directors.

On an on-going basis, the Bank performs periodic reviews on the achievement of financial targets and realized strategies. The Board of Commissioners and Directors also conduct review periodically towards Bank's achievement on financial targets and its realization through various forum and meeting coordination, such as Board of Directors meeting. All functions are also responsible for monitoring its Strategic Risks and reporting promptly to the related Directors and/or Senior Executive Officers on any potential issues or problems that have strategic implications on the Bank.

B.7 Legal Risk

Legal Risk is defined as the risk due to the weaknesses of juridical aspects which may arise from lawsuits, absence of supported legislations or weaknesses of legal engagement i.e unfulfillment of contracts requirements and inadequate collateral binding.

Legal Risk Management Governance Structure

Related parties involved in managing legal risk are as follows:

- Board of Commissioners and Directors (through committee) are ultimately responsible for the oversight and management of legal risks arising from the Bank's business activities.
- Risk Management Committee supports the Board of Directors in monitoring legal risk management in the Bank, providing information related to material risk exposure, issues, and action plans.
- Business and support functions are responsible for monitoring and managing Legal Risk and its impact in their respective areas.
- Subject matter specialists are responsible for providing guidance related to their respective areas of expertise which comprises Compliance, Legal, Human Resources, Technology & Operations, Property & General Services, and Corporate Services functions.

Legal Risk Management Policies

Bank has a Legal Risk Management Policy which governs the Legal Risk Management Governance Structure and sets out the duties and responsibilities of each party in implementing Legal Risk Management.

Legal Function has established various guidelines related to Legal Risk Management, such as Guidelines for Intellectual Property Risk Management, Guidelines for Appointment of External Legal Counsel, and Guidelines for Contractual Risk Management.

Legal Risk Management Framework

Risk measurement for Legal Risk is conducted by using indicators such as potential losses due to litigation, cancellation of contracts due to unenforceability of engagement, and changes

of regulations. Every Legal Risk incident and its potential loss numbers must be documented and reported.

The Legal function provides legal advice and guidance to all units of the Bank, as and when needed. This includes the oversight and periodic review of:

- a. all standard contracts / agreements;
- b. all standard loan agreements and standard Letters of Offers; between the Bank and other parties.

The Legal Function is also responsible for highlighting new or emerging legal risks, and managing significant litigation involving Bank.

B.8 Reputation Risk

Reputation Risk is the adverse impact on the Bank's income, liquidity or capital arising from negative stakeholder perception or opinion of the Bank's business practices, activities, and financial condition.

Reputation Risk Management Governance Structure

Related parties involved in managing Reputation Risk are as follows:

- Board of Commissioners and Directors is responsible for managing Bank's Reputation Risk.
- Risk Management Committee assists the Board of Directors in the oversight of the management of Reputation Risk in the Bank, keeping them apprised of the material risk exposures, issues and resolution plans.
- Reputation Risk Management panel is a sub-committee of the Risk Management Committee which is responsible to confirm the impact of high reputational risk events, determine the appropriate action plan, appoint relevant task force, and approve the closure of the case.
- Business and support functions are responsible for monitoring and managing the various types of risks which deemed potentially impact to the reputation risk.
- Risk Management function is responsible for developing and maintaining Risk Management policies and procedures, also training and advising the business and support functions in managing its risks, including reputation risk..
- Subject matter specialists, from the various functions of Brand, Strategic Communications and Customer Advocacy, Compliance, Legal, Human Resources, Technology & Operations, and Corporate Services.

Reputation Risk Management Policies

Bank established Reputation Risk Management Policy that governs the Reputation Risk Management Governance Structure, methodology, and toolkits for managing the Reputation Risk, including its communication process, escalation process, establishment of Reputation

Risk Management Panel, Reputation Risk issue owner, and others.

Reputation Risk Management Framework

Risk identification and measurement for Reputation Risk is conducted using information from various sources such as the mass media, customer complaints (e.g. through contact centre), and customer satisfaction survey.

