



**INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION  
FOR FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA  
YEAR 2017**

**PT Bank UOB Indonesia**

## TABLE OF CONTENT

	Page
TABLE OF CONTENTS	ii
<b>I. SELF-ASSESSMENT REPORT OF INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION</b>	<b>2</b>
<b>II. SHAREHOLDING STRUCTURE ON FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA</b>	<b>4</b>
<b>III. MANAGEMENT STRUCTURE ON MAIN ENTITY AND OTHER ENTITY IN FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA</b>	<b>5</b>
A. Management Structure on PT Bank UOB Indonesia	5
B. Management Structure on PT UOB Kay Hian Securities	6
<b>IV. INTRA-GROUP TRANSACTION POLICY</b>	<b>7</b>
A. Background and Objectives	7
B. Intra-Group Transaction Risk Identification	7
C. Intra-Group Transaction Risk Management and Mitigation	8
<b>V. REPORT OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION YEAR 2017</b>	<b>9</b>
A. Good Corporate Governance Structure	9
B. Completeness and Implementation of Committees' Duties	32
C. Corporate Secretary	73
D. Corporate Communications	75
E. Implementation of Compliance, Internal Audit, and External Audit Function	76
F. Implementation of Risk Management Including Internal Control System	83
G. Related Party Funding and Large Exposure	83
H. Bank's Strategic Plan	83
I. Transparency of Bank's Financial and Non Financial Condition Not Yet Disclosed in Other Reports	85
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	85
K. Disclosure of Remuneration Policy	87
L. Remuneration Package/Policy and Other Benefits for Board of Commissioners and Board of Directors	89
M. Number of Internal Fraud Cases and Bank's Effort to Settle the Cases	92
N. Number of Legal Cases and Bank's Effort to Settle the Cases	92

O. Legal Cases Faced by the Board of Commissioners and Board of Directors	93
P. Administrative Sanctions	93
Q. Transactions Involving Conflict of Interest	93
R. Bank's Share and Bond Buybacks	93
S. Donation for Social and Political Activities During the Period of 2017	93
T. Code of Conduct	95
U. Corporate Culture	97
V. Whistleblowing	97
W. Internal Communications	98
X. Corporate Social Responsibility	100
Y. Customer Protection	100
Z. General Conclusion of Good Corporate Governance Implementation Self-Assessment Result of PT Bank UOB Indonesia	101
<b>IMPLEMENTATION OF RISK MANAGEMENT</b>	<b>103</b>

**ANNUAL REPORT OF  
INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION  
FOR FINANCIAL CONGLOMERATES OF UOB GROUP IN INDONESIA  
YEAR 2017**

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;
- Financial Services Authority Circular Letter No.13/SEOJK.03/2017 dated 17 March 2017 regarding Implementation of Good Corporate Governance for Commercial Bank; and
- Financial Services Authority Regulation No.45/POJK.03/2015 dated 23 December 2015 concerning Implementation of Governance in Remuneration for Commercial Bank.

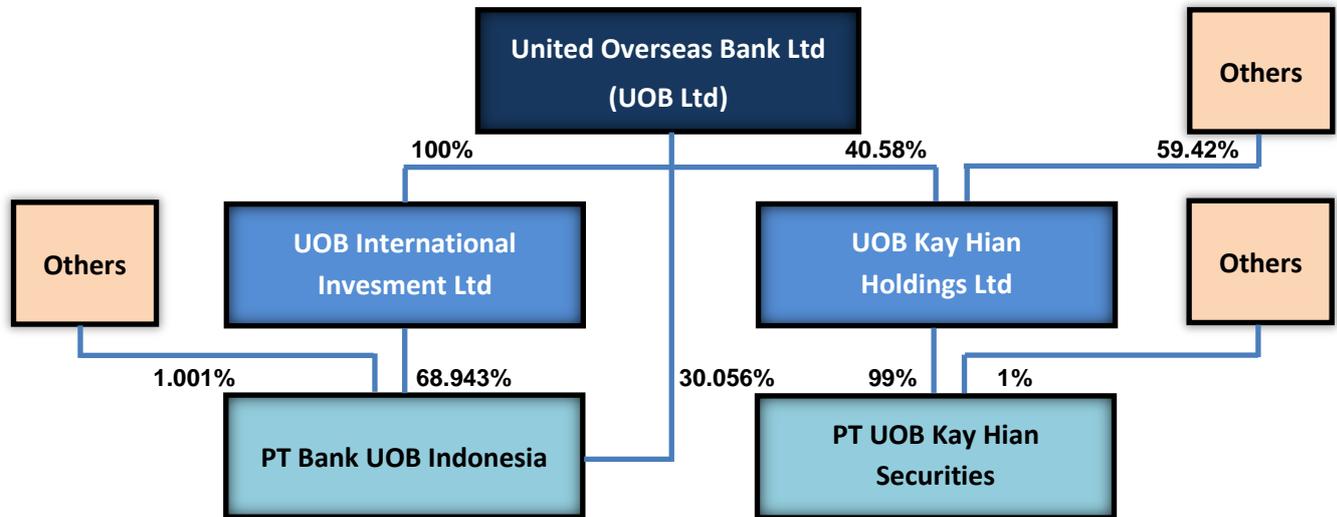
## I. SELF-ASSESSMENT REPORT OF INTEGRATED CORPORATE GOVERNANCE IMPLEMENTATION

Main Entity : PT Bank UOB Indonesia  
 Report Period : January - December 2017

Integrated Corporate Governance Implementation Self-Assessment Result	
Rating	Rating Definition
2	Financial Conglomerates is generally assessed <b>good</b> 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 2017, 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 Entity 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 become 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>Similarly in 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 has 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, there are areas for correction/improvement, i.e. Other Entity shall align its number of Board of Commissioners' member so that it does not exceed the number of Board of Directors' member no later than 26 September 2018 as required in the Financial Services Authority Regulation No.57/POJK.04/2017 concerning Implementation of Good Corporate Governance for Securities Companies Conducting BusinessActivities as Securities Underwriter and Securities Broker.

## 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**<sup>1</sup>, which is United Overseas Bank Limited (“**UOB Limited**”), thereby the relationship between both companies is considered as related company (**sister company**<sup>2</sup>). 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.

<sup>1</sup> 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.

<sup>2</sup> 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 2017

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Wee Cho Yaw	President Commissioner	26 December 2005	14 October 2005	26 April 2017	2019
Wee Ee Cheong	Deputy President Commissioner	31 August 2007	22 June 2007	26 April 2017	2019
Lee Chin Yong Francis	Commissioner	19 December 2005	14 October 2005	26 April 2017	2019
Rusdy Daryono	Independent Commissioner	12 June 2006	22 May 2006	26 April 2017	2019
Wayan Alit Antara	Independent Commissioner	8 January 2009	20 June 2008	26 April 2017	2019
Aswin Wirjadi	Independent Commissioner	29 June 2009	12 June 2009	26 April 2017	2019

Structure of the Board of Directors as at 31 December 2017

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Lam Sai Yoke	President Director	2 May 2016	2 November 2015	26 April 2017	2021
Iwan Satawidinata	Deputy President Director	10 June 2010	15 April 2010	26 April 2017	2021
Muljono Tjandra	Director	12 May 2015	28 April 2015	26 April 2017	2021
Pardi Kendy	Director	21 March 2016	2 November 2015	26 April 2017	2021
Soehadie Tansol	Compliance Director	31 December 2002	25 November 2002	26 April 2017	2021
Henky Sulisty	Director	18 April 2017	7 February 2017	26 April 2017	2021

## B. Management Structure on PT UOB Kay Hian Securities

Structure of the Board of Commissioners as at 31 December 2017

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. 5 dated 31 January 2017	31 December 2019
Esmond Choo Liong	Deputy President Commissioner	Bappepam LK- No.S-6104/BL/2008 dated 8 September 2008	Deed No. 5 dated 31 January 2017	31 December 2019
Tan Check Teck	Commissioner	Bappepam LK- No.S-6104/BL/2008 dated 8 September 2008	Deed No. 5 dated 31 January 2017	31 December 2019
Yendi Likin Oey	Commissioner	Bappepam LK- No.S-6104/BL/2008 dated 8 September 2008	Deed No. 5 dated 31 January 2017	31 December 2019
Adikin Basirun	Independent Commissioner	OJK No. S-129/PM.21/2017 dated 8 March 2017	Deed No. 1 dated 21 April 2017	31 December 2019

Structure of the Board of Directors as at 31 December 2017

Name	Position	Regulator's Approval	Appointment by GMS	Expiry of Tenure
Himawan Gunadi	President Director	OJK No. S-17/PM.21/2015 dated 16 January 2015	Deed No. 5 dated 31 January 2017	31 December 2019
Sze Tho Fook Choong	Director	OJK No. S-17/PM.21/2015 dated 16 January 2015	Deed No. 5 dated 31 January 2017	31 December 2019
Ahmad Fadjar Siata	Director	OJK No. S-17/PM.21/2015 dated 16 January 2015	Deed No. 5 dated 31 January 2017	31 December 2019

## IV. INTRA-GROUP TRANSACTION POLICY

### A. BACKGROUND AND OBJECTIVES

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 conglomerate. Therefore, Financial Services Authority (“OJK”) issued several regulations regarding Integrated Risk Management implementation for conglomerate in financial services industry, in which of the regulation is that financial conglomerate are required to manage its Intra-group Transaction Risk.

Main Entity had established Intra-group Transaction Risk Management policy, and was set as guidance for financial conglomerate UOB 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 establish several factors that could raise 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 2017

The need for a company to sustain its growing performance every year, is not only supported by its good operational capability but also from the implementation of Good Corporate Governance (GCG). PT Bank UOB Indonesia (“Bank”) is committed to achieving long-term and stable growth that create sustainable value for our stakeholder.

The Bank believes that consistent implementation of GCG will create a good process and structure in making decisions to improve the performance and value of the bank. As part of its goal of increasing value, a set of policies and guidelines, as well as monitoring and evaluation of GCG have been carried out during 2017.

### A. Good Corporate Governance Structure

Referring to the Law of the Republic of Indonesia Number 40 of 2007 on Limited Liability Companies, the Bank has a governance structure consisting of Main and Supporting Corporate Organs. Main Organs of the Company include General Meeting of Shareholders (GMS), Board of Commissioners and Board of Directors. The Corporate Supporting Organs include Remuneration and Nomination Committee, Audit Committee, Risk Monitoring Committee, Integrated Corporate Governance Committee, Executive Committee (EXCO), Asset and Liability Committee (ALCO), Risk Management Committee, Credit Policy Committee, Human Resources Committee, Business Continuity Management Committee (BCM), Credit Committee, Information Technology Committee, Anti-Money Laundering Committee, Integrated Risk Management Committee, Corporate Secretary and Internal Audit.

#### 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 2017

Throughout 2017, the Bank convened 1 (one) EGM and 1 (one) AGM.

#### EGM 2017

The EGM 2017 was held on 7 February 2017 in UOB Plaza, at Jl. M.H. Thamrin No. 10, Central Jakarta 10230. The EGM 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 EGM 2017

Agenda	EGM Resolution	Agreed (%)	Disagreed (%)	Realisation
<p>Change in the Composition of Members of the Board of Directors of the Company</p>	<ol style="list-style-type: none"> <li>1. To accept the resignation of Mr. Tan Chin Poh as Deputy President Director of the Company, in accordance with his resignation letter dated 30 December 2016 which shall be effective as of the adjournment of this Meeting; subsequently release and discharge Mr. Tan Chin Poh off his duties and responsibilities in managing the Company in his capacity as Deputy President Director of the Company for Financial Year 2016 and from 1 January 2017 to 7 February 2017; insofar as the actions are reflected in the Annual Report and Financial Statements for Financial Year 2016 and Financial Year 2017 insofar as the said Annual Report and Financial Statements for Financial Years 2016 and 2017 have been approved and ratified at the Annual General Meeting of Shareholders for the relevant Financial Year.</li>   <li>2. To Appoint Mr. Henky Sulistyono as Director of the Company as of the adjournment of this Meeting until the adjournment of the 4th Annual General Meeting of Shareholders of the Company following his appointment. This appointment shall be effective upon approval of the Financial Services Authority.  In the event that the said approval is not obtained, the appointment shall automatically become void without requiring the approval of the General Meeting of Shareholders.</li>   <li>3. To authorise the Board of Directors of the Company with substitution right to restate the resolutions of the Meeting in relation to the change in membership of the Board of Directors of the Company in a notarial deed and notify the competent authorities of such change, and in relation thereto, to take any actions necessary in accordance with the prevailing laws and regulations.</li> </ol>	100%	-	Realised

## AGM 2017

The AGM 2017 was held on 26 April 2017 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 2017

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
1. Approval of Annual Report of the Company including Oversight Report of the Board of Commissioners, and ratification of the Financial Statements of the Company for the financial year ended 31 December 2016	To approve the Annual Report of the Company for financial year ended 31 December 2016 including oversight report of the Board of Commissioners of the Company, also ratify Financial Statements of the Company for financial year ended 31 December 2016 as audited by Public Accounting Firm of Purwantono, Sungkoro & Surja according to report No. RPC-2965/PSS/2017 dated 24 Januari 2017 with Unqualified Opinion, therefore providing release and discharge of responsibilities (acquit et decharge) to members of the Board of Directors over their management and to the Board of Commissioners of the Company over their oversight duties during financial year 2016, provided such actions are reflected in the Annual Report and Financial Statements of the Company for the financial year of 2016.	100%	-	Realised
2. Allocation of Net Profit of the Company for Financial Year ended 31 December 2016.	To approve the use of net profit of the Company for financial year ended 2016 with details as follows: <ul style="list-style-type: none"> <li>A sum of IDR 4,792,730,245,- shall be booked as general reserve to comply with the provision of Article 70 of the Limited Liability Company Law and Article 20 of the Articles of Association of the Company.</li> <li>To book the entire net profit earned in financial year 2015 after general reserve and dividends as Retained Earnings amounting IDR474.480.294.326 and for the year of 2016, Company does not distribute dividend.</li> </ul>	100%	-	Realised
3. Appointment of Public Accountant Firm to audit company books for financial year of 2017 and provision of authority to Board of Directors to decide upon the fee for the Public Accountant and other requirements for its appointment.	To authorise 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 financial year 2017 in observance of the recommendations of the Audit Committee and authorise the Board of Directors of the Company to sign the engagement contract and decide upon the fee for the audit service and other requirements in relation to such appointment.	100%	-	Realised
4. Change in members of the Board of	<ul style="list-style-type: none"> <li>To approve the re-appointment of members of Board of Commissioners:</li> </ul>	100%	-	Realised

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
Commissioners and Board of Directors of the Company.	<p>             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           </p> <p>             effective from the adjournment of this AGM until the adjournment of AGM which will be convened in 2019.           </p> <ul style="list-style-type: none"> <li>To approve the re-appointment of members of Board of Directors:               <p>                 President Director : Lam Sai Yoke                  Deputy President Director : Iwan Satawidinata                  Director : Muljono Tjandra                  Director : Pardi Kendy                  Director : Henky Sulistyo                  Compliance Director : Soehadie Tansol               </p> </li> </ul> <p>             And to align the term of office with the other members of Board of Directors, it was proposed to re-appoint Mr. Henky Sulistyo as Director from the adjournment of this Meeting until the adjournment of Annual General Meeting of Shareholders which will be convened in 2021.           </p> <ul style="list-style-type: none"> <li>To authorise the Board of Directors of the Company to state the re-appointment of members of the Board of Commissioners and the Board of Directors of the Company in a separate deed drawn up before a Notary (where necessary) and arrange delivery of a notification to that effect to the Ministry of Law and Human Rights of the Republic of Indonesia.</li> </ul>			
5. Provision of honorarium, facility, allowance and tantiem for members of Board of Directors and Board of Commissioners.	<ul style="list-style-type: none"> <li>To authorise the Majority Shareholder of the Company, UOBII, to determine the amount of honorarium, facility, allowance and bonus for financial year 2017 for all members of the Board of Commissioners of the Company considering the recommendation to be provided by Remuneration and Nomination Committee.</li> <li>To authorise the Board of Commissioners of the Company to determine the amount of salary, facility, and allowance, as well as bonus for financial year 2017 for all members of the Board of Directors of the Company considering the recommendation to be provided by Remuneration and Nomination Committee.</li> </ul>	100%	-	Realised
6. Report on the realisation of the use of funds from the issuance of Shelf Registration of Senior Bond I and Subordinated Bond I Bank UOB Indonesia Tranche I Year 2016.	Given that the Agenda was a report, there was no resolution on this Agenda.	There was no questioner on the sixth agenda of the meeting.	-	For the sixth agenda, the Company submitted the report on the realisation of the use of funds from the issuance of Shelf Registration of Senior

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
				Bond I and Subordinated Bond I Bank UOB Indonesia Phase I Year 2016.

### 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 of the Company's Board of Commissioners.	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 (acquit 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 2015, insofar as the actions are reflected in the Annual Report and Financial Statements for fiscal year 2015.	100%	-	Realised
2. Determination on the appropriation of net profits for fiscal year ending 31 December 2015.	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 : <ul style="list-style-type: none"> <li>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.</li> <li>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</li> </ul>	100%	-	Realised

Agenda	AGM Resolution	Agreed (%)	Disagreed (%)	Realisation
	twenty-three thousand five hundred and forty-seven Rupiah).			
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 of the Company	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Approved the granting of authority to the majority 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.</li> <li>• 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.</li> </ul>	100%	-	Realised
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

## 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 (OJK) 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 individually, 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 Committee
- and 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 (two) times 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.

Generally, the Board of Commissioners assumes the following responsibilities pursuant to the Board of Commissioners' Work Guidelines and Regulations are to supervise the implementation of duties, responsibilities and policies conducted by the Board of Directors as well as advising the Board of Directors.

The supervision abovementioned conducted through Board of Commissioners' Meeting and Board of Commissioners' meetings with Board of Directors to discuss report of business, operational, human resources, and other aspects presented by the Board of Directors.

