



THE ANNUAL REPORT
ON THE IMPLEMENTATION OF INTEGRATED
GOVERNANCE FOR THE FINANCIAL
CONGLOMERATE OF SUMITOMO MITSUI
BANKING GROUP 2019

As of December 31, 2019

Lead Entity: PT BANK BTPN Tbk

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Introduction

In order to improve the implementation of comprehensive and effective governance in a Financial Conglomerate, namely several Financial Services Institutions ("**FSI**") which are separated institutionally and/or legally, but owned and/or controlled by the same controlling shareholder, the Financial Service Authority ("**OJK**") has established specific rules that include:

- Integrated Governance;
- Integrated Compliance;
- Integrated Internal Audit; and
- Integrated Risk Management.

As stipulated into:

- a. OJK Regulation Number 17/POJK.03/2014 dated 19 November 2014 and OJK Circular Letter Number 14/SEOJK.93/2015 dated 25 May 2015 regarding Implementation of Integrated Risk Management for Financial Conglomerate ("POJK on Integrated Risk Management")
- b. OJK Regulation Number 18/POJK.03/2014 dated 19 November 2014 and OJK Circular Letter Number 15/SEOJK.03/2015 dated 25 May 2015 regarding Implementation of Integrated Governance for Financial Conglomerate ("POJK on Integrated Governance")

As of the effective merger of PT Bank BTPN Tbk ("**BTPN**") with PT Bank Sumitomo Mitsui Indonesia ("**SMBC Indonesia**") on February 1, 2019, the rights and obligations of SMBC Indonesia including the assignment as the Lead Entity are transferred to BTPN, according to a letter from Sumitomo Mitsui Banking Corporation ("**SMBC**") dated March 1, 2019, which established the membership of the SMBC Group Financial Conglomerate as follows:

1. Lead Entity
PT Bank BTPN, Tbk as the Lead Entity
2. Financial Service Institution (FSI) which are members of SMBC Group Financial Conglomerate:
 - 1) BTPN
 - 2) PT Bank Tabungan Pensiunan Nasional Syariah, Tbk ("**BTPN Syariah**" or "**BTPNS**")

Information on changes of the lead entity has been submitted by BTPN to OJK by letter No. S 184/DIR/CCS /III/2019 dated March 4, 2019.

Furthermore, in compliance with Article 46 of POJK on Integrated Governance, BTPN as the Lead Entity has prepared and hereby submits:

**The Annual Report on the Implementation of Integrated Governance for the Financial
Conglomerate of Sumitomo Mitsui Banking Group
As of 31 December 2019**

I. Self-Assessment Report on the Implementation of Integrated Governance

The Self-Assessment of Integrated Governance consist of seven (7) factors as follows:

- A. Implementation of duties and responsibilities of the Board of Directors of the Lead Entity of the Financial Conglomerate of SMBC Group
- B. Implementation of duties and responsibilities of the Board of Commissioners of the Lead Entity of the Financial Conglomerate of SMBC Group
- C. Duties and Responsibilities of the Integrated Governance Committee
- D. Duties and Responsibilities of the Integrated Compliance Function
- E. Duties and Responsibilities of the Integrated Internal Audit Function
- F. Integrated Risk Management Implementation
- G. Preparing and Implementation of Integrated Governance Manual

Explanation for each item can be found in the following section.

A. Implementation of duties and responsibilities of the Board of Directors of the Lead Entity of the Financial Conglomerate of SMBC Group

The Board of Directors ("BOD") of BTPN as Lead Entity has carried out their duties and responsibilities in the implementation of Integrated Governance in Semester I and Semester II year 2019, as follows:

- 1) Conducted review towards the Integrated Governance Manual and updated it based on current regulations and conditions as well as submitted it to the BOD of the FSI in the Financial Conglomerate of the SMBC Group (BTPN Syariah) to be complied and implemented
- 2) Ensured implementation of the Integrated Governance in the Financial Conglomerate of the SMBC group.
- 3) Directed, monitored, and evaluated the implementation of the Integrated Governance Manual.
- 4) Followed up on the advices of Board of Commissioners ("BOC") of BTPN as the Lead Entity in order to the improvement of the Integrated Governance Manual.
- 5) Ensured that the findings and recommendations from the Internal Audit Department of BTPN which carried out function of the Integrated Internal Audit; the Integrated Compliance Function of BTPN, the external auditor, and results of OJK supervision and/or other results have been followed up by the FSI in the Financial Conglomerate of the SMBC Group.
- 6) Reported the Self Assessment on the Implementation of Integrated Governance on semi annual basis and other mandatory reporting to OJK in accordance to its stipulation. BOD of the Lead Entity had also approved the methodology that was used in preparing Report on the Implementation of Integrated Governance.

In order to protect the public interest especially minority shareholders of the Financial Services Institution of the SMBC Group Financial Conglomerate which is a public company; the Board of Directors of Lead Entity and the Board of Directors of Member Entity have established provisions regarding information and data that can be provided between Financial Services Institutions in the SMBC Group Financial Conglomerate, which is only used for the benefit of the Financial Conglomerate, namely reporting to OJK and/or other interested officials or regulator, and will not use the information or data received for purposes that violate the provisions regarding insider trading (insider trading).

B. Implementation of duties and responsibilities of the Board of Commissioners of the Lead Entity of the Financial Conglomerate of SMBC Group

The Board of Commissioners of BTPN has carried out their duties and responsibilities in the implementation of Integrated Governance, as follows:

- 1) Carried out supervision toward the implementation of duties and responsibilities of the BOD of Lead Entity and also gave direction or recommendation to the BOD of Lead Entity on the implementation of Integrated Governance Manual.
- 2) Carried out supervision toward the implementation of Integrated Governance.
- 3) Evaluated the Integrated Governance Manual and provided directions for improvement.
- 4) Ensured that the BOD of Lead Entity has ensured that FSI in the Financial Conglomerate of the SMBC group has followed up with findings and recommendations from Internal Audit Department of BTPN which carried out function of the Integrated Internal Audit, Integrated Compliance Function, external auditor, and result of supervisory of OJK and/or others.
- 5) Established and adjust the membership of Integrated Governance Committee to support the BOC of Lead Entity (BTPN) in performing its duties and function effectively; Membership of the Integrated Governance Committee consists of Independent Commissioners of BTPN and BTPN Syariah, , member of the Sharia Supervisory Board of BTPN Syariah and also an Independent Party.

C. Duties and Responsibilities of the Integrated Governance Committee

- i. The Integrated Governance Committee Charter
 - a) The Integrated Governance Committee Charter contains guideline and code of conduct of the Committee including legal basis, purpose, membership, independency, duties and responsibility of reporting of the Committee;
 - b) The Integrated Governance Committee Charter has been reviewed periodically and updated based on the prevailing regulations and current conditions. The prevailing Integrated Governance Committee is the latest Charter issued on February 2019.
 - c) The Integrated Governance Committee also has schedule and working plan which resolved in the committee's meeting and reviewed as well as updated annually.

ii. The Structure of the Integrated Governance Committee

BOC of the Lead Entity has established the Integrated Governance Committee in accordance with the needs of the Financial Conglomerate as well as efficiency and effectiveness in the implementation of the committees' duties by having representation from different sectors of the financial services industry, as follows:

Name	Position in Integrated Governance Committee	Position in Financial Service Institution
Irwan Mahjudin Habsjah	Chairman and Member	Independent Commissioner of BTPN and as Chairman of Risk Monitoring Committee BTPN
Ninik Herlani Masli Ridhwan	Member	Independent Commissioner of BTPN and as Chairwoman of Audit Committee as well as Member of Remuneration and Nomination Committee of BTPN
Dewie Pelitawati	Member	Independent Commissioner of BTPN Syariah
Muhamad Faiz	Member	Member of Supervisory Board of BTPN Syariah
Yosef Antonius Boliona Badilangoe	Member	Independent Party

iii. The Term of Office of the Integrated Governance Committee

- a. The term of office of the Committee's members must not be longer than the members' term of office as the BOC members of their respective FSI of the Financial Conglomerate of the SMBC Group. Members can be reappointed for the subsequent period.
- b. If the Chairman and/or member of the Committee resign before his/her term of office ends as Independent Commissioner or there is replacement from member in the Financial Conglomerate of the SMBC Group, then each member of the Financial Conglomerate of the SMBC Group has to appoint his/her replacement promptly.