Risk monitoring for Reputation Risk is conducted on a regular basis in accordance with the Bank's policies, procedures and guidelines, as well as Bank's previous experience.

Risk controlling for Reputation Risk is conducted through:

- a. Prevention of events that can lead to Reputation Risk, for example by conducting periodic communications to stakeholders in order to create a positive reputation and a series of activities such as corporate social responsibility.
- b. Restoration of the Bank's reputation after a Reputation Risk event and the measures in place to minimize any negative impact to the reputation of the Bank.

Any incidents relating to Reputation Risk, including the amount of potential losses resulting from those incidents shall be noted and tracked, for closure.

Where the Reputation Risk event affects the Bank's ability to continue its business activities and/or to obtain funding, the Bank will activate the Crisis Management Plan (CMP), BCP, Disaster Recovery Plan (DRP) and/or Contingency Funding Plan (as relevant).

C. Risk Based Bank Rating (RBBR)

In a regular basis, the Bank conducts assessment on the Risk Based Bank Rating according to OJK Regulation No.4/POJK.03/2016 and BI Circular Letter No.13/24/DPNP regarding the Assessment of Bank's Soundness Rating for Commercial Banks. The assessment of RBBR is conducted toward 4 (four) factors namely Risk Profile, Good Corporate Governance, Earnings, dan Capital.

The self assessment result of RBBR for semester II – 2016 was as follows:

No	Assessment Factor	Rating
1	Risk Profile	2
2	<i>Good Corporate Governance</i>	2
3	Earnings	2
4	Capital	1
RBBR Rating		2

Based on the self assessment, Bank assessed its soundness rating in the 2nd semester of 2016 at “2 or in a **good** condition, so that the Bank is able to encounter significant negative effects and changes in business conditions and other external factors reflected in assessment factors rating, namely, Risk Profile, Good Corporate Governance Implementation, Earnings and Capital. The weaknesses identified in the assessment factors do not significantly affect the soundness rating of the Bank.

D. Risk Management System Implementation

The applied Risk management system aims to conduct analysis of current or future risks and/or potential risks faced by the Bank and to determine mitigation measures for these risks. Risk management system is regularly evaluated in order to measure its effectiveness level. Through this evaluation, the Bank is expected able to re-analyze whether these strategies are in line with the established target.

Evaluation of the Risk Management system is conducted internally and externally. Internally, Risk Monitoring Committee and Audit Committee reviews and evaluates the Bank’s Risk Management policies and implementation, as well as provides inputs and recommendations to the Board of Commissioners in order to carry out the oversight function. Internal Audit function regularly reviews and conducts audit on risk management implementation based on risk based audit principles, with the purposes not only as an internal control, but also to continuously improve risk management implementation. Externally, the evaluation of risk management implementation is performed by the external auditor and Regulator.

E. Basel Implementation

In line with the implementation of regulatory provision, the Bank adopts Standardised Approach (SA) for Credit and Market Risk, and Basic Indicator Approach (BIA) for Operational Risk.

Bank continues to prepare a foundation to establish Basel II and Basel III implementation supported with sufficient information system and tailored with the development of banking architecture and prevailed regulation.

Related to the implementation of Basel III particularly for Liquidity Risk, Bank has reported Liquidity Coverage Ratio (LCR) to Regulator in a monthly basis starting June 2016 and published LCR in the Bank’s website on a quarterly basis starting September 2016. In addition, related to regulator’s consultative paper regarding Net Stable Funding Ratio (NSFR), the Bank has participated to calculate NSFR for the position of December 2016.

Bank also continues to improve the implementation of Pillar 2 "Internal Capital Adequacy

Assessment Process" (ICAAP) to assess the overall capital adequacy associated with risk profile and strategy to maintain the level of Bank's capital. In ongoing basis, Bank improves implementation of Pillar 3 "Market Discipline" to ensure the transparency of Bank's financial and non-financial information.