Throughout 2017, in order to implement the supervision function, Board of Commissioners has provided recommendations to Board of Directors, such as:

- 1) Related to Bank's Business Plan:
  - a) Approved the revised 2017 – 2019 Business Plan and 2018 – 2020 Bank's Business Plan;
  - b) Approved Supervisory Report of Bank Business Plan for 2nd Half of 2016 and 1<sup>st</sup> Half of 2017.
- 2) Based on recommendation from Audit Committee, Risk Monitoring Committee, and Remuneration and Nomination Committee:
  - a) Approved the Work Guidelines And Regulations of Risk Monitoring Committee;
  - b) Approved the Work Guidelines And Regulations of Audit Committee;
  - c) Approved the Work Guidelines And Regulations of Remuneration and Nomination Committee;

- d) Approved the recommendation of New Member of Remuneration and Nomination;
  - e) Approved the extension of the term of office a Senior Executive Officer;
  - f) Approved the appointment of Internal Audit Head to join the Bank in January 2018;
  - g) Accepted the recommendation of Remuneration and Nomination Committee's candidacy of Candidate Independent Commissioner;
  - h) Approved the Risk Management Director as the Chairman of Credit Policy Committee;
  - i) Approved the appointment of EY Indonesia as the Public Accountant Firm and Mr. Danil Setiadi Handaja as Public Accountant, to perform audit services for the financial year 2017;
  - j) Approved the recommendation on the nomination of Board of Commissioners' members for the term of 2017 – 2019 and Board of Directors' members for the term of 2017 – 2021 to be proposed at the Annual General Meeting of Shareholders which will be held at the latest in June 2018;
  - k) Approved the Remuneration and Nomination Committee recommendation on the remuneration for members of Board of Directors and total remuneration framework for Senior Executive Officers;
- 3) Risk Management Framework and Policies, Risk Appetite Statement:
- a) Approved the General Credit Policy versi 6.0.
  - b) Approved the Consumer Credit Policy versi 6.0
  - c) Approved the Risk Management Policy Update;
  - d) Approved the Risk Management Policy Structure;
  - e) Approved the Operational Risk Management Framework;
  - f) Approved the Risk Management Policy Update;
  - g) Approved the Risk Appetite Framework version 2.0;
  - h) Approved the Technology Risk Management Framework Version 6.0;
- 4) Annual Report
- a) Approved the Annual Report of the Bank including ratifying the Financial Statements of the Bank, Report from Board of Directors, and Oversight Report of the Board of Commissioners for the financial year ended 31 December 2016..
- 5) Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders
- a) Approved the schedule and agenda of the Annual General Meeting of Shareholders dated 26 April 2017 and Extraordinary General Meeting of Shareholders dated 7 February 2017.

- 6) Miscellaneous:
- a) Approved the Recovery Plan proposed in the report on 2016 BCM Attestation
  - b) Agreed to participate in Tax Amnesty Program.

**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 2017 :

Name	Position	Effective Date		Re-Appointment	Expiry of Tenure
		Regulator's Approval	GMS		
Wee Cho Yaw	President Commissioner	26 December 2005	14 October 2005	26 April 2017	2019
Wee Ee Cheong	Deputy President Commissioner	31 August 2007	22 June 2007	26 April 2017	2019
Lee Chin Yong Francis	Commissioner	19 December 2005	14 October 2005	26 April 2017	2019
Rusdy Daryono	Independent Commissioner	12 June 2006	22 May 2006	26 April 2017	2019
Wayan Alit Antara	Independent Commissioner	8 January 2009	20 June 2008	26 April 2017	2019
Aswin Wirjadi	Independent Commissioner	29 June 2009	12 June 2009	26 April 2017	2019

The composition of the Bank's Commissioners and Independent Commissioners as outlined in the table above complies with the provision of Financial Services Authority (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 up to 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 up to 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 up to 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 (OJK) 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 regulatory provision 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 (two) times 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 2017, the Board of Commissioners convened a meeting once every 2 (two) months, during which the Board of Commissioners sought explanation from the Directors regarding their duties and responsibilities in the previous 2 (two) months, as well as discussed the Bank's performance in general.

During 2017, the Board of Commissioners held 6 (six) Board of Commissioners meetings and 4 (four) Joint Meetings with Board of Directors. Of the 6 (six) Board of Commissioners meetings, 2 (two) were physically attended by all member of Board of Commissioners and the remaining 4 (four) were conducted via teleconference.

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

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

The following is the attendance of the Board of Commissioners for meetings held in 2017:

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Wee Cho Yaw	President Commissioner	6	5	83%
Wee Ee Cheong	Deputy President Commissioner	6	5	83%
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	5	83%

The table below sets out the frequency and list attendance of Board of Commissioners Joint Meeting with Board of Directors in 2017:

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Wee Cho Yaw	President Commissioner	4	3	75%
Wee Ee Cheong	Deputy President Commissioner	4	3	75%
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	3	75%
Lam Sai Yoke	President Director	4	4	100%
Iwan Satawidinata	Deputy President Director	4	4	100%
Muljono Tjandra	Director	4	4	100%
Pardi Kendy	Director	4	3	75%
Hengky Sulisty	Director	4	3	75%
Soehadie Tansol	Compliance Director	4	3	75%

**e. Performance Evaluation for the Commissioners**

The Bank has a policy regarding Guidelines on Commissioners' Evaluation and Directors' Performance Appraisals effective from February 2017 which provides technical guidance to Commissioners in conducting appraisals and standardises the performance criteria to be applied. The policy governs the following:

1) Performance Evaluation

Each member of the Board of Commissioners will conduct a self-assessment of his performance 1 (one) time a year.

2) Performance Criteria

Members of the Board of Commissioners are appraised based on the following:

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

3) Evaluation Result

Result of self-assessment is 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 Proposal to build MRT link tunnel to connect to UOB Thamrin Nine Office;
- 2) Approved the Renewal Microsoft License Enterprise Agreement for 3 (three) years from 2017 until 2019 ;
- 3) Approved yearly payment related to Renewal Microsoft License Enterprise to UIC Asian Computer Service Pte Ltd (Related Party) which was appointed as Microsoft Business Partner to the Bank
- 4) Approved the enhancement of current standardized systems to support 3 Years Strategy on Cash Product Roadmap regarding regionalize & standardize File Channel, industry standard based file formats, statements, reports.
- 5) Approved on the selling of 3 property assets with the new proposed price (below the previous agreed price in 2016)
- 6) Approved the Renewal of IBM Software License for 3 (three) years from 2017 until 2019
- 7) Approved the budget for office relocation from Harmoni Building to UOB Plaza (Swing Building) and the rental expense budget.
- 8) Approved the Proposal for Sale of NPL;

- 9) Approved the issuance of Bank UOB Indonesia Subordinate Debt Shelf Offering I Phase II 2017.

### **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:

- 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) Representing the Bank legally and directly inside and outside the Court on all matters and in any event, binding the Bank with other parties and other parties with the Bank, and carrying out all good actions concerning stewardship and ownership, but with restrictions as regulated in Bank's Articles of Association;
- 4) 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;
- 5) 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;
- 6) Implement business strategies recommended by the Board of Commissioners;
- 7) Perform internal monitoring in an effective and efficient manner;
- 8) Establish the following work functions:
  - a) Internal Audit Function;
  - b) Risk Management Function and Risk Management Committee; and
  - c) Compliance Function.
- 9) 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;
- 10) Implement principles of Good Corporate Governance in every business activity of the Bank at all levels of organisation;

- 11) Provide complete, accurate, relevant and timely data and information to the Board of Commissioners;
- 12) Monitor and manage risk encountered by the Bank;
- 13) Maintain a favorable work condition so as to improve productivity and professionalism;
- 14) Manage and develop employees and maintain organisational sustainability;
- 15) 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
- 16) 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.17/SKDIR/0025 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 but not limited to direct oversight of Channels, Finance and Corporate Services, Compliance, Risk Management, Technology and Operations, Human Resources, Middle Market Credit, Corporate Credit, Retail Credit, Legal, Internal Audit, Fraud Management, Strategic Communication & Customer Advocacy, CEO Office and Digital Bank, 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**

- In the event that the President Director is unavailable due to any reason whatsoever, the Deputy President Director shall act on behalf of the Board of Directors and represent the Bank;
- 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;
- The scope of responsibility includes but not limited to 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, Client Fulfillment & Services, Portfolio & Regulatory Management, Demand Management and Retail Business Finance.

### **Finance & Corporate Services Director**

- Responsible for financial report of the Bank as well as formulate the Bank's financial management strategy to support Bank's performance;
- Ensure the integrity of financial data and provide financial report analysis on the performance of the Bank to support the decision taken by the management of the Bank;
- Develop financial system and procedure as well as lead, direct and monitor the implementation on corporate actions conducted by the Bank; and
- The scope of responsibility includes but not limited to supervision of Finance, Central Treasury Unit, Corporate Services, and Corporate Real Estate Services and Economic Research.

### **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; and

- The scope of responsibility includes but not limited to oversight of Regional Channels, Customer Experience & People Development, Network Planning & Control, Branch Operation Control & Development, Digital Engagement, Business Performance Monitoring.

#### **Risk Management Director**

- Formulate the overall risk management strategy of the Bank.
- Develop risk management system, rules and procedures covering Operational Risk, Credit Risk and Market Risk.
- Ensure the mechanism, identification, and mitigation of risk have provided and implemented according to the prevailing laws and regulations.
- Coordinate with related function to increase risk awareness of the Bank.
- Provide recommendation in relation to risk management
- Ensure the management and development of human resources
- Responsible for managing the portfolio of bad loans for the wholesale segment and ensuring recovery and assurance management strategies.
- Scope of responsibility includes but not limited to oversight of Operational and Enterprise Risk Management, Credit Risk Management, Market & Balance Sheet Risk Management, and Special Asset Management.

#### **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.
- Perform oversight over the implementation of Anti-Money Laundering and Combating the Financing of Terrorism.
- Minimize the Bank's compliance risk and provide recommendations on compliance-related issues.
- Perform preventive measures so that the policies and/or decisions taken by the Board of Directors of the Bank do not violate the provisions of regulator as well as other prevailing regulations.

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

Members of the Board of Directors of the Bank as of 31 December 2017 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	26 April 2017	2021
Iwan Satawidinata	Deputy President Director	10 June 2010	15 April 2010	26 April 2017	2021
Muljono Tjandra	Director	12 May 2015	28 April 2015	26 April 2017	2021
Pardi Kendy	Director	21 March 2016	2 November 2015	26 April 2017	2021
Henky Sulistyو	Director	18 April 2017	7 February 2017	26 April 2017	2021
Soehadie Tansol	Compliance Director	31 December 2002	25 November 2002	26 April 2017	2021

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 EGM by way of deliberation to reach a consensus accepted the resignation of Tan Chin Poh as Deputy President Director of the Company and approved the appointment of Henky Sulistyو as Director of the Company.

On 26 April 2017, Bank held Annual General Meeting of Shareholders (“**AGM**”) which one of the meeting agendas is Change in members of the Board of Commissioners and Board of Directors of the Company. The AGM by way of deliberation to reach a consensus approved the re-appointment of members of the Board of Commissioners and Board of Directors.

Upon the result of the Annual General Meeting of Shareholders held on 26 April 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

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 2021.

### **Independency of the Board of Directors**

None of the members of the Board of Directors of the Bank have mutual financial and up to 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 a financial 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 2017, Board of Directors held 16 (sixteen) meetings, of which 12 (twelve) 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 maintained by the Corporate Secretary.

Based on the above, the Bank has met the prevailing regulations related to Board of Directors meetings.

The following is the attendance of Board of Directors for meetings held in 2017:

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Lam Sai Yoke	President Director	12	12	100%
Iwan Satawidinata	Deputy President Director	12	11	92%
Muljono Tjandra	Director	12	11	92%
Pardi Kendy	Director	12	11	92%
Henky Sulisty*)	Director	12	8	67%
Soehadie Tansol	Compliance Director	12	12	100%

\*) Henky Sulisty became effective serving as Director upon regulator approval on 18 April 2017.

The table below sets out the frequency and list attendance of Board of Directors Joint Meeting with Board of Commissioners in 2017:

Name	Position	Number of Meetings	Attendance Frequency	Attendance Percentage
Lam Sai Yoke	President Director	4	4	100%
Iwan Satawidinata	Deputy President Director	4	4	100%
Muljono Tjandra	Director	4	4	100%
Pardi Kendy	Director	4	3	75%
Henky Sulisty*)	Director	4	3	75%
Soehadie Tansol	Compliance Director	4	3	75%
Wee Cho Yaw	President Commissioner	4	3	75%
Wee Ee Cheong	Deputy President Commissioner	4	3	75%
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	3	75%

\*) Henky Sulisty became effective serving as Director upon regulator approval on 18 April 2017.

#### e. Performance Appraisal for the Directors

The Bank has a policy regarding Guidelines on Commissioners' Evaluation and Directors' Performance Appraisals effective from February 2017 which provides technical guidance to the members of Board of Directors in conducting the evaluation and standardises the performance criteria to be applied. The policy governs the following:

##### 1) Performance Appraisal

Each member of the Board of Directors will conduct a self-assessment of his performance 1 (one) time a year.

##### 2) Performance Criteria

Members of the Board of Directors are assessed based on the following:

- 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 will be submitted to the Supervisor which will report to the Board of Commissioners with recommendation from the

Remuneration and Nomination Committee. Thereafter, the final result of the appraisal will be delivered to each Director.

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

Nama	Lokakarya/ Pelatihan/ Sosialisasi	Tempat
Lam Sai Yoke	The CEO & Executive Breakthrough Program	Egon Zehnder & Mobius Executive Leadership
Iwan Satawidinata	High Performance Leadership	IMD
Muljono Tjandra	APEX Capabilities Workshop	UOB Singapore
	Employee Value Proposition Kick Off Workshop	Employee Value Proposition Kick Off Workshop
	Branded Service Culture for Senior Leaders Batch 2	Branded Service Culture for Senior Leaders Batch 2
	UOB Budget Workshop Sustainable Growth Plan (Alignment Program ( <i>Rembug &amp; Nyekrup</i> ))	UOB Indonesia
	Group CFO Offsite Meeting	UOB Singapore
	IFRS 9 Update	PwC & KPMG
Pardi Kendy	Retail Banking Forum	EY Indonesia
	Asean Bankers Association Workshop: Blockchain by The Association of Banks in Singapore – COFIT Chairman	PERBANAS
Henky Sulisty	ASEAN Global Leadership Programme 2017	SRW & Co - University of Cambridge
	Benchmarking	UOB Malaysia
	APEX Capabilities Workshop	UOB Singapore
	Group Risk Management Offsite Meeting	UOB Singapore
	Employee Value Proposition Kick Off Workshop	UOB Indonesia
	12 <sup>th</sup> Edition of The Global Risks Report Forum	Marsh & McLennan
	Branded Service Culture for Senior Leaders Batch 2	UOB Indonesia
	UOB Budget Workshop Sustainable Growth Plan (Alignment Program ( <i>Rembug &amp; Nyekrup</i> ))	UOB Indonesia
	Indonesian Risk Management Outlook 2018 " Through Great Challenge" & Refreshment Risk Management Certification	Indonesian Banking Development Institution (LPPI)
Soehadie Tansol	Indonesian Banking Expo Seminar	PERBANAS
	Socialization of OJK Regulation "Implementation of Anti-Money Laundering and Counter-Terrorism	Financial Services Authority

Nama	Lokakarya/ Pelatihan/ Sosialisasi	Tempat
	Financing Program in Financial Services Sector”	
	Socialization of gratification control	Corruption Eradication Commission (KPK).
	Internalization of the National Risk Assessment (NRA) of Criminal Act of Money Laundering /Criminal Act of Terrorist Financing in the Strengthening of the Application of Risk-based AML-CFT Program in Financial Services Sector	Financial Services Authority.
	International “Central Bank’s Role in the Macprudential Policy” Seminar	Bank Indonesia
	Socialization of the Principal of Bank Indonesia regulation related to Integrated Licensing Service related to Operational Relationship of commercial bank with Bank Indonesia	Bank Indonesia
	Launching of National Payment Gateway	Bank Indonesia

## B. Completeness and Implementation of Committees’ Duties

### 1. The Board of Commissioners Committeess

#### a. Remuneration and Nomination Committee

Based on Board of Directors’ Decision No. 17/SKDIR/0032 dated 2 August 2017 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 2017	
Name	Composition
Rusdy Daryono	Chairman (Independent Commissioner)
Lee Chin Yong Francis	Member (Commissioner)
Herman Cahyadi	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 2019. 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.

### **Duties and Responsibilities**

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:
  - a) Perform evaluation of remuneration policy by taking into consideration on performance, risk, peer group, target, and Bank's long-term strategy, fulfillment of general reserve as stipulated in the regulations and Bank's potential income in the future; and
  - b) Provide evaluation and recommendations to the Board of Commissioners concerning:
    - i. Remuneration policy for the Board of Commissioners and Directors to be submitted to the General Meeting of Shareholders;
    - ii. Remuneration policy for Senior Executive Officers, Executive Officers and employees as a whole to be submitted to the Board of Directors;
    - iii. Remuneration structure for members of the Board of Commissioners, the Board of Directors and Senior Executive Officer;
    - iv. Amount of remuneration for members of the Board of Commissioners and the Board of Directors;
    - v. Assisting the Board of Commissioners in conducting performance appraisal in accordance with remuneration received by each member of the Board of Directors and the Board of Commissioners.
  - c) Provide evaluation and recommendation to Board of Directors concerning the amount of remuneration for members of the Senior Executive.
  - d) Ensuring that remuneration policy is in accordance with applicable regulations.
- 2) On Nomination Policy:
  - a) Formulate and provide recommendation on the system and procedure for selection and/or replacement of:
    - i. Board of Commissioners and Directors to the Board of Commissioners for submission to the GMS;
    - ii. Senior Executive Officer to be submitted to Board of Commissioners.

- b) 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 AGM.
- c) Committee member who has a conflict of interests with the recommendation shall disclose the condition in the recommended proposal.
- d) Provide recommendation on the appointment of Senior Executive Officers including the extension of term of service of the Senior Executive Officers which exceeding their normal pension age limit to the Board of Commissioners.
- e) Recommend Independent Parties to be appointed members of the Audit Committee, Remuneration and Nomination Committee, and Risk Monitoring Committee to the Board of Commissioners.
- f) Provide recommendation to the Board of Commissioners on:
  - i. Composition of positions of members of the Board of Directors and/or the Board of Commissioners.
  - ii. Policies and criteria required in the Nomination process of members of the Board of Directors, the Board of Commissioners and Senior Executive Officers;
  - iii. Performance policy and evaluation for members of the Board of Directors, members of the Board of Commissioners and/or Senior Executive Officers.
- g) Assist the Board of Commissioners in appraising the performance of members of the Board of Directors, members of the Board of Commissioners based on the benchmark determined as evaluation material.
- h) Provide recommendation to the Board of Commissioners on personal development programs for members of the Board of Directors and/or members of the Board of Commissioners.