iv. Independency of the Integrated Governance Committee

The members of the Integrated Governance Committee have fulfilled the criteria of independency, being able to execute their duties independently and value the interest of the Financial Conglomeration of the SMBC group. This is depicted in the membership composition of the committee which consists of:

- a. Chairman who is an Independent Commissioner and hold a concurrent position as chairman and member in one of the Committees in LLead Entity;
- b. Independent Commissioners who represent and are duly appointed by Financial Service Institution, as a member
- c. A Member of the Sharia Supervisory Board of the FSI in the Financial Conglomerate who conducts business activities based on Sharia principles, as a member;

- d. An Independent Party, as a member.
- v. Responsibility of Reporting of the Integrated Governance Committee

The Committee shall report the result of their duties and responsibilities to the BOC of the Lead Entity at least once in every six (6) months or upon request from the Board of Commissioners of BTPN.

- vi. Duties and Responsibilities of the Integrated Governance Committee

The duties and responsibilities of the Integrated Governance Committee shall at least include the following:

- a) To evaluate the implementation of the Integrated Governance at least through the evaluation of adequacy of the internal control and implementation of the integrated compliance function; and
 - b) To provide recommendation to the Board of Commissioners of the Lead Entity for the improvement of the Integrated Governance Manual.
- vii. The Implementation of Duties and Responsibilities of the Integrated Governance Committee for year 2019

No	Duties and Responsibilities of The Integrated Governance Committee	Implementation of Year 2019
1.	Evaluated the implementation of the Integrated Governance through the assessment of the adequacy of internal controls and the implementation of compliance function	As stated in the Report of Integrated Governance Committee of Financial Conglomerate of SMBC Group for the Board of Commissioners of PT Bank BTPN Tbk dated 5 February 2020 (for position as of 31 December 2019)
2.	Evaluated the Integrated Governance Manual	The latest evaluation was conducted at the time of Merger
3.	Review the the methodology that was applied in the report of Assessment of Implementation of Integrated Governance	The latest evaluation was conducted on the Merger date
4.	Reviewed the Report of Assessment on Implementation of Integrated Governance of the Financial Conglomerate of SMBC group prior to submission to the Indonesian Financial Service Authority for position of 30 June 2018 and 31 December 2018	As stated in the Report of Integrated Governance Committee of Financial Conglomerate of SMBC Group for the Board of Commissioners of PT Bank BTPN Tbk dated 5 February 2020 (for position as of 31 December 2019)

No	Duties and Responsibilities of The Integrated Governance Committee	Implementation of Year 2019
5.	Reviewed the Integrated Governance Committee Charter	The latest evaluation was conducted on the Merger date
6.	Prepare the Annual Schedule and Plan of the Integrated Governance Committee	As resolved by the Committee Meetings on July 23 rd , 2019 and November 14 th , 2019
7.	Prepare and submitted reports regarding the duties and responsibilities of the Integrated Governance Committee to the Board of Commissioners of the Lead Entity (BTPN) for first semester and second semester year 2018	Reported through the Board of Commissioners' Meeting dated 25 July 2019 for position of semester 1 year 2019 and the Board of Commissioners' Meeting dated 30 January 2020 for position semester 2 year 2019.
8.	Held the Integrated Governance Committee meeting at least once in every semester.	During year 2019, the meeting was held on July 23 rd , 2019 and November 14 th , 2019
9.	Reviewed the Implementation of Integrated Governance Self Assessment Report	The Committee has reviewed and approved the final rating of Implementation of Integrated Governance Self Assessment for position as of 30 June 2019 and 31 December 2019 with rating of 2 (two) for respective FSI of SMBC Group through the Committee's meeting on 23 July 2019 and 5 February 2020.

viii. The Schedule Meeting of the Integrated Governance Committee

Date	Agenda
July 23 2019	<p>Implementation of the Integrated Governance As of June 30, 2019:</p> <ol style="list-style-type: none"> Changes in Lead Entity <ul style="list-style-type: none"> In regards with the merger between BTPN and SMBCI, the structure of the SMBC Financial Conglomerate consist of: <ul style="list-style-type: none"> Lead Entity: PT Bank BTPN Tbk Member Entity: PT Bank Tabungan Pensiunan Nasional Syariah Tbk.