### **Frequency of Meetings**

Remuneration and Nomination Committee meetings are held on a periodical basis at least 1 (one) time in 4 (four) months. During 2017, 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 2017 included but was not limited to:

No	Work Program	Realisation
1	Provide recommendation to the Board of Commissioners on performance policy and evaluation for members of the Board of Directors and members of the Board of Commissioners.	Remuneration and Nomination Committee has recommended a proposal of Commissioners' Evaluation and Directors' Performance Management to Board of Commissioners on 20 January 2017.
2	Provide recommendation on the Independent Party appointed to be members of the Audit Committee, Risk Monitoring Committee and Integrated Governance Committee to the Board of Commissioners.	Remuneration and Nomination Committee has recommended candidacy of the new member of Remuneration and Nomination Committee on the Remuneration and Nomination Committee's meeting dated 20 January 2017 and 21 June 2017.
3	Assist the Board of Commissioners in appraising the performance of members of the Board of Directors, members of the Board of Commissioners based on the benchmark determined as evaluation material.	Remuneration and Nomination Committee has recommended Board of Commissioners and Board of Directors Performance Evaluation on the meeting dated 21 March 2017.
4	Provide evaluation and recommendations to the Board of Commissioners regarding the Remuneration structure for members of the Board of Commissioners, the Board of Directors and Senior Executive Officer and also the amount of remuneration for members of the Board of Commissioners and the Board of Directors.	Remuneration and Nomination Committee has provided recommendation regarding amount of remuneration for members of the Board of Commissioners and the Board of Directors as well as the remuneration structure for members of Senior Executive Officers on the meeting dated 21 March 2017.
5	Formulate and provide recommendation on the system and procedure of selection and/or succession of Board of Commissioners and the Board of Directors to the Board of Commissioners to be submitted to General Meeting of Shareholders	Remuneration and Nomination Committee has provided recommendation on the reappointment of Board of Commissioners and Board of Directors to Board of Commissioners to be conveyed in Annual General Meeting of Shareholders.
6	Provide recommendation on the appointment of Senior Executive Officers including the extension of term of service of the Senior Executive Officers which exceeding the normal pension age limit to the Board of Commissioners.	Meeting was held on 17 May 2017 to discuss and provide recommendation on the extension of term of service of the member of Senior Executive Officer.
7	Evaluate and provide input to current policies and update on matters related to Human Resources, not just limited to Board of Commissioners, Board of Directors but for all employees.	Remuneration and Nomination Committee has convened meeting to discuss regarding Human Resource on the meeting dated 21 June 2017 and to provide recommendation on RNC Work Plan 2018 for BOC Approval and also renewal of RNC Work Guidelines and Regulations for BOC Approval on the meeting dated 21 November 2017.
8	Analyze and provide recommendation of qualified candidate members of the Board of Commissioners and/or Directors to the	Remuneration and Nomination Committee has conveyed meeting on 26 September 2017 to discuss regarding succession plan for Independent

No	Work Program	Realisation
	Board of Commissioners to be submitted to General Meeting of Shareholders.	Commissioner for Board of Commissioner's approval.

#### 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 2017	
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) Reviewing the financial information to be issued by the Bank to the public and/or other authorities, financial statements, projections and other reports pertaining to the Bank's financial information.
- 2) Analysing the Bank's level of compliance towards laws and regulations pertaining to the Bank's activities.
- 3) Providing an independent opinion in the event of disagreement between the management and the Public Accountant for services rendered.
- 4) Perform evaluation on the last year audit services provided by the prior Public Accountant ("AP") and/or Public Accounting Firm ("KAP"), by assessing :
  - a) Conformity of audit services conducted by AP and KAP with the prevailing regulations;
  - b) adequacy of fieldwork time;
  - c) assessment on the adequacy of audit scope and the adequacy of the sampling testing; and
  - d) recommendation for improvement provided by AP and / or KAP
- 5) Providing recommendation to the BOC pertaining to the appointment of AP and KAP with consideration as follow:
  - a) independence of KAP, AP and persons in KAP;
  - b) audit scope;
  - c) audit fee;
  - d) the expertise and experience of AP, KAP and Audit Team;
  - e) audit methodologies, techniques, and facilities used by KAP;
  - f) fresh eye perspective benefit to be obtained through the change of AP, KAP and audit team;
  - g) potential of risk from the use of the same KAP for consecutive period; and/or
  - h) the results of evaluation on the last year audit services provided by the prior AP and KAP, if any
- 6) Monitoring, analysing and evaluating audit planning and implementation as well as monitoring follow-up actions to the internal audit results in order to

assess the adequacy of internal control, including the adequacy of financial reporting process.

- 7) The Committee shall at least monitor and evaluate:
  - a) The implementation of tasks of the Internal Audit;
  - b) Consistency between audit implementation by the Public Accounting Firm and the prevailing auditing standards;
  - c) Consistency between the financial reports and the prevailing accounting standards; and
  - d) Implementation of follow-up actions by the BOD on findings made by the Internal Audit Work Unit, Public Accountant, and the results of supervision by Bank Indonesia and/or the Financial Services Authority, in order to provide recommendations to the BOC.
- 8) Recommending any appointment, resignation or dismissal of the Head of Internal Audit and to provide inputs on the annual assessment of his/her performance and remuneration.
- 9) Preparing the Annual Work Program and reviewing the Committee's Scope of Functions and its own effectiveness as well as recommending any necessary change to the BOC.
- 10) Analysing complaints received by the Audit Committee about the Bank's accounting and financial reporting processes, as well as ensuring the follow-up to such complaints.
- 11) Analysing and providing recommendations to the Board of Commissioners concerning the existence of potential conflicts of interest of the Bank.
- 12) Maintaining strict confidentiality of documents, data and information of the Bank.

### **Frequency of Meetings**

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 financial year 2017 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 2017.
2	Evaluation on the implementation of the duties of Internal Audit.	The meeting was attended by Internal Audit as invitee to discuss: <ul style="list-style-type: none"> <li>The results of case investigations carried out by Internal Audit.</li> </ul>
3	Evaluation on appropriateness of financial report compared to prevailing accounting standards.	<ul style="list-style-type: none"> <li>The meeting was held to review the draft audit report with the Finance Division and External Auditor of the Bank as invitees.</li> <li>The meeting was held to discuss the monthly and quarterly publications of financial report with the Finance Division as invitee.</li> </ul>
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 with Compliance Division as invitee to discuss report on the implementation of Bank's Compliance Function to Board of Directors for further response and action and to evaluate the implementation of the follow-up taken by Management on the results of supervision by Bank Indonesia and / or the Financial Services Authority as a recommendation to the Board of Commissioners. In this case, the discussion was about the Implementation Report of Bank Compliance Function 2 <sup>nd</sup> Half of 2016 and 1 <sup>st</sup> Half of 2017.
6	Analysing the Bank's level of compliance towards laws and regulations pertaining to the Bank's activities.	The meeting was held with Internal Audit Division as invitee to discuss revisions to the Internal Audit Charter and also revisions to the Audit Committee Charter.
7	Recommendation on the appointment of Public Accountant and Public Accounting Firm pursuant to prevailing provisions.	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 financial year ending 2017 by taking into consideration: <ul style="list-style-type: none"> <li>Independency of Public Accounting Firm in performing audit;</li> <li>Scope of work; and</li> <li>Audit fee proposed by the Public Accounting Firm.</li> </ul>
8	Evaluation on audit implementation conducted by Public Accounting Firm in accordance with prevailing audit	The meeting was held to discuss interim audit and general audit progress with the Finance Division and External Auditor as invitees.

No	Work Program	Realisation
	standards.	
9	Providing an independent opinion in the event of disagreement between the management and the Public Accountant for services rendered.	The meeting was held with Finance and External Auditor to discuss regarding additional service from external auditor.
10	Recommending any appointment, resignation or dismissal of the Head of Internal Audit and to provide inputs on the annual assessment of his/her performance and remuneration.	The meeting was held on 11 September 2017 to discuss the resignation of Head of Internal Audit and to recommend the candidacy of the new Head of Internal Audit.
11	Preparing the Annual Work Program and reviewing the Committee's Scope of Functions and its own effectiveness as well as recommending any necessary change to the BOC.	The meeting was held to prepare the Annual Work Program and to conduct annual review toward the Committee's Scope of Functions and its own effectiveness as well as recommending any necessary change to the BOC.

### 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 2017	
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 2019. 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) Performing evaluation on the compatibility between risk management policy and the implementation of risk management policies;

- 2) Performing monitoring and evaluation on the implementation of duties of the Risk Management Committee; and
- 3) Performing monitoring and evaluation on the implementation of duties of the Risk Management Function Unit.

### Frequency of Meetings

The meetings of the Risk Monitoring Committee were held based on the needs of the Bank and were attended by members of the Committee and Risk Management Work Unit as invitees (if necessary). During 2017, 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 2017 included but was not limited to :

No	Work Program	Realisation
1	Performing evaluation on the compatibility between risk management policy and the implementation of risk management policies	Meeting was convened to discuss the Bank's risk profile for the period of 4th quarter of 2016, and first, second, and third quarter of 2017.
2	Monitoring and evaluating the implementation of duties and responsibilities of the Risk Management Committee and Risk Management work unit	Meeting was held to discuss the implementation of duties of Risk Management Working Unit. In addition, the Chairman of Risk Monitoring Committee has attended Risk Management Committee's meeting to provide input regarding the implementation of risk management in the Bank.

#### d. Integrated Corporate Governance Committee

Based on Board of Directors' Decision No.16/SKDIR/0007 dated 1 February 2016 on the Appointment of Members of the Integrated Corporate Governance Committee, the Integrated Corporate Governance Committee consists of 3 (three) members, namely:

Integrate Corporate Governance Committee Members as of 31 December 2017	
Name	Composition
Aswin Wirjadi	Chairman (Independent Commissioner of PT Bank UOB Indonesia)
Adikin Basirun	Member (Independent Commissioner of PT UOB Kay Hian Securities)
Hendry Patria Rosa	Member (Independent Party)

### **Term of Office**

The term of office of Integrated Corporate Governance Committee cannot be longer than term of office of the Board of Commissioners as stated in the Bank's Article of Association and can be reappointed when the term of office has expired.

Number, composition and nature of membership of the Main Entity Independent Commissioner is aligned with the needs of the Financial Conglomerates as well as efficiency and effectiveness of the Committee duties implementation by observing at least representation of each financial services sector.

Membership of the Main Entity Independent Commissioner and the Main Entity independent party in the Committee is not considered as double position.

### **Duties and Responsibilities**

- 1) The Committee has duties and responsibilities at least as follows:
  - a) Evaluate implementation of Integrated Corporate Governance at least through assessment of internal control adequacy and implementation of compliance function in each Entity of integrated Financial Conglomerated; and
  - b) Provide recommendation to the Main Entity Board of Commissioners for improvement of Guidelines on Integrated Corporate Governance.
- 2) In terms of assessment on adequacy of integrated compliance function implementation, the Committee ensures that the Main Entity Compliance Director has established and submitted report to The Main Entity Board of Directors and the Main Entity Board of Commissioners.
- 3) In terms of duties implementation to ensure internal control adequacy as stated in point 1 letter a above, the Committee performs duties at least as follows:
  - a) Perform evaluation on implementation of duties and responsibilities of integrated internal audit function based on the integrated internal audit report submission to the Director who is appointed to perform oversight function on the financial conglomerate, the Main Entity Board of Commissioners and the Main Entity Compliance Director.
  - b) Perform oversight to ensure implementation of external audit by independent party towards financial statement of each Financial Institutions within the Financial Conglomerate.

### **Frequency of Meetings**

Integrated Corporate Governance Committee shall convene meeting at least 1 (one) time every semester. Meeting of Integrated Corporate Governance Committee can be conducted through video conference.

Throughout 2017, Integrated Corporate Governance Committee held 2 meetings.

The Work Programme of the Integrated Corporate Governance Committee and its realisation in 2017 included but was not limited to:

No	Work Program	Realisation
1	Evaluate implementation of Integrated Corporate Governance at least through assessment of internal control adequacy and implementation of compliance function in each Entity of integrated Financial Conglomerated.	<p>Meeting has been held to evaluate implementation of Integrated Corporate Governance in 2017 including assessment of internal control adequacy and implementation of integrated compliance function.</p> <p>Overall result of Integrated Corporate Governance self-assessment for 1<sup>st</sup> Half of 2017 and 2<sup>nd</sup> Half of 2017 respectively are at rating 2 (“Good”) which 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.</p>
2	Provide recommendation to PT Bank UOB Indonesia Board of Commissioners as the Main Entity for improvement of Guidelines on Integrated Corporate Governance.	<p>During 1<sup>st</sup> Half of 2017, Integrated Corporate Governance Self-Assessment Report is discussed in Integrated Corporate Governance Committee after Financial Institution submitted the Report to OJK. Recommendation for improvement conveyed by Integrated Corporate Governance Committee will be accommodated in the next reporting period.</p> <p>In the meeting of Integrated Corporate Governance in September 2017, the Committee recommended that evaluation of Integrated Corporate Governance Implementation is conducted prior to report submission to OJK so that recommendation for improvement can be accommodated in that reporting period.</p> <p>This evaluation mechanism will be accommodated in the annual review of Intergrated Corporate Governance Policy in 2018.</p>

### Performance Appraisal for the Board of Commissioners Committeess

Throughout 2017, 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’ Comittees work program during 2017 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. 17/SKDIR/0061 dated 27 November 2017 regarding Executive Committee (EXCO), the composition of EXCO member are as follows:

EXCO Member as of 31 December 2017	
Chairman	President Director
Deputy Chairman	Deputy President Director – Business
Permanent Member	<ul style="list-style-type: none"> <li>• Non-Credit Related:               <ul style="list-style-type: none"> <li>- Finance &amp; Corporate Services Director as permanent member for all non-credit issues</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Credit Related:               <ul style="list-style-type: none"> <li>- Risk Management Director (does not have voting right, to recommend only);</li> <li>- Head of Related Credit Approval as permanent member.</li> </ul> </li> </ul>
Secretary	<ul style="list-style-type: none"> <li>• Non-Credit Related: Corporate Services Head</li> <li>• Credit Related: Related Credit Approval Division</li> </ul>

Duties and responsibilities of EXCO are:

#### 1) Strategic Policies

- a) Submitting proposals and recommendations to the Board of Commissioners regarding medium- and long- term objectives, strategic directions, goals and priorities of the Bank
- b) 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:

- c) Purchase or sale of the Bank's Fixed Assets.
- d) Purchase or sale of the Bank's inventory, including computer hardware and software.
- e) 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) Credit Decision

To provide credit decision in accordance with its discretionary limit that includes on all types of exposures, direct and/or contingent, such as exposures to counterparties and customers arising from lending / financing, underwriting/syndication, securities (loan replacement), derivative instruments, settlement risks, interbank limit, End Financing (EF) mortgages limit and other product program.

5) Others

- f) 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.
- g) Deciding on business matters which are of unusual or extraordinary nature or which have strategic or significant impact (financial or otherwise) on the Bank.
- h) 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 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.	EXCO members have reviewed the issue on policies by taking into consideration all planning and implementation of strategy to achieve the Bank's medium and long term goals.

No	Work Program	Realisation
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.	Evaluated and approved the proposal to build MRT link tunnel to connect to UOB Thamrin Nine office, the selling of 3 property assets, the budget for office relocation from Harmoni Building to UOB Plaza (Swing Building) and the rental expense budget, renewal on several license agreements and its annual payment, and enhancement of current standardized system.
3	To provide credit decision in accordance with its discretionary limit that includes on all types of exposures, direct and/or contingent, such as exposures to counterparties and customers arising from lending/financing, underwriting/syndication, securities (loan replacement), derivative instruments, settlement risks, interbank limit, End Financing (EF) mortgages limit and other product program.	EXCO has provided credit decision in accordance with its discretionary limit.

#### b. Assets and Liabilities Committee (ALCO)

Based on Board of Directors' Decision No. 17/SKDIR/0041 dated 29 September 2017, the composition of Asset & Liability Management Committee is as follows:

ALCO Member as of 31 December 2017	
Chairman	President Director
Deputy Chairman	Deputy President Director - Business
Permanent Members	<ul style="list-style-type: none"> <li>• Finance &amp; Corporate Services Director</li> <li>• Risk Management Director</li> <li>• Head of Global Markets</li> <li>• Head of Personal Financial Services</li> <li>• Head of Business Banking</li> <li>• Head of Commercial Banking</li> <li>• Head of Corporate Banking</li> <li>• Head of Transaction Banking</li> <li>• Head of Financial Institutions</li> <li>• Central Treasury Unit Head</li> </ul>
Secretary	Market & Balance Sheet Risk Management Head
Permanent Invitees	Economist

The ALCO meeting shall be held according to necessity of the Bank, at least once a month.

Duties and responsibilities of the ALCO are as follows:

- 1) Grant approval for the following :
  - i) Market Risk Management Policy, Interest Rate Risk Management Policy, Liquidity Risk Management Policy, and Fund Transfer Pricing Policy and related model/ methodologies and assumptions used in the asset and liabilities management.
  - j) Delegation of Risk appetite limits, Risk control limits and risk limit concerning Market Risk, Banking Book Interest Rate Risk and Liquidity Risk;
  - k) Ratification of limits excesses by businesses;
  - l) Granting of temporary limits by businesses;
  - m) Limits should be review at least once a year;
  - n) Strategic Pricing, FTP, and Prime Lending Rate;
  - o) Funding strategies (Target Balance Sheet Mix, debt issuance), and market risk valuation reserve.
- 2) Provide endorsement for the following :
  - p) Framework related to Balance Sheet Risk Management (Interest Rate Risk on Banking Book and Liquidity Risk).
  - q) Review and recommend Internal Model related initiatives (when ready) used in regulatory reporting.
- 3) Monitoring and Reporting
  - r) Monitor and highlight limits excesses of risk appetite limits, risk control limits and other risk limits concerning market risk, banking book interest rate risk and liquidity risk; for escalation to ALCO, Risk Management Committee, and Board of Directors.
  - s) Monitor, assess and review critical market, banking book interest rate and liquidity risk profiles and exposure, vulnerabilities, P&L, material issues and major transactions.
  - t) Monitor earnings spread, asset/liability distributions and maturity, liquidity risk, market risk, and capital allocations for market risk.
  - u) Provide forum for discussion and decisions related all aspects of market risk, interest rate risk on banking book and liquidity risks.
  - v) Ensure compliance with regulatory requirements which relevant with market risk, interest rate risk on banking book and liquidity risk management.
  - w) Review the current and prospective liquidity positions and monitor alternative funding sources.
  - x) Monitor and ensure a sufficient liquidity is available for unanticipated contingencies.

The Work Program of ALCO and its realisation in 2017 includes but not limited to:

Work Program	Realisation
To conduct ALCO meeting at least 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 2017, ALCO held 17 (seventeen) meetings, and there was one urgent matter to be approved between ALCO meetings and can be dealt through circulation of a resolution in writing outside the ALCO meetings, i.e. reviewed and approved 1 proposal on 27 January 2017 regarding the approval of CTU Guidelines and VBM (FTP Methodology and Parameters Guide)

### c. Risk Management Committee (RMC)

Based on Board of Directors' Decision No. 17/SKDIR/0019 dated 12 May 2017, the composition of Risk Management Committee (RMC) is as follows:

RMC Member as of 31 December 2017	
Chairman	Risk Management Director
Deputy Chairman	Finance & Corporate Services Director
Permanent Member	<ul style="list-style-type: none"> <li>• Deputy President Director - Business</li> <li>• Compliance Director</li> <li>• Channels Director</li> <li>• Head of Technology &amp; Operations</li> <li>• Head of Human Resources</li> <li>• Internal Audit Head</li> <li>• Legal Head</li> <li>• CEO Office Head</li> <li>• Fraud Management Head</li> <li>• Regional Head – Jakarta 1</li> </ul>
Secretary	Operational and Enterprise Risk Management Head
Permanent Invitees	<ul style="list-style-type: none"> <li>• President Director</li> <li>• Portfolio &amp; Regulatory Management Head</li> <li>• Client Fulfillment &amp; Services Head</li> <li>• Branch Operational Control &amp; Development Head</li> </ul>

RMC meeting shall be held periodically, 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, model and methodologies, policies, frameworks, and guidelines.
- 2) Endorse or approve the improvement and development plans of risk management of the Bank based on the risk management implementation evaluation result.
- 3) Ensure an effective risk management implementation through proper risk measurement methodologies.
- 4) Recommend and approve Risk Appetite and tolerable risk thresholds or limits, as well as monitor and manage risk portfolio of the Bank to be within the prescribed risk limit.
- 5) Evaluate and approve the result of self-assessment on the Bank soundness rating (Risk Based Bank Rating), including the self-assessment on the risk profile rating of the Bank.
- 6) Assess and evaluate the internal capital adequacy of the Bank, to ensure the Bank has an adequate capital based on its risk profile.
- 7) Provide forum for discussion and decision on issues, matters, and Regulatory changes impacting the risk and capital of the Bank, including approval on exceptional business decisions from established risk management policy & procedures, including taking position or risk exposure beyond tolerable risk thresholds or limits.
- 8) Monitor and evaluate fraud investigation reports including follow up actions.
- 9) Review and endorse Bank-wide stress test scenarios, assumptions, parameters, result, and impact on Bank's capital, as well as the reasonableness of actions and contingent plans, if needed.
- 10) Develop Bank-wide risk awareness culture 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 2017 includes but is not limited to:

No	Work Program	Realisation
1	Conduct RMC meeting periodically, with minimum of 10 (ten) meetings a year.	During 2017, RMC meetings were conducted 12 (twelve) times.
2	The topic discussed in RMC meeting are as follows, but are not limited to: <ol style="list-style-type: none"> <li>a. Risk Profile;</li> <li>b. Bank Soundness Rating;</li> <li>c. Risk Appetite;</li> <li>d. Risk Management policy, guidance and procedure;</li> <li>e. Capital Adequacy assessment;</li> <li>f. Stress Test;</li> </ol>	<ul style="list-style-type: none"> <li>• Quarterly, RMC discuss related to Bank's Risk Profile, and semi annually, discuss related to Bank Soundness Rating.</li> <li>• During 2017, several policies that has been approved through RMC are Risk Appetite Framework, Technology Risk Management Framework, Operational Risk Management Framework, Risk Management Policy Strategic Risk Management Policy, Reputational Risk</li> </ul>

No	Work Program	Realisation
	g. Key Operational Risk Indicators (KORI) and potential or incident of Operational Risk which are deemed significant to the Bank's risk profile. h. Issues related to Fraud; i. Issues that are significant to the Bank's position; j. And other matters, including discussion regarding the Bank's main risks that are not covered in other Committees such as Operational, Compliance, Legal and Reputational Risk.	Management Policy, etc. <ul style="list-style-type: none"> <li>Discussion related to significant issues to the Bank's position has been discussed through Operational Risk Management agenda, and RMC provide inputs on the significant issues.</li> </ul>

#### d. Credit Policy Committee (CPC)

Based on Board of Directors' Decision No. 17/SKDIR/0048 dated 19 October 2017 the composition of Credit Policy Committee (CPC) is as follows:

CPC Member as of 31 December 2017	
Chairman	Risk Management Director
Deputy Chairman	Head of Retail Credit
Permanent Member	<ul style="list-style-type: none"> <li>Head of Related Credit Approval, according to CPC topic</li> <li>Head of Related Business Function, according to CPC topic</li> <li>Head of Technology and Operations</li> <li>Kerja Internal Audit Head</li> <li>Credit Risk Management Head</li> </ul>
Secretary	Credit Risk Management Head

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

Duties and responsibilities of the CPC are:

##### 1) Duties

- a) Provide recommendation and initial approval of Credit Policy that will be approved by Board of Directors and/or Board of Commissioner.
- b) Oversee so that the Bank's Credit Policy can be applied and executed properly.
- c) Formulate solutions to address issues arising from the implementation of Credit Policy.
- d) Conduct regular review of Bank's Credit Policy and provide suggestion to Board of Directors if are needed changes and improvements.
- e) Monitor and evaluate the compliance with the prevailing Credit Policy, regulations and other rules in the implementation of fund provision.

- f) Monitor and evaluate the overall development and quality of credit portfolio (including rating grade distribution, migration and exposure reports).
  - g) Monitor and evaluate the effectiveness of credit risk management structure.
  - h) Monitor and evaluate the correctness of authority implementation of credit discretionary limit.
  - i) Provide input to Board of Directors in determining authority of credit discretionary limit for Bank's officers.
  - j) Monitor and evaluate the correctness of process, development, and quality of fund provision to the Bank's related parties and certain big debtors.
  - k) Monitor and evaluate the correctness of the implementation of Legal Lending Limit (LLL) regulation.
  - l) Monitor and evaluate the solution of non-performing loans in accordance with Credit Policy.
  - m) Monitor and evaluate the Bank's efforts to fulfill the adequacy of General Provision.
  - n) Monitor and evaluate the adequacy of credit infrastructure owned by Bank.
  - o) Approve, monitor and evaluate the implementation and execution of Internal Rating Based (IRB) Credit Risk parameter, models and scorecard.
- 2) Responsibilities
- a) 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.
  - b) 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 2017 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 credit portfolio. Bank's credit growth will be monitored for each division, which are Unsecured Business, Mortgage and Secured Loan, Business Banking, Commercial Banking, Corporate Banking, and Financial Institutions. CPC also monitor other limits such as top 25 debtors, foreign currency loan concentration, and provision made by the Bank. This action will help CPC to give the right direction for

No	Work Program	Realisation
		Bank's credit portfolio growth.
2	Review and provide recommendations on the revised credit policy.	<p>During 2017, CPC held 29 (twenty-nine) meetings and endorsed General Credit Policy and Consumer Credit Policy. The major changes on General Credit Policy are:</p> <ol style="list-style-type: none"> <li>1. Changes on Environmental, Social, and Governemtn provision; and</li> <li>2. Additional control for credit facilities to related parties;</li> <li>3. changes on credit variation.</li> </ol> <p>While the major changes for Consumer Credit Policy are:</p> <ol style="list-style-type: none"> <li>1. Changes on provision for borrower's quality with facility repayment of quarterly, semi-annual, and longer periodic repayment; and</li> <li>2. Additional control for credit facilities to related parties.</li> </ol> <p>Other than that, CPC approved credit policies such as:</p> <ol style="list-style-type: none"> <li>1. Business Banking Lending Product;</li> <li>2. End Financing (EF) Framework; and</li> <li>3. Financial Supply Chain Management (FSCM) Underwriting Framework</li> </ol>

**e. Human Resources Committee (HRC)**

Based on Board of Directors' Decision No. 17/SKDIR/0010 dated 1 March 2017 concerning Human Resources Committee for Head Office, the composition of Human Resources Committee (HR Committee) is as follows:

HRC Member as of 31 December 2017	
Chairman	President Director
Permanent Member	<ul style="list-style-type: none"> <li>• Deputy President Director - Business</li> <li>• Channels Director</li> <li>• Head of <i>Human Resources</i></li> </ul>
Secretary	<i>OD &amp; Talent Management Head</i>
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

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

The duties and authorities of HRC are:

- 1) Duties

- a) Ensure the availability of HR strategy to support the Company's strategy and objectives.
  - b) 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.
  - c) Ensure the execution of HR strategy and HR policies
  - d) Provide guidance and make decisions regarding organisational issues, employee morale, productivity, culture and industrial relations.
  - e) Approve and ensure risk mitigation related to Human Resources based on issue escalation or internal audit findings.
- 2) Authorities
- a) Discuss and decide any material policies related to HR.
  - b) Determine programs to be performed related to HR policies.
  - c) Decide on matters related to the implementation of HR policies and programs that are routine or specific.
  - d) Provide guidance and decide standard remuneration, performance bonus distribution, employee promotion, and talent nomination both at Bank level and regional level.
  - e) Assess and evaluate overall performance, HR development and related policies.
  - f) Review talent management process including succession planning and its development and other related HR initiatives.
  - g) 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;
  - h) Assess, discuss, review and decide follow-up action including determining sanctions for ethical case or disciplinary which tend to or indicated as fraud and corporate values violation based on escalation of ethic panel.

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 2017, Human Resources Committee has conducted 17 (seventeen) meetings.
2	<p>Scope or topic discussed in HR Committee meeting includes but not limited to:</p> <ul style="list-style-type: none"> <li>a. Organisation development</li> <li>b. Manpower planning</li> <li>c. Training and development</li> <li>d. Employee performance management</li> <li>e. Talent management</li> <li>f. Reward and recognition</li> <li>g. Corporate values</li> <li>h. Industrial relation</li> <li>i. Engagement program</li> <li>j. Development of HR service and system</li> </ul>	<ul style="list-style-type: none"> <li>a. In 2017, HR committee meeting has ensured that bankwide calibration has aligned with guidelines and grant approval for employee performance score in 2016 and promotion recommendation. HR Committee has stipulated guidelines in implementation of employee salary and performance bonus increment for 2017.</li> <li>b. HR Committee has discussed violation of ethic and corporate values or fraud or indisciplinary which has been decided previously in the ethic panel and decision has been made as follow-up on these cases.</li> <li>c. Discussion on succession and establishment of talent pool has been carried out in 2017 whereby HR Committee has decided to ensure that succession is carried out for critical position on Function Head, Division Head and Branch Head level.</li> <li>d. HR Committee approved development programs for potential employees, among others approved scholarship for 15 employees, launching of professional certification program, mentoring, career development for Management Associate and General Development Program employees.</li> <li>e. HR Committee approved strategic program for employee training, staff engagement, leadership program, and implementation of learning technology (mobile learning).</li> <li>f. HR Committee has stipulated several benefit program, pension benefit management, salary scale, and development of HR information system.</li> <li>g. Related to organisation improvement and development of work culture in UOB, HR Committee has stipulated Bank UOB Indonesia Employee Value Proposition (EVP), the supporting programs such as flexible working arrangement, employer branding, employee recognition program.</li> <li>h. HR Committee has approved the execution of employee survey to evaluate certain areas covering vision and mission, employee value proposition, employee engagement, leadership, business driver,</li> </ul>

No	Work Program	Realisation
		innovation, change and digital. Employee survey has been performed in October 2017. i. HR Committee has approved UOB Honours Recognition Program executed in 2017 and 2018.

**f. Business Continuity Management Committee (BCMC)**

Based on Board of Directors' Decision No. 17/SKDIR/0014 dated 30 Maret 2017 the composition of Business Continuity Management (BCM) Committee is as follows:

BCMC Member as of 31 December 2017	
Chairman (Recovery Director)	Head of Technology & Operations
Deputy Chairman (Alternate Recovery Director)	Channels Director
Permanent Member	<ul style="list-style-type: none"> <li>• Finance &amp; Corporate Services Director</li> <li>• Compliance Director</li> <li>• Head of Retail Credit</li> <li>• Head of Global Markets</li> <li>• Head of Human Resources</li> <li>• Operational Risk Management Head</li> <li>• Strategic Communication &amp; Customer Advocacy Head</li> <li>• CEO Office Head</li> <li>• Portfolio &amp; Regulatory Management Head</li> <li>• Client Fulfillment &amp; Service Head</li> <li>• Corporate Real Estate Services Head</li> </ul>
Secretary	Information Security and Business Continuity Management Head
Permanent Invitee	Kepala Divisi Shared Infrastructures Services Head

BCMC Meeting is held is at least twice a year.

The duties and responsibilities of BCMC 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 2017 include but are not limited to:

No	Work Program	Realisation
1	BCM handover process from RMG-ORM to T&O / ISTOA-BCM.	Starting 1 July 2017, handover process from RMG-ORM to T&O/ISTOA-BCM has come into effect. Handover Note Approved by Head T&O and Risk Director effective 1 July 2017.
2	Conduct BCM Committee meeting in semi-annual basis.	1st BCM Committee meeting 2017 conducted on 1st August 2017 and 2nd BCM Committee 2017 conducted on 19 December 2017.
3	Conduct following activities in annual basis: <ol style="list-style-type: none"> <li>a. BCP Exercise;</li> <li>b. Call Tree exercise;</li> <li>c. ICM (Intergrated Crisis Management) table top exercise;</li> <li>d. BCM annual attestation;</li> <li>e. e. Evacuation Drill.</li> </ol>	These activities have been conducted as per follow: <ol style="list-style-type: none"> <li>a. BCP Exercise have been conducted twice on 11 November 2017 (Critical unit at UOB Wahid and Harmoni) and 9 December 2017 (Critical unit at UOB Plaza) with success result;</li> <li>b. Call Tree Exercise Bank Wide have been implemented on 9 December 2017 success result;</li> <li>c. ICM (Intergrated Crisis Management) table top exercise have been conducted on 18 September 2017;</li> <li>d. BCM annual attestation have been conducted on 19 December 2017 during BCM Committee 2nd meeting;</li> <li>e. Evacuation Drill have been conducted on 15 December 2017 for UOB Plaza and 6 December 2017 for UOBI Wahid Hasyim.</li> </ol>

**g. Credit Committee (CC)**

Based on Board of Directors' Decision No. 17/SKDIR/0059 dated 21 November 2017 concerning Executive Committee – Credit (EXCO) and Credit Committee (CC), the composition of the Credit Committee is as follows:

CC Member as of 31 December 2017	
Chairman	Deputy President Director - Business
Member	<ul style="list-style-type: none"> <li>• <i>Risk Management Director (does not have voting right, but to recommend only)</i></li> <li>• <i>Head of Related Credit Approver</i> <ul style="list-style-type: none"> <li>- <i>Head of Corporate Credit<sup>a</sup></i></li> <li>- <i>Head of Commercial Credit 1<sup>b</sup></i></li> <li>- <i>Head of Commercial Credit 2<sup>b</sup></i></li> <li>- <i>Head of Retail Credit<sup>c</sup></i></li> </ul> </li> </ul>
Secretary	<i>Related Credit Approval Division</i>

<sup>a</sup> For Corporate Banking and FI & NBFi credit proposal (until definitive Head of FI & NBFi Credit has been appointed).

<sup>b</sup> For Commercial Banking credit proposal.

<sup>c</sup> For BB & PFS credit proposal.

CC meeting are held as necessary.

Discretionary authority of CC is to provide credit decision in accordance with its discretionary limit that includes on all types of exposures, direct and/or contingent, such as exposures to counterparties and customers arising from lending/financing, underwriting/ syndication, securities (loan replacement), derivative instruments, settlement risks, interbank limit, End Financing (EF) mortgages limit and other product program.

In 2017, 553 credit proposals were submitted to the Credit Committee, consisting of 135 proposals from Corporate Banking segment, 401 proposals from the Commercial Banking segment, and 17 proposals from the Retail Credit segment.

#### h. Information Technology Committee (ITC)

Based on Board of Directors' Decision No.17/SKDIR/0016 dated 18 April 2017 concerning PT Bank UOB Indonesia Information Technology Committee, the composition of Information Technology Committee (IT Committee) is as follows:

Susunan Anggota ITC per 31 Desember 2017	
Chairman	President Director
Deputy Chairman	Head of <i>Technology &amp; Operations</i>
Permanent Member	<ul style="list-style-type: none"> <li>• Channels Director</li> <li>• Finance &amp; Corporate Services Director</li> <li>• Risk Management Director</li> <li>• Compliance Director</li> <li>• <i>CEO Office Head</i></li> <li>• <i>Digital Bank Head</i></li> </ul>
Secretary 1	<i>Business Technology Services Head</i>
Secretary 2	<i>Shared Infrastructure Services Head</i>
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

- a) 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;
- b) Discuss specifically about plans on information technology development, either currently applied by the Bank or new technology;
- c) 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;
- d) Assist the Bank in directing, overseeing and managing information technology security risk in accordance with technology security policies;
- e) Review the progress of IT key activities periodically in order to ensure sufficient Bank resources to support the IT key activities and to resolve issue arising from those IT key activities.
- f) Responsible for duties and authorities which have been delegated as established in Board of Directors' Decision No.17/SKDIR/0016.

2) Authorities

- a) 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).

- b) Approve policies in relation to strategy or utilisation of information technology such as utilisation of software, hardware, and professional services to be engaged.
- c) Set priorities for IT developments which are strategic, compliance, business or customer service in nature.
- d) 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 2017 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 (nine) meetings to review and approve IT investments, with details of schedule &amp; agenda of discussion as follows:</p> <ol style="list-style-type: none"> <li>1. UOBI GEB: Underlying document validation for TT Transaction;</li> <li>2. Visa &amp; Master Card Compliance 2017;</li> <li>3. BIBPlus Global View (GV): To enable BIBPlus feature (Global View feature) to support to have a single, consolidated view of account summary (globally) for customer global;</li> <li>4. Enhancement of Current Standardized System (to Support 3 Years Cash Product Roadmap);</li> <li>5. Microsoft License Renewal;</li> <li>6. Launch New Card Type – YOLO: To purchase stacked embossing module to personalize YOLO card with four tier stacked card number;</li> <li>7. Processing (Debit Card): To enhance current system to support regulatory requirement to route the domestic debit transaction/ merchant transaction to local switch provider instead of through VISA net;</li> <li>8. Network and Endpoint Security Enhancement;</li> <li>9. KYC Phase 2 Project: To enhance KYC system to support customer risk ranking and online customer screening;</li> <li>10. Changing Branch Status: To enhance system to</li> </ol>

Work Program	Realisation
	<p>change the status of Tomang Elok from sub branch to main branch and status of Medan UniPlaza from main branch to sub branch;</p> <ol style="list-style-type: none"> <li>11. IFRS9 for group reporting (Phase 1): To procure storage and to implement the calculating engine only (no reporting engine) in order to provide IFRS9 report (manual submission);</li> <li>12. ATM Security Baseline: To improve ATM security with centralized ATM endpoint security management (monitoring/alert) and deploy software distribution to support;</li> <li>13. Network device refreshment;</li> <li>14. DUKCAPIL Project;</li> <li>15. Application and Data Security Enhancement;</li> <li>16. Request for Terminal Access Control Access Control Server (TACACS) Project approval;</li> <li>17. IFRS9 for group reporting (phase 2): To implement the IFRS9 reporting engine with more details info (no manual submission);</li> <li>18. Bureau (SLIK) process improvement: To implement additional environment to support the scrubbed database for portfolio management for card &amp; mortgage;</li> <li>19. Visa &amp; MasterCard October compliance;</li> <li>20. Customer Relationship Management (XRM) for non individual customer project;</li> <li>21. Additional enhancement for Cash Product Roadmap phase 1 project;</li> <li>22. Bureau (SLIK) Universal Aggregator &amp; Datamart using CBAS;</li> <li>23. Digibank;</li> <li>24. Centralized File Sharing;</li> <li>25. DR Infra Virtualization: - phase 1 - phase 2;</li> <li>26. Video Conference Solution.</li> </ol>

**i. Anti-Money Laundering Committee (AMLC)**

Based on Board of Directors' Decision No. No.17/SKDIR/0021 dated 13 June 2017 concerning Anti-Money Laundering Committee, the composition of Anti-Money Laundering Committee (AMLC) is as follows:

AMLC Member as of 31 December 2017	
Chairman (also act as member)	Compliance Director
Deputy Chairman	Head of Commercial Banking
Permanent Member	<ul style="list-style-type: none"> <li>• Head of Technology &amp; Operations</li> <li>• Head of Personal Financial Services</li> <li>• Head of Business Banking</li> <li>• Head of Corporate Banking</li> <li>• Head of Financial Institution</li> <li>• Operational &amp; Enterprise Risk Management Head</li> </ul>
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/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 2017, AMLC held 7 (seven) meetings and granted approval via circulation 5 (five) times, and there were no significant AML/CFT & Sanctions case escalated to AMLC.

**j. Integrated Risk Management Committee (IRMC)**

Integrated Risk Management Committee is a committee that established with the key purpose to evaluate, approve, assess, ensure and provide recommendations regarding the implementation of Integrated Risk Management between PT Bank UOB Indonesia with PT UOB Kay Hian Securities.

Based on Director's Decree PT Bank UOB Indonesia No.18/SKDIR/0014 dated 28 February 2018, Integrated Risk Management Committee compositions are as follows:

IRMC Member as of 31 December 2017	
Chairman	Risk Management Director of PT Bank UOB Indonesia
Deputy Chairman	Finance & Corporate Services of PT Bank UOB Indonesia
Member	<ul style="list-style-type: none"> <li>• President Director of PT Bank UOB Indonesia</li> <li>• Deputy President Director – Business of PT Bank UOB Indonesia</li> <li>• Compliance Director of PT Bank UOB Indonesia</li> <li>• Director/Chief Operating Officer of PT UOB Kay Hian Securities</li> <li>• Head of Credit Risk Management PT UOB Kay Hian Securities</li> </ul>
Secretary	Operational & Enterprise Risk Management Head
Invitees	Directors, Function Heads, and/or other parties which have relevance to the subject of meeting

Duties, authorities and responsibilities of IRMC are:

- 1) Recommend the issuance and/or improvement of Integrated Risk Management policy.
- 2) Assess and approve the Integrated Reports for Financial Conglomerate (i.e. Integrated Risk Profile and Integrated Capital Adequacy).
- 3) Provide forum for discussion and decision on issues, matters, and regulatory changes impacting the risk, governance and capital in the Financial Conglomerate.

The Work Program of IRMC and its realisation in 2017 includes but is not limited to:

No	Program Kerja	Realisasi
1	Meeting is held tailored with requirement, at least 1 time a year.	During 2017, Integrated Risk Management Committee was held 2 (two) times.
2	The topic discussed in meeting are as follows, but are not limited to: Integrated Risk Profile; Integrated Corporate Governance; and Integrated Capital Adequacy.	During 2017, Integrated Risk Management Committee addresses these three topics in each meeting.

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"> <li>• President Director</li> <li>• Chairman of EXCO</li> <li>• Chairman of ALCO</li> <li>• Chairman of HRC</li> <li>• Chairman of CC</li> <li>• Chairman of ITC</li> <li>• Member of IRMC</li> </ul>	Lam Sai Yoke	Singapore	49	1989 - 1992, Bachelor of Business Administration, National University of Singapore	<ul style="list-style-type: none"> <li>• 1992 - 1999, Citibank Singapore, Sales Development Director</li> <li>• 1999 - 2001, Ebiz Solution, Regional Sales Manager</li> <li>• 2001 - 2003, Citibank Singapore, Sales Director Personal Banking</li> <li>• 2004 - 2005, Standard Chartered Singapore, Head of Customer Experience</li> <li>• 2005 - 2010, UOB Ltd Singapore, Managing Director - Head of Sales &amp; Distribution, PFS</li> <li>• 2011 - 2013, UOB Malaysia, Managing Director - Country Head of Personal Financial Services</li> <li>• 2013 - 2016, Deputy CEO UOB Malaysia, responsible for Head of Wholesale Bank, and supervise Technology and Operations (T&amp;O), Special Asset Management (SAM), Customer Service Quality (CASQ) and</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
						Brand and Corporate Communications (BPCC) <ul style="list-style-type: none"> <li>• 2016 - present, PT Bank UOB Indonesia, President Director.</li> </ul> Has more than 25 years of experience in banking.
2	<ul style="list-style-type: none"> <li>• Deputy President Director – Business</li> <li>• Deputy Chairman of EXCO</li> <li>• Deputy Chairman of ALCO</li> <li>• Permanent Member of RMC</li> <li>• Permanent Member of HRC</li> <li>• Permanent Member of CC</li> <li>• Member of IRMC</li> </ul>	Iwan Satawidinata	Indonesia	49	1990 - Bachelor of Science in Business Administration, University of Southern California, USA	<ul style="list-style-type: none"> <li>• 1990 - 1991, Assistant Regional Manager for Southern California Banking Group in United Savings Bank FSB, USA</li> <li>• 1991 - present, PT Bank UOB Indonesia, Deputy President Director</li> </ul> Has more than 27 years of experience in banking.
3	<ul style="list-style-type: none"> <li>• Finance &amp; Corporate Services Director</li> <li>• Permanent Member of EXCO</li> <li>• Permanent Member of ALCO</li> <li>• Deputy Chairman of RMC</li> <li>• Member of ITC</li> <li>• Deputy Chairman of IRMC</li> </ul>	Muljono Tjandra	Indonesia	52	<ul style="list-style-type: none"> <li>• 1984 - 1989, Bachelor of Economics, Trisakti University</li> <li>• CPA Indonesia from Indonesian Institute of Accountants</li> </ul>	<ul style="list-style-type: none"> <li>• 1990 - 1998, Public Accountant Firm KPMG Hanadi, Sudjendro &amp; Partner, Senior Manager - banking industry</li> <li>• 1998 - 2003, Public Accountant Firm Pricewaterhouse Coopers, Senior Manager - banking industry</li> <li>• 2003 - 2012, PT Bank Danamon Indonesia, Executive Vice President</li> <li>• 2012 - 2015, PT Asuransi Adira Dinamika, Chief Financial Officer</li> <li>• 2015 - present, PT Bank UOB Indonesia, Finance &amp; Corporate Services Director</li> </ul> Has more than 27 years of experience in finance & accounting and banking
4	<ul style="list-style-type: none"> <li>• Compliance Director</li> <li>• Permanent Member of RMC</li> <li>• Permanent Member of BCM</li> <li>• Permanent</li> </ul>	Soehadie Tansol	Indonesia	58	<ul style="list-style-type: none"> <li>• Pacific Rim Bankers Program, University of Washington, USA</li> </ul>	<ul style="list-style-type: none"> <li>• 1980 - 1990, Bank Buana Indonesia Pontianak Branch as Current Account Department Head, Bookkeeping Department Head, and Special Authorization Official</li> <li>• 1990 - 1999, Bank Buana Indonesia as Sub-branch Manager in Pontianak, Branch Manager in Batam, Pontianak and Palembang</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
	<ul style="list-style-type: none"> <li>Member of ITC</li> <li>Chairman of AMLC</li> <li>Member of IRMC</li> </ul>					<ul style="list-style-type: none"> <li>1999 - 2001, Bank Buana Indonesia as Procedure, Research and Development Division Head</li> <li>2001 - 2002, Bank Buana Indonesia as Associate Director</li> <li>2003 - present, PT Bank UOB Indonesia as Compliance Director.</li> </ul> <p>Has more than 37 years of experience in banking</p>
5	<ul style="list-style-type: none"> <li>Channels Director</li> <li>Permanent Member of HRC</li> <li>Permanent Member of RMC</li> <li>Deputy Chairman of BCMC</li> <li>Member of ITC</li> </ul>	Pardi Kendy	Indonesia	59	Certified as Wealth Manager, University of Greenwich Business School	<ul style="list-style-type: none"> <li>1977 - 1986, HSBC Jakarta, Treasury Director, TNO, Electronic Banking and Consumer Credit</li> <li>1987 - 1988, Bangkok Bank Limited Jakarta, Chief Treasury Dealer</li> <li>1993 - 1996, Bank Mitsubishi Buana Treasury, General Manager</li> <li>1996 - 2006, PT Bank UOB Indonesia, Treasury Director, TNO, Electronic Banking and Consumer Credit</li> <li>2006 - 2012, UOB Indonesia, Human Resources Director</li> <li>2012 - 2015, PT Bank UOB Indonesia, Head of Human Resources</li> <li>2016 - present, PT Bank UOB Indonesia, Channels Director</li> </ul> <p>Has more than 40 years of experience in banking.</p>
6	<ul style="list-style-type: none"> <li>Risk Management Director</li> <li>Permanent Member of ALCO</li> <li>Chairman of RMC</li> <li>Chairman of CPC</li> <li>Deputy Chairman of BCMC</li> <li>Member of ITC</li> <li>Ketua IRMC</li> </ul>	Henky Sulistyio	Indonesia	43	<ul style="list-style-type: none"> <li>Bachelor Degree, Parahyangan Catholic University</li> <li>Master Degree, La Trobe University, Australia</li> </ul>	<ul style="list-style-type: none"> <li>1998 - 2008, American Express Bank, Regional Market Risk Management</li> <li>2008, Standart Chartered Bank, Group Credit Risk</li> <li>2008 - 2010, PT Bank DBS Indonesia, Risk Management Group (Vice President)</li> <li>2010 - 2012, DBS Bank Singapore, Corporate Treasury (Vice President)</li> <li>2012 - 2014, PT Bank CIMB Niaga, Head of Risk Management</li> <li>2014 - 2016, PT Bank Maybank Indonesia, Chief Risk Officer</li> <li>2016 - present, PT Bank UOB Indonesia, Risk Management Director</li> </ul> <p>Has more than 19 years of risk management experience in the banking industry</p>
7	<ul style="list-style-type: none"> <li>Head of <i>Global Markets</i></li> <li>Permanent Member of ALCO</li> </ul>	Frederikus	Indonesia	54	<ul style="list-style-type: none"> <li>1981 - 1986, Bachelor Degree, Goldey Beacom College</li> <li>1986 - 1988,</li> </ul>	<ul style="list-style-type: none"> <li>1988 - 1993, PT Bank BII, Senior Trader</li> <li>1993 - 2004, ABN Amro Bank NV, Vice President Head Interbank FX and Money Market</li> <li>2004 - 2009, PT Bank BII, FM Trading</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
	<ul style="list-style-type: none"> <li>Permanent Member of BCMC</li> </ul>				Master Degree, Wilmington College	Acting Treasure Division Head <ul style="list-style-type: none"> <li>2009 - 2009, PT ICB Bumiputera, Treasure</li> <li>2009 - 2010, PT Bank UOB Indonesia, Global Markets &amp; Investment Management Group Head</li> <li>2010 - 2015, PT Bank UOB Indonesia, Head of Global Markets &amp; Investment Management</li> <li>2015 - present, PT Bank UOB Indonesia, Head of Kerja Global Markets</li> </ul>
8	<ul style="list-style-type: none"> <li>Head of Business Banking</li> <li>Permanent Member of ALCO</li> <li>Member of AMLC</li> </ul>	Denny Setiawan Hanubrata	Indonesia	45	1991 - 1996, Bachelor Degree, Parahyangan Catholic University	<ul style="list-style-type: none"> <li>1992 - 1996, Natalia Cosmetics, Sales Manager</li> <li>1996 - 2002, Bank Bali, Senior Account Officer - Commercial Banking</li> <li>2003 - 2003, Chinatrust, RM Corporate Banking</li> <li>2003 - 2007, Bank Permata, Head of SME</li> <li>2007 - 2016, Bank DBS Indonesia, Head of IBG 4</li> <li>2016 - present, PT Bank UOB Indonesia, Head of Business Banking</li> </ul>
9	<ul style="list-style-type: none"> <li>Head of Commercial Banking</li> <li>Permanent Member of ALCO</li> <li>Deputy Chairman of AMLC</li> </ul>	Tonny Timor Basry	Indonesia	42	1997, Bachelor Degree, Indiana State University	<ul style="list-style-type: none"> <li>1997 - 2004, OCBC Bank Ltd Singapore, Assistant Vice President</li> <li>2004 - 2006, Standard Chartered Bank China, Head of Sales</li> <li>2006 - 2009, Standard Chartered Bank Indonesia, General Manager for SME Banking</li> <li>2009 - 2011, UOB Singapore Commercial Banking - Industry Group 4</li> <li>2012 - 2012, UOB Singapore Commercial Banking - Industry Group 3</li> <li>2013 - 2013, UOB Singapore Commercial Banking - Enterprise Banking</li> <li>2013 - 2015, UOB Singapore, Industry Group Head 1</li> <li>2016 - present, PT Bank UOB Indonesia, Head of Commercial Banking</li> </ul>
10	<ul style="list-style-type: none"> <li>Head of Corporate Banking</li> <li>Permanent Member of ALCO</li> <li>Member of AMLC</li> </ul>	Geoffry Nugraha	Indonesia	46	<ul style="list-style-type: none"> <li>1994 - 1995, Bachelor Degree, Hawaii Pacific University</li> <li>1994 - 1999, Master Degree, Hawaii Pacific University</li> </ul>	<ul style="list-style-type: none"> <li>1996 - 1999, Bank Danamon, Relationship Manager</li> <li>1999 - 2000, Rabobank International, Risk Management Credit Analyst</li> <li>2003 - 2005, HSBC Indonesia, Vice President</li> <li>2007 - 2008, Standard Chartered Bank, Country Head Transaction Banking</li> <li>2012 - 2013, Bank ANZ Indonesia, Head of Corporate &amp; Institutional</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
						Banking • 2014 - present, PT Bank UOB Indonesia, Head of Corporate Banking
11	<ul style="list-style-type: none"> <li>• Head of Transaction Banking</li> <li>• Permanent Member of ALCO</li> </ul>	W. Kartyono	Indonesia	39	1995 - 1999, Bachelor Degree, Tarumanegara University	<ul style="list-style-type: none"> <li>• 1999 - 2005, Bank Central Asia, Trade &amp; Payment Specialist di International Banking Division</li> <li>• 2005 - 2010, Bank DBS Indonesia, Head of Trade Finance Sales</li> <li>• 2010 - 2010, ANZ Panin Bank, Head of Trade &amp; Supply Chain Sales (SVP)</li> <li>• 2010 - 2012, PT Bank UOB Indonesia, Trade Sales Division Head</li> <li>• 2013 - present, PT Bank UOB Indonesia, Head of Transaction Banking</li> </ul>
12	<ul style="list-style-type: none"> <li>• Head of Financial Institution</li> <li>• Permanent Member of ALCO</li> <li>• Member of AMLC</li> </ul>	Marcio Apm Jatmiko	Indonesia	45	1991 - 1995, Master Degree, Business Studies/ Administration/ Management	<ul style="list-style-type: none"> <li>• 1995 - 1998, Bank Dagang Nasional Indonesia, Regional Officer</li> <li>• 1998 - 2000, Indover Bank, Senior Credit Analyst</li> <li>• 2000 - 2001, Lippo Bank, Senior Product Management - FI</li> <li>• 2001 - 2005, HSBC Bank, Vice President - Institutional Banking</li> <li>• 2005 - 2006, HSBC Bank, Vice President - Commercial Banking</li> <li>• 2006 - 2010, Standard Chartered Bank, Director of Financial Institution</li> <li>• 2010 - 2015, Bank ANZ Indonesia, Head of Financial Institution Group</li> <li>• 2015 - sekarang, PT Bank UOB Indonesia, Head of Financial Institution</li> </ul>
13	<ul style="list-style-type: none"> <li>• Head of Retail Credit</li> <li>• Permanent Member of EXCO</li> <li>• Deputy Chairman of CPC</li> <li>• Permanent Member of BCMC</li> <li>• Member of CC</li> </ul>	Rudy Widjaja	Indonesia	46	1990 - 1992, Bachelor Degree, Iowa State University	<ul style="list-style-type: none"> <li>• 1992 - 1995, Seagate Technology Singapore, Industrial Engineer</li> <li>• 1995 - 1996, PT Indo Airo Sugih Indonesia, Business Development Manager</li> <li>• 1996 - 2001, Citibank Indonesia – various positions in Credit Operations</li> <li>• 2001 - 2003, Citibank Indonesia, Credit Ops Strategy and Control Head</li> <li>• 2003 - 2006, Citibank Indonesia, Country Collections Head</li> <li>• 2006 - 2008, Citifinancial Japan, Collections Head</li> <li>• 2008 - 2014, Citibank Phillipines &amp; Guam, Credit Operations Director</li> <li>• 2014 - 2016, Citibank Indonesia, Credit Operations Director</li> <li>• 2016 - present, PT Bank UOB Indonesia Head of Retail Credit</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
14	<ul style="list-style-type: none"> <li>• Head of Technology &amp; Operations</li> <li>• Permanent Member of RMC</li> <li>• Chairman of BCMC</li> <li>• Deputy Chairman of ITC</li> <li>• Member of AMLC</li> </ul>	Goh Seng Huat	Malaysia	56	1989, Bachelor Degree, Associate Chartered Institute of Bankers, UK	<ul style="list-style-type: none"> <li>• 1981 - 1994, UOB (Malaysia) (THEN CHUNG KHIAW BANK Ltd. AND LEE WAH BANK Ltd., various positions</li> <li>• 1994 - 1995, Hong Leong Bank, Training Manager</li> <li>• 1995 - 2005, EON Bank, Head of Banking Operation</li> <li>• 2005 - 2008, United Overseas Bank Ltd, First Vice President, International</li> <li>• 2005 - 2010, PT Bank UOB Indonesia, Technology &amp; Operations Director</li> <li>• 2010 - present, PT Bank UOB Indonesia Head of Technology &amp; Operations</li> </ul>
15	<ul style="list-style-type: none"> <li>• Head of Human Resources</li> <li>• Permanent Member of RMC</li> <li>• Permanent Member of HRC</li> <li>• Permanent Member of BCMC</li> </ul>	Ani Pangestu	Indonesia	52	<ul style="list-style-type: none"> <li>• 1989 - 1990, Bachelor Degree, Kennedy Western University, Wyoming, USA</li> <li>• 1990 - 1991, Master Degree, Kennedy Western</li> </ul>	<ul style="list-style-type: none"> <li>• 1991 - 2000, Asia Pulp &amp; Paper, Senior Human Resources Manager</li> <li>• 2000 - 2002, HM Sampoerna, Head of Human Resources &amp; Development Surabaya</li> <li>• 2002 - 2003, Bentoel Prima Indonesia, GM Human Resources Development</li> <li>• 2003 - 2008, Dexa Medica, Head of Human Resources</li> <li>• 2008 - 2010, Lippo Bank, Head of HR Strategy</li> <li>• 2010 - 2011, Bank Permata, HR Merger &amp; Acquisition</li> <li>• 2011 - 2012, Bank Permata, HR, Legal &amp; Compliance Director</li> <li>• 2012 - 2015, BII Maybank, Human Capital Director</li> <li>• 2015 - present, PT Bank UOB Indonesia, Head of Human Resources</li> </ul>
16	<ul style="list-style-type: none"> <li>• Internal Audit Head</li> <li>• Permanent Member of RMC</li> <li>• Permanent Member of CPC</li> </ul>	Ridwan Moezwir	Indonesia	55	2003 - 2005, Master Degree, Gajah Mada University	<ul style="list-style-type: none"> <li>• 1987 - 1990, Finance Department, Tax Auditor</li> <li>• 1991 - 2003, Bank Niaga, Operations Division Head</li> <li>• 2003 - 2006, Bank Permata, Division Head</li> <li>• 2006 - 2007, Bank Agroniaga, Operation Audit Division Head</li> <li>• 2008 - present, PT Bank UOB Indonesia, Internal Audit Head</li> </ul>
17	<ul style="list-style-type: none"> <li>• <i>Legal Head</i></li> <li>• Permanent Member of RMC</li> </ul>	Irvan Gunardwi	Indonesia	46	2003 - 2005, <i>Master Degree</i> , University of Indonesia	<ul style="list-style-type: none"> <li>• 1994 - 1995, Shipping Line Company, Export Dep Officer</li> <li>• 1995 - 1998, Bank Bali, Legal Officer in Corp Legal Dept</li> <li>• 1999 - 2000, Bank Bali, Legal Manager</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
						<ul style="list-style-type: none"> <li>in Corp Legal Dept</li> <li>• 2000 - 2000, Bank Bali, Coordinator in Corp Legal &amp; Compliance Dept</li> <li>• 2000 - 2003, Bank Bali, Corp Legal &amp; Compliance Department Head</li> <li>• 2000 - 2003, Bank Permata, Secretary to Board of Directors</li> <li>• 2002 - 2003, Bank Permata, Member of Corporate Secretary</li> <li>• 2003 - 2003, Bank Permata, Head of Advisory &amp; Monitoring</li> <li>• 2003 - 2009, BII, Legal Division Head</li> <li>• 2009 - 2010, BII, General Legal Counsel &amp; Corp Secretary Division Head</li> <li>• 2010 - 2014, Bank DBS, Head of Legal - CBG</li> <li>• 2014 - present, PT Bank UOB Indonesia, Legal Head</li> </ul>
18	<ul style="list-style-type: none"> <li>• Market &amp; Balance Sheet Risk Management Head</li> <li>• Compliance Advisory &amp; Monitoring Head</li> <li>• Secretary of ALCO</li> </ul>	Candra Putra	Indonesia	38	<ul style="list-style-type: none"> <li>• 1997 - 2001, Bachelor Degree, Gajah Mada University</li> <li>• 2007 - 2009, Master Degree, Gajah Mada University</li> </ul>	<ul style="list-style-type: none"> <li>• 2001 - 2005, Bank Central Asia, Associate Officer di Risk Management Dept</li> <li>• 2005 - 2006, Bank Mizuho Indonesia, Officer di Credit Risk Management Dept</li> <li>• 2006 - 2006, Citibank NA, Assistant Manager di Credit Risk Management</li> <li>• 2006 - 2008, Bank DBS, Risk Management Unit Manager in Risk Management Unit Dept</li> <li>• 2008 - 2011, Bank Permata, Head of Quality Assurance &amp; Operational Risk Manager</li> <li>• 2011 - 2011, PT Bank UOB Indonesia, Operational Risk Portfolio Management</li> <li>• 2011 - 2014, PT Bank UOB Indonesia, Operational Risk Management Head</li> <li>• 2015 - 2016, PT Bank UOB Indonesia, Acting as Risk Management Head</li> <li>• 2016 - 2017, PT Bank UOB Indonesia, Market &amp; Balance Sheet Risk Management Head</li> <li>• 2017 - present, PT Bank UOB Indonesia, Compliance Advisory &amp; Monitoring Head</li> </ul>
19	<ul style="list-style-type: none"> <li>• Operational &amp; Enterprise Risk Management Head</li> </ul>	Jemy Kristian Soegiarto	Indonesia	41	Master Degree, Institut Teknologi Sepuluh November	<ul style="list-style-type: none"> <li>• 2000 - 2007, PT Bank Central Asia, Senior Audit Officer</li> <li>• 2007 - 2010, PT Bank Danamon, Audit Development Head</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
	<ul style="list-style-type: none"> <li>Secretary of RMC</li> <li>Member of AMLC</li> </ul>					<ul style="list-style-type: none"> <li>2010 - 2015, PT Bank CIMB Niaga, Audit Group Head</li> <li>2015 - 2017, PT Bank Maybank Indonesia, Non-Retail Credit QA, Policy, and Portfolio Monitoring</li> <li>2017- present, PT Bank UOB Indonesia, Operational &amp; Enterprise Risk Management Head</li> </ul>
20	<ul style="list-style-type: none"> <li>Credit Risk Management Head</li> <li>Secretary of CPC</li> </ul>	Foengky Santosa	Indonesia	45	1991 - 1996, Bachelor Degree, University of Pembangunan Nasional (Veteran)	<ul style="list-style-type: none"> <li>1997 - 2003, Bank Bali, Operational Development</li> <li>2003 -2010, Bank Permata, Risk Analytic Head</li> <li>2010 - present, PT Bank UOB Indonesia, Credit Risk Management Head</li> </ul>
21	<ul style="list-style-type: none"> <li>Operational Risk Head</li> <li>Permanent Member of BCMC</li> </ul>	Virna Medina	Indonesia	42	<ul style="list-style-type: none"> <li>1998 - 2001, Master Degree, Institut Teknologi Bandung</li> </ul>	<ul style="list-style-type: none"> <li>1997 - 2006, Bank Permata, Operational Risk Officer</li> <li>2006 - 2012, BII Maybank, Divisional OR &amp; Policy Head</li> <li>2012 - 2014, OCBC NISP, Quality Assurance and Control Head - Retail Credit</li> <li>2014 - 2015, Standard Chartered Bank, Quality Assurance and Control Head - Retail Credit</li> <li>2015 - 2016, PT Bank UOB Indonesia, Operational Risk Management Head</li> <li>2016 - 2017, PT Bank UOB Indonesia, Operational Risk &amp; Anti Fraud Management Head</li> <li>2017 - present, PT Bank UOB Indonesia, Operational Risk Management Head</li> </ul>
22	<ul style="list-style-type: none"> <li>HR Shared Service Head</li> <li>Member of Remuneration &amp; Nomination Committee</li> </ul>	Herman Cahyadi	Indonesia	38	<ul style="list-style-type: none"> <li>Bachelor Degree, Tarumanegara University</li> <li>Master Degree, Tarumanegara University</li> </ul>	<ul style="list-style-type: none"> <li>2002 - 2008, PT Bank Maybank Indonesia, HR Organization Design and Rewards (Assistant Vice President)</li> <li>2008 - 2012, CIMB Niaga, Human Resources, HR Planning &amp; Services, Rewards Operations (Senior Assistant Vice President)</li> <li>2012 - 2017, PT Bank International Indonesia, Human Capital (Senior Vice President)</li> <li>2017 - present, PT Bank UOB Indonesia, HR Shared Service Head</li> </ul>
23	<ul style="list-style-type: none"> <li>Business Tech Services Head</li> <li>Secretary of ITC</li> </ul>	Jieni	Indonesia	44	1992 - 1996, Bachelor Degree, STMIK Bina Nusantara	<ul style="list-style-type: none"> <li>1992 - 1999, Bank Kharisma, Deputy in Information Technology Division</li> <li>1999 - 2008, PT Bank UOB Indonesia, Business System Development 1 Sub-Division Head</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
						<ul style="list-style-type: none"> <li>• 2010 - 2011, PT Bank UOB Indonesia, Business Technology Solutions 1 Head</li> <li>• 2013 - present, PT Bank UOB Indonesia, Business Technology Services Head</li> </ul>
24	<ul style="list-style-type: none"> <li>• Shared Infrastructure Services Head</li> <li>• Secretary of ITC</li> </ul>	Sigit Arnanto	Indonesia	55	1981 - 1987, Bachelor Degree, University of Indonesia	<ul style="list-style-type: none"> <li>• 1988 - 1990, Swadharma Duta Data, Technology Analyst</li> <li>• 1991 - 2011, CIMB Niaga, Regional Infrastructure</li> <li>• 2011 - 2013, PT Bank UOB Indonesia, Technical Support Head</li> <li>• 2013 - present, PT Bank UOB Indonesia, Shared Infrastructure Services Head</li> </ul>
25	<ul style="list-style-type: none"> <li>• CEO Office Head</li> <li>• Permanent Member of RMC</li> <li>• Permanent Member of BCM</li> <li>• Permanent Member of ITC</li> </ul>	Jenny Hadikusuma	Indonesia	43	1993 - 1997, Bachelor Degree, University of Surabaya	<ul style="list-style-type: none"> <li>• 1992 - 1996, Colliers Jardine International, Marketing Executive</li> <li>• 1996 - 1997, Mal Galaxy, Marketing &amp; PR Executive</li> <li>• 1997 - 1999, Jones Lang La Salle, Assistant Manager</li> <li>• 2000 - 2001, Hyatt Regency Surabaya, Manager</li> <li>• 2001 - 2005, PT Broadband Multimedia, Corp Sales &amp; Customer Manager</li> <li>• 2008 - 2009, PT Bank UOB Indonesia, Call Center &amp; Mobile Banking Head</li> <li>• 2009 - 2010, PT Bank UOB Indonesia, Contact Center Head</li> <li>• 2010 - 2011, PT Bank UOB Indonesia, Call Center Head</li> <li>• 2011 - 2012, PT Bank UOB Indonesia, IFS Business Finance Manager</li> <li>• 2012 - 2014, PT Bank UOB Indonesia, IFS Portfolio Management Head</li> <li>• 2014 - 2015, PT Bank UOB Indonesia, Wholesale Portfolio Management Head</li> <li>• 2015 - present, PT Bank UOB Indonesia, CEO Office Head</li> </ul>
26	<ul style="list-style-type: none"> <li>• AML/CFT &amp; Sanctions Head</li> <li>• Secretary of AMLC</li> </ul>	Laurentius E. Purwatomoko	Indonesia	50	1987 - 1995, Bachelor Degree, Sanata Dharma University	<ul style="list-style-type: none"> <li>• 1996 - 2001, Notre Dame High School, Teacher</li> <li>• 2001 - 2010, PT Bank UOB Indonesia, User System Support Head</li> <li>• 2010 - 2011, PT Bank UOB Indonesia, Centralised System Adm Head</li> <li>• 2011 - 2013, PT Bank UOB Indonesia, Operations Control Review Head</li> <li>• 2013 - 2013, PT Bank UOB Indonesia,</li> </ul>

No	Position	Name	Nationality	Age	Education Background	Work Experience
						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
27	<ul style="list-style-type: none"> <li>• OD &amp; Talent Management Head</li> <li>• Secretary of HRC</li> </ul>	Triagung Wibawa	Indonesia	33	<ul style="list-style-type: none"> <li>• Bachelor Degree, Gajah Mada University, Yogyakarta</li> <li>• Master Degree, University of Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>• 2006, Surabaya Stock Exchange, Staff</li> <li>• 2007 - 2011, CIMB Niaga, Recruitment II in Recruitment</li> <li>• 2011 - present, PT Bank UOB Indonesia, OD &amp; Talent Management Head</li> </ul>

- 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
- IRMC : Integrated Risk Management Committee

## C. Corporate Secretary

The Corporate Secretary is the officer responsible to the Board of Directors, and act as 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 reports directly to the Director of Finance & Corporate Services.

Susilowati is domiciled in Jakarta and graduated with 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 in 2004 at PT Bank Victoria International Tbk and last held the position of Corporate Secretary.

### 2. Development of Competencies of Corporate Secretary

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

In addition, she attended various trainings/ seminars/ workshops in 2017 as set out in the following table:

Workshop/ Training/ Dissemination	Organiser
Workshop on the Assessment of Fit and Proper Test	Indonesian Banking Development Institution (LPPI)
Workshop on Financial Services Authority Regulation No. 07/POJK.04/2014 concerning Procedures for Billing of Administrative Sanction in the Form of Fines in the Financial Services Sector	Indonesia Stock Exchange and Indonesian Corporate Secretary Association
Seminar on Financial Services Authority Regulation No. 21/POJK.04/2015 regarding Good Corporate Governance Implementation on Public Companies through Comply or Explain	Indonesia Stock Exchange and Indonesian Corporate Secretary Association

### 3. Duties and Responsibilities of Corporate Secretary

Corporate Secretary must at least have the function as referred to in Financial Services Authority (OJK) 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;
- 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 2017 in relation to her duties and responsibilities include:

- a. Preparing and publishing the Annual Report for financial year 2016 which contains information on the Company's performance in collaboration with other related units.
- b. Convening the Extraordinary General Meeting of Shareholders on 7 February 2017 and Annual General Meeting of Shareholders on 26 April 2017.
- c. Submitting the Annual Report for financial year 2016 and Financial Statements for financial year 2016 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 and access to information as reasonably required by stakeholders as well as 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. Coordinating with related function in preparing the issuance of Subt Debt I Phase II Bank UOB Indonesia 2017.

## **D. Corporate Communications**

Corporate Communications function plays a key role in maintaining the corporate positive image. The communications strategy is well focused to gain public trust and maintain good reputation through year-long activities that are focused on internal and external communications. The function also takes part in supporting sustainable business for the long term.

### **1. Annual Report**

Since 2016, Corporate Communications and Corporate Secretary are jointly responsible to prepare and publish the Annual Report that discloses UOB Indonesia's business performance.

### **2. Press Release**

UOB Indonesia recognises the importance of engaging with the public and aims to raise its profile and share pertinent information on its activities. These objectives are achieved through media activities in the form of news conferences, media gathering, and one-on-one interviews.

At news conferences and other media activities, UOB Indonesia issues news releases. In 2017, the news releases covered the Bank's new products and services, corporate social responsibility programmes and contribution towards Indonesian small and medium enterprises, as well as the outlook of the Indonesian economy.

The following are list of UOB Indonesia press releases in 2017:

- UOB Indonesia employees help paint a brighter future for students from Madrasah Ibtidaiah Alam Robbani 11 January
- Indonesians plan to spend most on travel this Lunar New Year: UOB survey, 26 January
- UOB Indonesia updates the UOB Lady's Card to suit the lifestyle needs of Indonesia's financially independent working women, 13 March
- UOB Indonesia launches its 2017 Painting of the Year competition and a series of art education programmes to nurture Indonesian artists, 30 May
- UOB Indonesia launches UOB Agents smartphone app – the first mortgage-linked app by a financial institution in Indonesia, 7 June
- UOB survey: 76 per cent of Indonesian enterprises are optimistic the ASEAN Economic Community will lead to business growth, 21 June

- UOB Indonesia employees run to raise IDR250 million to improve the lives of underprivileged children, 16 July
- UOB Indonesia remains optimistic about Indonesia's economic growth in 2017, 26 July
- UOB Indonesia celebrates "Aku Anak Indonesia" with more than 600 children at Kidzania, 19 August
- UOB Indonesia launches "Smart Risk", a risk-focused investment approach for its Privilege Banking customers in Indonesia, 12 September
- A Depiction of Civilisation in Crisis takes the 2017 UOB Painting of the Year Indonesia Award, 26 October
- UOB Indonesia launches award-winning UOB ONE Account to help customers grow their savings faster, 6 November
- UOB Indonesia forecasts the economy to grow by 5.3 per cent in 2018, 14 November
- UOB Indonesia launches 'Blast of Surprise' year-end promotion for its credit cardmembers, 16 November
- UOB Indonesia and DOKU team up to make SMEs' payroll processing more efficient, 28 November

## **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 Financial Services Authority (OJK) Regulation No. 46/POJK.03/2017.

Following are the roles and responsibilities of the Compliance Function:

- 1) Create steps in order to support the creation of compliance culture 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 concerning the Implementation of Risk Management for Commercial Banks;
- 3) Assess and evaluate strictly, 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) Ensure the execution of all systems 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 regulation and other regulations 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 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 related 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 Compliance, Laws, Rules and Standards (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 performing 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; and
  - Compliance Standard Operational Procedures.
- 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 OJK Circular Letter No.13/SEOJK.03/2017 dated 17 March 2017.

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. 17/SKDIR/0071 dated 27 December 2017 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. Head of Internal Audit (Has effectively retired on 21 November 2017)**

Ridwan Moezwir, serving as Internal Audit Head, 55 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 holds 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. Internal Audit Head (Acting of Internal Audit Head effectively on 21 November 2017)**

Nofrizal, serving as Acting of Internal Audit Head, 44 years old, domiciled in Indonesia, has joined with UOB Indonesia since 2011. His appointment as Acting of Internal Audit Head is pursuant to Directors' Decree No.17/SKDIR/0056 dated 20 November 2017. He holds Bachelor Degree of Accounting from Andalas University, Padang, and has experience more than 5 years as auditor in Public Accounting Firm and 15 years as auditor financial industry.

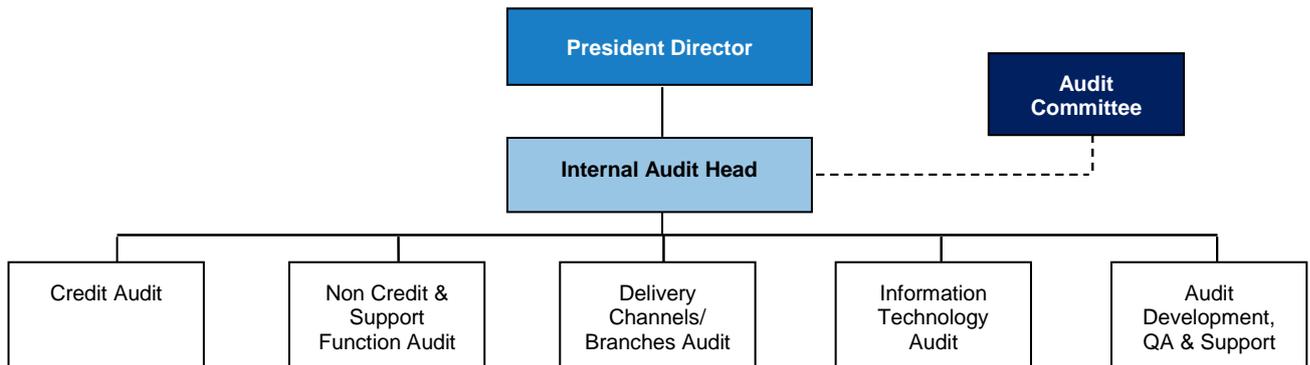
### **c. Competency Improvement of Internal Audit Head**

During 2017, 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.

### **d. Competency Improvement of Acting Internal Audit Head**

During 2017, the Acting of Internal Audit Head holds Certified Assessor for Banking IA, Certified Public Accountant and Risk Management Certification Level 4.

### e. Structure of Internal Audit Function



### f. Duties and Responsibilities of Internal Audit Function

Duties and Responsibilities of Internal Audit Function 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 cover examination, 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 to mitigate both current and emerging 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 audit issues, 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.

### g. 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) International Certification such as CISA, CCNA, CPA, CEH, CHFI, CBA, ISO27001/ Information Security Management System Lead Auditor.
- 3) Risk Management Certification Level 1 – 4.

#### **h. Disclosure of Internal Audit Practice in 2017**

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

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.

#### **i. Key Initiatives of Internal Audit in 2018**

The Key Initiatives of Internal Audit on 2018 are prepared to increase value added, by always striving to meet the expectations and needs of the stakeholders, by focusing on the following activities:

- 1) Learning and growth perspective through Internal Audit Staff development such as Develop Subject Matter Expertise, Staff certification and training for specific product.
- 2) Internal process perspective through cross functional audit Staff and develop IT learning environment for auditors.
- 3) Customer perspective by building impact and influence through guest auditor program and promote bank-wide internal control awareness through Internal Audit News.
- 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 & Surja met 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, Sungkoro & Surja, according to Financial Services Authority (OJK) Regulation No.13/POJK.03/2017 on Use of Public Accountant and Public Accountant Firm in Financial Services Activities, has engaged in communication with OJK 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 103.

## G. Related Party Funding and Large Exposure

Batas Maksimum Pemberian Kredit serta penyediaan dana kepada pihak terkait dan penyediaan dana besar sebagai bagian dari prinsip kehati-hatian Bank.

The following are loans to related parties and large exposures as of 31 December 2017:

(in Million Rupiah)

No	Funding	Total	
		Debtor	Nominal
1	To Related Parties	164	2,451,825
2	To Core Debtors	25	20,858,895
	a. Individu	1	465,944
	b. Group	22	20,392,950

Note:

1. 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)
2. 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, medium term and long 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.

In 2018-2020, Bank has made long term, medium term and short term target, as follows:

### Long Term Plan:

1. Undertake capital management and examine the possibility of raising core capital. This is to ensure that the Bank has strong capital in support of its business development strategy and complies with the capital adequacy requirements set by the Regulator.
2. Issue financial instruments and use the funds obtained to support the growth of productive assets and develop the Bank's business. In planning for the issuance of financial instruments, the Bank always considers the economic conditions particularly the interest rate movements.

3. Grow alternative sources of funding and improve the liquidity profile to provide stable USD funding over a fairly long period.
4. Manage non-performing loans, including through loan restructuring, aggressive collection and collateral execution.
5. Recruit and mobilise talented people to support the Bank's development and strengthen the organisational structure by increasing bench strength, retention and productivity.
6. Implement a technology roadmap to build the right platform to support sustainable growth.
7. Embrace digitalisation by promoting awareness of technological developments and building the required capabilities.
8. Continue to focus on improving the Bank's performance through the the "Single Captain" concept, which will be reinforced by redefining tasks and responsibilities and setting reporting matrices.
9. Continue to focus on sectoral solutions strategy, build banking industry/developer industry and increase productivity in wealth management to improve performance as part of the five-year strategic initiative plan.
10. Grow the retail banking segment and improve the Return on Risk Weighted Asset.

#### Medium Term Plan:

1. Examine the possibility of raising core capital that is expected to increase Capital Adequacy Ratio.
2. Issue Subordinated Loans in 2020 for long-term capital management.
3. Obtain net profit before tax of IDR 1,950 billion by the end of 2020.
4. Achieve average loan growth (CAGR) of 11.08%.
5. Achieve average TPF growth (CAGR) of 8.68%.
6. Increase CASA mix ratio to 41.50% by the end of 2020.
7. Achieve ROE of 10.06% and ROA of 1.61%.
8. Maintain Operating Cost Income ratio of 90.48% by the end of 2020.
9. Maintain Loan to Deposit Ratio (LDR) at 89.74%.
10. Achieve Liquidity Coverage Ratio (LCR) of >100% by the end of 2020.

#### Short Term Plan:

1. Undertake capital management to ensure that the Bank has strong capital in support of its business development strategy and complies with the capital adequacy requirements set by the Regulator.
2. Issue financial instruments to diversify sources of funding and improve the Bank's funding structure while taking into account economic conditions, particularly interest rate developments to achieve maximum results for the Bank's performance.
3. Net profit before tax of IDR 750 billion in 2018.
4. Increase loan growth for 10.54% in 2018.

5. Increase TPF growth for 3.45% in 2018.
6. Increase CASA mix ratio from 34.67% to 39.29% in 2018.
7. Maintain capital adequacy ratio at 16.37% by the end of 2018.
8. Achieve ROE of 4.81% and ROA of 0.73%.
9. Maintain gross NPL ratio at 2.25% and maintain Impairment ratio to total NPL at 93%.
10. Maintain Loan to Deposit Ratio (LDR) at 89.81%.
11. Maintain short term liquidity by achieving Liquidity Coverage Ratio (LCR) of >100% in 2018.
12. Maintain Operating Cost Income Ratio at 94.91% in 2018.

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 2017 (%)
<b>Board of Commissioners</b>				
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

No	Name	Position	Company Name (domestic and overseas)	Ownership Percentage as of 31 Dec 2017 (%)
<b>Board of Commissioners</b>				
			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	Lee Chin Yong Francis	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	
5	Wayan Alit Antara	Independent Commissioner	PT Citra Indah Prayasa Lestari	5.00
6	Aswin Wirjadi	Independent Commissioner	NIL	
<b>Board of Directors</b>				
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

Board of Commissioners and Board of Directors	Family Relationship with						Financial Relationship with						Remarks
	Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders		
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
Wee Cho Yaw	√	-	-	-	√	-	√	-	-	-	√	-	Father of Wee Ee Cheong
Wee Ee Cheong	√	-	-	-	√	-	√	-	-	-	√	-	Son of Wee Cho Yaw
Lee Chin Yong Francis	-	-	-	-	-	-	-	-	-	-	√	-	Head of Group Retail, United Overseas Bank Limited
Rusdy Daryono	-	-	-	-	-	-	-	-	-	-	-	-	None
Wayan Alit Antara	-	-	-	-	-	-	-	-	-	-	-	-	None
Aswin Wirjadi	-	-	-	-	-	-	-	-	-	-	-	-	None
Lam Sai Yoke	-	-	-	-	-	-	-	-	-	-	-	-	None
Iwan Satawidinata	-	-	-	-	-	-	-	-	-	-	-	-	None
Muljono Tjandra	-	-	-	-	-	-	-	-	-	-	-	-	None
Pardi Kendy	-	-	-	-	-	-	-	-	-	-	-	-	None
Henky Sulisty	-	-	-	-	-	-	-	-	-	-	-	-	None
Soehadie Tansol	-	-	-	-	-	-	-	-	-	-	-	-	None

## K. Disclosure of Remuneration Policy

### 1. Preparation Process of Remuneration Policy

In reference to Financial Services Authority (OJK) Regulation No.45/POJK.03/2015 concerning 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 take 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. HR Committee has reviewed the remuneration policy and is of view that the policy continues to be relevant.

### 2. Scope of Remuneration Policy

The above remuneration Policy has come into effect and has been implemented in every business unit and regional.

### **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 in accordance to OJK Regulation concerning implementation of risk management for commercial bank. Key risks are 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, reputational risk, strategic risk, and compliance risk.

Parties who have duties and responsibilities with significant 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 the Bank's risk profile, it was decided that the Material Risk Taker (MRT) of the Bank is the Board of Directors with total number of 6 people.

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 by taking into consideration the individual performance, business unit performance, and Bank's performance in general.

### **4. Performance Measurement Associated with Remuneration**

The granting of variable remuneration is exercised to align the remuneration with the taken risk in a proper manner and cover the conformation that reflects:

- a. size of employee performance;
- b. size of financial and non-financial business performance;
- c. risks associated with the business activities, if relevant; and
- d. necessary time to effectively measure the business activities results.

Performance appraisal is performed in accordance with the Key Performance Indicator (KPI) which has been determined according to the role and function of the work and the grant of variable remuneration is done by keep observing the objectivity and independency and executed by the HR Committee Panel.

A weak or negative financial performance may leads to decrease or defer of performance-based variable remuneration, thus impact to the total compensation. The provision on Granting of Remuneration associated with Performance and Risks started to be implemented in 2017.

### **5. Remuneration Adjustment Associated with Performance and Risk**

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

The deferred variable remuneration is variable remuneration that is 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.

## 6. External Consultant

In establishing the remuneration policy, the Bank did not use any external consultant services.

## 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	2,578	6	44,964
Other benefits in kind (housing, transportation, health insurance, etc.) which *)	-	-	-	-
a. can be owned	-	-	-	-
b. cannot be owned	-	-	6	810

\*) 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 IDR 2 Billion	-	6
Above IDR 1 Billion up to IDR 2 Billion	-	-
Above IDR 500 Million up to IDR 1 Billion	3	-
Below IDR 500 Million	3	-

\*) received in cash

### 3. Variable Remuneration

Align with the Remuneration Policy and Structure established, variable remuneration for the Board of Commissioners and Board of Directors includes bonus in cash.

Number of Directors, Commissioners and employees who receive variable remuneration in 1 (one) year and the total amount can be seen in the the following table.

(in Million Rupiah)

Variable Remuneration	Total Received in 1 (one) Year					
	Board of Commissioners		Board of Directors		Employee	
	Person	Total	Person	Total	Person	Total
Total	3	223	6	9,446	4,028	169,830

#### 4. Position and Number of Material Risk Takers

No.	Position	Number of Person
1.	Board of Commissioners	-
2.	Board of Directors	6
3.	Employees	-

#### 5. Share Options

During 2017, PT Bank UOB Indonesia did not grant Share Options to Commissioners, Directors or Employees.

#### 6. Highest and Lowest Salary Ratio

Description	Ratio	
	2016	2017
Ratio of the highest & lowest salary of the employees	1 : 89.20	1 : 93.18
Ratio of the highest & lowest salary of the Directors	1 : 2.46	1 : 1.64
Ratio of the highest & lowest salary of the Commissioners	1 : 8.30	1 : 8.30
Ratio of the highest salary of the Directors & highest salary of the employee	1 : 1.79	1 : 1.79

#### 7. Number of Recipient and Total Amount of Unconditional Variable Remuneration Provided by the Bank to Candidates of the Board of Directors, Candidates of the Board of Commissioners and/or Employee Candidates for the first 1 (one) Year of Work

(in Million Rupiah)

Unconditional Variable Remuneration	Total Received in 1 (one) Year					
	Board of Commissioners		Board of Directors		Employee	
	Person	Total	Person	Total	Person	Total
Total	-	-	-	-	-	-

### 8. Service Terminated and Total Amount of Severance Paid

Total Severance Paide per Person in 1 (one) Year	Number of Employee
Above IDR 1 Billion	-
Above IDR 500 Million up to IDR 1 Billion	-
Below IDR 500 Million	30
Nil	23

### 9. Total Amount of Deferred Variable Remuneration which Consist of Cash

(in Million Rupiah)

Deferred Variable Remuneration	Board of Commissioners		Board of Directors		Employee	
	Person	Total	Person	Person	Total	Person
Total	-	-	-	-	-	-

### 10. Number of Recipient and Total Variable Remuneration with Deferred Payment for 1 (one) Year

(in Million Rupiah)

Deferred Variable Remuneration	Board of Commissioners		Board of Directors		Employee	
	Person	Total	Person	Person	Total	Person
Total	-	-	-	-	-	-

### 11. Detail Amount of Remuneration Provided in 1 (one) Year

a. Fixed Remuneration <sup>*)</sup>		
1) Cash	15,277	
2) Shares/Shares-based Instruments Issued by the Bank	-	
b. Variable Remuneration <sup>*)</sup>		
	Not Deferred	Deferred
1) Cash	9,466	8,576
2) Shares/Shares-based Instruments Issued by the Bank	-	-

\*) Only for MRT in million Rupiah

## 12. Quantitative Information

Type of Variable Remuneration <sup>*)</sup>	Remaining Deferred Amount	Total Deductions during Reporting Period		
		Due to Explicit Adjustment (A)	Due to Implicit Adjustment (B)	Total (A)+(B)
1) Cash	8,576	-	-	-
2) Shares/Shares-based Instruments Issued by the Bank	-	-	-	-

\*) Only for MRT in million Rupiah

## 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 (2016)	Current Year (2017)	Previous Year (2016)	Current Year (2017)	Previous Year (2016)	Current Year (2017)
Total of fraud cases	0	0	3	10	0	0
Has been settled	0	0	3	8	0	0
In settlement process in internal Bank	0	0	0	0	0	0
Settlement has not yet been attempted	0	0	0	0	0	0
Has been followed up through legal process	0	0	0	2	0	0

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

As of 31 December 2017, 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	6	0
In settlement process	3	45	0
Total	3	51	0

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

Throughout 2017 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 2017, 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 2017, there were no transactions within the Bank that can be classified as conflict of interest transactions.

#### R. Bank's Share and Bond Buybacks

During 2017, the Bank did not perform any share or bond buyback.

#### S. Donation for Social and Political Activities During the Period of 2017

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 2017:

Category	Activities Type	Description	Total Fund (in Rupiah)
Social and Community Relations	Cook With Love & Share The Happiness 2017	UOB Indonesia's Commercial Banking organised a Corporate Social Responsibility event. More than 70 employees rolled up their sleeves to renovate the Islamic School of Madrasah Ibtidaiah Rabbani	50,000,000
	UOB Heartbeat	UOB Indonesia raised funds from its employees to support the empowerment of kindergarten teachers through Tunas Aksara 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 1438 H, we made qurban offering distributed to neighbours around the office.	203,400,000
	Giving Staple Food Package	To celebrate Idul Fitri, UOB Indonesia gave staple food vouchers to UOB non permanent employees, i.e. Cleaning Service, Office Boy, Driver, Security, Technician, and Messenger	291,629,195

Category	Activities Type	Description	Total Fund (in Rupiah)
		throughout Indonesia.	
	<i>Mudik Bersama</i> , Day Care and <i>Tajil</i>	To celebrate Idul Fitri 1438 H, UOB Indonesia gave staple food packages to more than 2,000 UOB employees and “ <i>Mudik Bersama</i> ” for 232 employees and their family, and provide daycare facility to employees’ children 3 days after Idul Fitri.	761,211,988
	UOB Christmas Celebration	UOB Indonesia staff organised an annual event and raised funds to help Bhakti Luhur foundation for which focuses on providing services for the disabled, poor and disadvantaged people.	38,900,000
Education	Scholarship for Employees’ Children	Education donations for 133 employees’ children with outstanding achievements.	157,400,000
	Scholarship for Employees	Education donations for 18 employees with outstanding achievements to seek higher education.	227,214,500
	Internship	Provided an opportunity for final-year students to have an experience in the work environment.	95,475,000
Financial Literacy	UOB Inspiration	Provided financial education through UOB Inspiration “Digitalization Workshop & Business Plan Competition” for students of Bandung Institute of Technology	12,125,000
	Financial Education and Workshop	Organized talkshow seminar entitled “UOB Indonesia Economic Outlook 2018: Navigating your business in uncharted waters” to focus in building relationship with customers and give information regarding Economic Outlook 2018 to UOB’s customers.	1,157,964,450
		Organized talkshow seminar entitled “UOB Indonesia Economic Outlook 2017: East Java as the Next Economic Hub for Eastern Indonesia Development” to focus in building relationship with customers and give information regarding Economic Outlook 2017 to UOB’s customers.	1,000,000,000
	Financial Education PB Activation	Through “PB Activation” event, UOB provided education in general financial planning and solution available in the bank.	470,000,000
SME Business Center	Through SME Business Center event, provided financial education in investment, loans and cash management in general with	12,774,000	

Category	Activities Type	Description	Total Fund (in Rupiah)
		entrepreneur and expert in culinary business, fashion, travel & SME financing, and digital marketing as speakers.	
	Transaction Banking Experience Center (TBEX)	Provided education resources, tips and knowledge to complement customer experience in performing transaction of Transaction Banking products. This program was conducted in several cities including Jakarta, Semarang, Surabaya, Solo, Medan, Bandung, Batam, Balikpapan.	205,290,000
Art	Bazaar Art Jakarta	UOB Indonesia conducted a special contribution to the UOB Painting of the Year alumnus to showcase their artwork at Art Jakarta 2017.	127,499,999
	Painting competition	UOB Indonesia continued to celebrate the 2017 UOB Painting of the Year Awards, in view of marking our footprint in the art scene.	560,000,000
	UOB Painting of the Year Road Show	UOB Indonesia held a series of workshops by bringing Executive Director of Fukuoka Asian Art Museum in 2 cities, Bandung and Yogyakarta.	146,035,927
	Pre-Heartbeat campaign	UOB Indonesia held an employee fundraising through artworks auctions of students with special needs from Daya Pelita Kasih Foundation.	23,837,000
<b>Total Contribution</b>			<b>5,790,757,059</b>

## 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 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 at the Work Place**

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

**b. Responsibilities to the Customers and Other External Parties**

The Code of Conduct contains provisions to treat Customers fairly, 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.

**c. 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).

**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 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 Conduct.

## **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 Internal Audit Head 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:

- Followed up by proper party according to the roles and responsibilities as stated in Bank's Whistleblowing Policy.
- Referred to the police if needed based on decision of HR Committee.
- Reported to President Director, Board of Commissioners and Audit Committee.

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 2017, there were 4 (four) 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 consists of:

- **UOB Intranet Portal**

An online 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**

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.

In addition to children, art, and education, UOB Indonesia also conducted Corporate Social Responsibility programmes in the environmental and labor sectors. Within the scope of the environment, UOB Indonesia implemented Green Office Campaign programme that focuses on the efficient use of electricity, paper, and printing machine in 2017. As for labor sector, we provided high performance employees with opportunities to receive scholarships to continue their higher education. Through UOB Heartbeat, we remained committed to develop a better social environment for our employees. For further details on donations and other social activities, please see page 93.

## **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 2017**

Period	Within SLA		> SLA	Remarks			Completion Ratio (%)
	<5 days	5-20 days	>20 days	Completed	In Progress	Total	
1 <sup>st</sup> Quarter	156	60	5	221	90	311	71.06%
2 <sup>nd</sup> Quarter	166	62	1	229	118	347	65.99%
3 <sup>rd</sup> Quarter	165	71	8	244	123	367	66.49%
4 <sup>th</sup> Quarter	189	65	6	260	133	393	66.16%
<b>Total</b>	<b>676</b>	<b>258</b>	<b>20</b>	<b>954</b>	<b>464</b>	<b>1,418</b>	<b>67.28%</b>

SLA : Service Level Agreement

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

The Bank conducted a self-assessment of its implementation of Good Corporate Governance principles as of December 2017.

The Bank is rated by comparing its Good Corporate Governance implementation against the minimum criteria set by Financial Services Authority (OJK).

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 2<sup>nd</sup> half of 2017, 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 2017. 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.

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

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 aspect of strategic plan achievement, here are the Bank's performance in 2017 which is reflected from:

- Capital Adequate Ratio (CAR) at 17.08%;
- Net Profit Before Tax achieved IDR 308.5 billion; and
- The decline in gross NPL ratio to 1.08% from the revised 2017-2019 Bank Business Plan target of 3.87% by performing sale of non-performing loan of IDR 3.2 trillion.

Moreover, as a form of the Bank's participation on supporting the Government's program to achieve economic independence, by the end of 2018 the Bank aims to provide loans to MSME for 20.08%, tourism for 5.37%, infrastructure for 2.06%, maritime for 1.80% and agriculture for 7.54% from the total Bank loans at the end of 2018.

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, i.e. related to administrative sanctions imposed by regulators due to error in regulatory reporting, which was generally caused by human error and lack of control from supervisor. As form of improvement actions and prevention of similar incidents from occurring, the Bank has form task force to analyse potential errors in regulatory reporting and other necessary improvements.
2. With the updating of risk management policies in line with the development of business strategy, internal and external factors, and employee turnover, the socialization of these policies needs to be continuously improved to ensure consistency of implementation.

## IMPLEMENTATION OF 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 have risk management an embedded culture (risk aware) in supporting 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 determines risk management mission as follows:

- Promotion of sustainable long-term growth through embracing sound risk management principles and business practices.
- Continual improvement of risk discovery capabilities and establishment of appropriate value-creating risk controls.
- Facilitating 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*).

Risk management is also the responsibility of every employee within the Bank. Risk awareness and accountability are embedded in our culture through an established framework that ensures appropriate oversight and accountability for the effective management of risk throughout the Bank and across risk types. This is executed through an organisational control structure that provides three "lines-of-defence" as follows:

### 1. First Line of Defence – The Risk Owner

The business and support functions have primary responsibility for implementing and executing effective controls for the management of risks arising from their business activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with approved risk policies, appetite, limits and controls and to highlight control breakdowns, inadequacy of processes and unexpected risk events.

## 2. Second Line of Defence - Risk Oversight

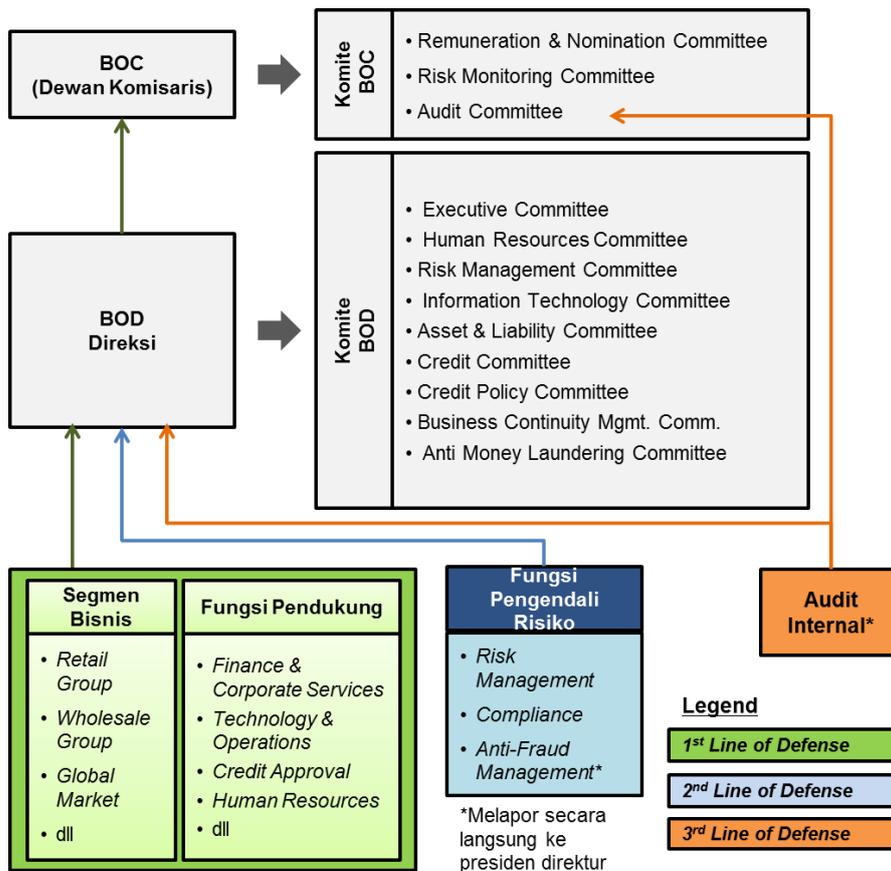
The risk and control oversight functions (such as Risk Management, Compliance, and Fraud Management), the Chief Risk Officer (CRO) and the senior management committees provide the second line of defence.

The risk and control oversight functions support the Bank's strategy of balancing growth with stability by establishing risk frameworks, policies, appetite and limits within which the business functions must operate. The risk and control oversight functions are also responsible for the independent review and monitoring of the Bank's risk profile and highlighting any significant vulnerabilities and risk issues to the respective management committees.

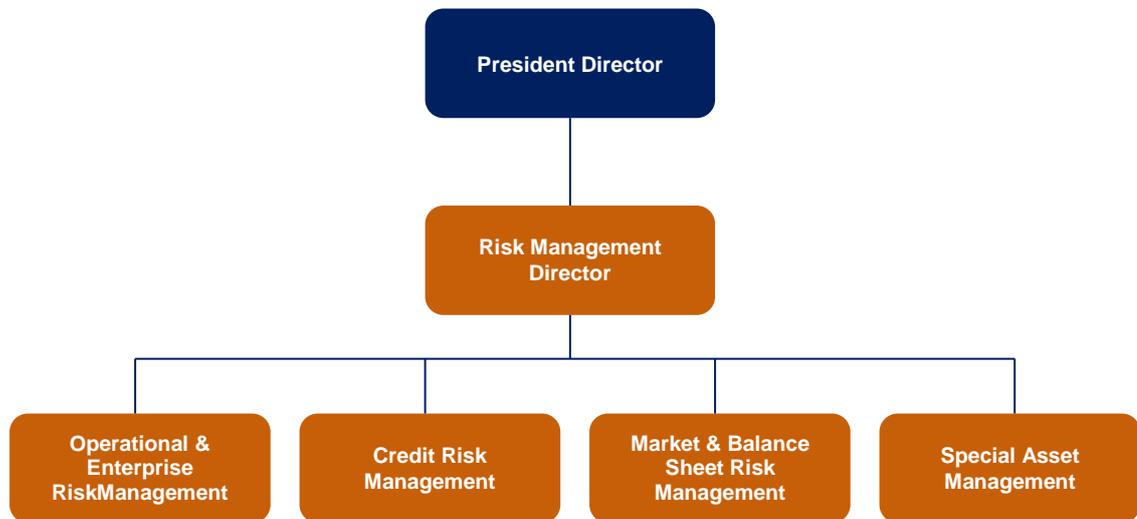
The independence of risk and control oversight functions from business functions ensures the necessary checks and balances are in place.

## 3. Third Line of Defence – Independent Audit:

The Bank's internal and external auditors conduct risk-based audits covering all aspects of the first and second lines of defence to provide independent assurance to the CEO and BOC through Audit Committee on the effectiveness of the risk management and control structure, policies, frameworks, systems and processes.



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) to give approval decision for credit proposal and Credit Policy Committee (CPC) to give approval for credit policies in Bank.

To manage credit risk better, the Bank conducted a loan sold strategy in the fourth quarter of 2017. The strategy succeeded in increasing the NPL Coverage Ratio while maintaining the capital level required by the Regulator and maintaining compliance in the Bank's Risk Appetite Statement applicable in 2017, especially with regards to credit risk.

In line with FSA policy concerning Application of Responsible Financing, the Bank will continue to apply Environmental, Social, and Governance (ESG) regulations for wholesale banking segment debtors, which aims to direct customers to conduct their business practices with due regard for the environment.

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 and 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 Product 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 Management Policy**

Bank established Market Risk Management policy as a guidance for Market Risk Management implementation. Market Risk Management Policy is reviewed at least annually to conform with business strategy, 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/ activity to ensure that the Market Risk issues already appropriately identified prior to its launch.

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

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

- a. Measure the sensitivity and Market Risk exposures under normal and stress conditions;
- b. Provides the actual data for potential profit and loss on a daily basis;
- c. Perform mark to market valuations; dan
- d. To accommodate the 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 Bank also 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 measures the effectiveness on 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 in 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 net interest income and the economic value of Bank's capital 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 economic value of capital and maintain a stable and positive growth in net interest income through the management of the repricing gap in the balance sheet.

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.

The approach to changes in the net interest income or delta NII and the economic value of equity (EVE) is applied to measure interest rate risk from interest rate changes using various interest rate scenarios, such as changes in interest rate curves, which include the changes scenario of highest rates and lowest rates.

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. Bank has 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 and monitored by Balance Sheet Risk Management 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.

The Bank performs calculation and monitoring of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), where both ratios are reported in ALCO meeting.

### **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 describes the actions that should be taken by the Bank in the event of a liquidity crisis, whether occurring in a bank-specific or a general market. The CFP 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 responsible to evaluate liquidity position and decide actions to be taken when 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, mitigation, monitoring and reporting. The main objective is to manage operational risk (identification, measurement, evaluation, mitigation, monitoring and reporting) at

appropriate and tolerable level relative to the markets in which the businesses operate.

### **Operational Risk Management Governance**

Operational risk is managed through a framework of policies and procedures by which business and support units identify, assess, monitor, mitigate and report their risks. The Operational Risk Management Committee (ORMC), which is a sub-section of the Risk Management Committee meets on a monthly basis, and aims to improve the effectiveness of the Bank's overall Operational Risk Management. The Operational Risk Governance structure adopts the Three Lines of Defence Model. The business and support units, as the first line of defence, are responsible for establishing a robust control environment as part of their day-to-day operations. Each business/support unit is responsible for implementing the operational risk framework and policies, embedding appropriate internal controls into processes and maintaining business resilience for key activities.

The Operational Risk Management Division, as the second Line of Defense is 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. ORM also ensures that operational risks and incidents are escalated to Senior Management and management committees.

Independent reviews of the implementation of the Operational Risk Management programme was also carried out by Internal Audit as the third Line of Defense on a regular basis.

### **Operational Risk Management Framework & Policies**

The Bank established an Operational Risk Management Framework and policies to ensure 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 effective market best practices. In general, the Operational Risk control strategy is carried out through the principal and methodology of Three Lines of Defense.

Operational Risk Management Framework and policies are reviewed annually to align with the Bank's internal and external conditions, and approved by the Board of Directors through the Risk Management Committee and Board of Commissioners.

The update of Operational Risk Management Framework and policies have been performed through the following:

- a. Changes in Operational Risk Management strategy and tools.
- b. Assessment of new product and activities.
- c. Assessment of outsourcing activities in order to comply with the prevailing regulations.
- d. Assessment of Business Continuity Management implementation strategy.
- e. Assessment of Operational Risk Management monitoring process and reporting.

### **Operational Risk Management Programme**

The main focus of the Bank's Operational Risk Management programme is to strengthen the Operational Risk Management infrastructure and governance. The Bank's Operational Risk Management framework includes:

- a. Operational Risk identification by reviewing new products and activities, Key Risk & Control Self Assessment (KRCSA), General Operating and Control Environment Questionnaire (GOCEQ), Key Operational Risk Indicators (KORI), and outsourcing risk assessment.
- b. Operational Risk measurement is done by using a matrix of impact and likelihood.
- c. Operational Risk monitoring by analyzing various reports such as Operational Risk Highlights, Risk Dashboard, Event Risk Reporting (ERR), KORI, KRCSA, GOCEQ outsourcing activities, and new products and activities.
- d. 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 is the responsibility of all employees in the Bank. Various Operational Risk management initiatives and programmes have been implemented to increase risk awareness and effectiveness of Operational Risk Management implementation, as follows:

- a. 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 to conduct regular training and socialization sessions on Operational Risk Management for the LRCMs.
- b. Conducts Crisis Management simulation on an annual basis to ensure the preparedness of the Crisis Management Team (CMT).
- c. 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), Outsourcing Management and Insurance Management.
- d. Develops Operational Risk Management culture in all working units through socialization and training (such as an email broadcast, workshop & training, e-learning, and others).
- e. 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.
- f. Established Technology Risk Management Framework to manage technology risks in a systematic and consistent manner.

### **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.

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. In addition, the Bank has also established a Crisis Management Plan and conduct an Integrated Crisis Management Simulation exercise to ensure readiness of the Crisis Management Team in executing the plan when crisis occurs.

### **Fraud Management**

The Bank actively implements anti-fraud strategy, which consists of four pillars i.e. (1) prevention, (2) detection, (3) investigation, reporting, and sanction, and (4) monitoring, evaluation, and follow up. Anti-fraud strategy is regulated in the Anti-Fraud Policy, which is based on Bank Indonesia Circular Letter No.13/28/DPNP dated 9 December 2011 on Implementation of Anti-Fraud Strategy For Commercial Banks. The Bank's fraud prevention efforts and communication of fraud zero tolerance include, among others, improvement of policy and procedures, anti-fraud socialization and workshop to Bank's employees, and internal coordination in order to increase the effectiveness of anti-fraud strategy implementation.

## **B.5 Compliance Risk**

Regulatory Compliance Risk is defined as:

- the risk of regulatory sanctions, financial loss, or damage to the Bank's reputation that may arise when the Bank fails to comply with laws, regulations, rules, standards or codes of conduct (established by industry associations) applicable to the Bank's regulated business activities.
- 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 Financial Services Authority Regulation No.46/POJK.03/2017 concerning the Implementation of Compliance Function for Commercial Banks, one of the Compliance Function strategies 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**

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 develop and implement the risk management frameworks/infrastructure, strategy, policies and processes to manage all risks of the Bank.
- Internal Audit function independently evaluates the reliability, adequacy, and effectiveness of governance proves, 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 to provide advice by referring to the prevailing Laws and Regulations. Legal Function is also responsible to provide legal policies,

procedures, guidelines and standards legal documents related to product or activities of the Bank

- Line Managers and Staffs are accountable for Compliance Risk and responsible to ensure compliance with all applicable regulations and Bank's policies.

### **Compliance Risk Management Policies and Guidelines**

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
- 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
- Compliance Risk Assessment

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 2<sup>nd</sup> 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 reports 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 risks are risks to the Bank's financial position, operations or reputation arising out of:

- a. unenforc unenforceable/ unfavourable/ defective/ unintended contracts;
- b. lawsuits or claims involving the Bank;
- c. developments in laws and regulations; or
- d. non-compliance with applicable laws, rules and professional standards.

### **Legal Risk Management Governance Structure**

Related parties involved in managing legal risk are as follows:

- Board of Commissioners and Directors (through Risk Management Committee and Risk Monitoring Committee ) are responsible to supervise and to manage 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 of material risk related to 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, such as Compliance, Legal, Human Resources, Technology & Operations, Property & General Services, and Corporate Services functions are responsible for providing guidance related to their respective areas of expertise.

### **Legal Risk Management Policies**

Bank has a Policy on Management of Legal Risk 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 on Managing Intellectual Property Risk, Guidelines on Engageent of External Lawyers, and Guidelines on Managing Contractual Risk.

### **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; and
- 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 the Bank.

## **B.8 Reputational 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 and 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 past experiences.

Risk controlling for Reputation Risk is conducted through:

- a. Prevention of events that can lead to Reputation Risk, for example by monitoring, 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.

H The self assessment result of RBBR for semester II – 2017 was as follows:

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

Based on the self assessment, Bank assessed its soundness rating in the 2<sup>nd</sup> semester of 2017 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. Evaluation of 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. Furthermore, The Bank has also adopted Credit Valuation Adjustment (CVA) as Capital charge for counterparty credit risk (CCR) for OTC Derivatives transaction.

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 monthly basis starting June 2016 and published LCR in the Bank's website on a quarterly basis starting September 2016. In addition, related to Net Stable Funding Ratio (NSFR) calculation, Bank has conducted NSFR simulation in monthly and quarterly basis and submitted the simulation result to regulator. Official NSFR reporting and publication in quarterly basis as accordance to OJK regulation no.50/POJK.03/2017 will be commenced on March 2018.

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.