Date	Agenda
	<p>2. Working Guidelines and Membership Structure of the Integrated Governance Committee Discussing of work guidelines which approved by member of committee dated June 18, 2019 and the committee organizational structure are as follow: Chairman : - Member : - Ninik Herlani Masli Ridhwan - Dewie Pelitawati - Muhamad Faiz - Yosef Antonius Boliona Badilangoe</p> <p>3. Committee Working Plan Year 2019 Explain about the working plan of the Integrated Governance Committee for year 2019. The Approval sheet for work plan will be submitted to the Committee Members.</p> <p>4. Evaluation of the Implementation of the Integrated Governance Committee as of June 30, 2019</p> <ul style="list-style-type: none"> • The Committee conduct evaluation on the Implementation of the Integrated Governance through the evaluation of the adequacy of internal controls in the areas of Compliance, Governance and Internal Audit Function as of June 30, 2019. • The basis of evaluation is the Compliance Report, Integrated Governance Report and the Integrated Internal Audit Report that is prepared based on responses from the Checklist or Questionnaire related to Compliance, Governance, and the Internal Audit Functions that have been approved by the authorized official of the Financial Service Institutions of the SMBC Group Financial Conglomerate, namely BTPN Syariah. <p>5. Self-Assessment Report of the Implementation of the Integrated Governance as of June 30, 2019</p> <ul style="list-style-type: none"> • The Committee reviewed Self-Assessment of the Integrated Governance for the position as of June 30, 2019 prior to the due date of reporting submission to OJK on 15 August 2019. • The Integrated Governance Committee approved the final result of the Assessment of the implementation of the Integrated Governance position June 30, 2019 with rating 2 (two) for the Financial Service Institution of the SMBC Group Financial Conglomerate

Date	Agenda
November 14, 2019	<p>1. Membership of the Integrated Governance Committee and the Work Guidelines. Explaining on the membership structure of the Integrated Governance Committee as follows: Ketua : Irwan Mahjudin Habsjah Anggota : - Ninik Herlani Masli Ridhwan - Dewie Pelitawati - Muhamad Faiz - Yosef Antonius Boliona Badilangoe</p> <p>The Committee's Work Guidelines has been approved by the Committee members on 18 June 2019. Based on the results of the review there were no new laws and regulations related to integrated governance, therefore there is currently no need for corrections or improvements that need to be made to the Integrated Governance Committee Work Guidelines.</p> <p>2. Committee Work Plan for Year 2020 Explaining the work plain of the Integrated Governance Committee for year 2020. The approval sheet for the work plan will be submitted to the Committee members.</p> <p>3. Anti-Fraud Management Update – BTPN Explaining the customer on boarding process at BTPN Wow! and Jenius, also the potential fraud cases.</p> <p>4. Anti-Fraud Management Update – BTPNS Explaining the business growth of BTPNS and fraud trends from the period of year 2015-2019.</p>

ix. Frequency of Meeting and Attendance

In accordance to the Integrated Governance Committee Charter, the Committee shall hold a meeting at least once in every Semester.
In 2019, the Committee has held 2 (two) meetings which attended by all of the Committee's members (100%).

D. Duties and Responsibilities of the Integrated Compliance Function

- i. Structure and Responsibility of Reporting of the Integrated Compliance Function
 - ▶ The Lead Entity must have the Integrated Compliance Function. The Integrated Compliance Function are carried out by the BTPN's compliance function, considering BTPN as the Lead Entity's has owned the Compliance division.

- ▶ The Integrated Compliance Function is directly accountable to Compliance Director of the Main Entity's and independent or separately from operational unit and not involved in the BTPN operational activities.

ii. Duties and Responsibility of the Integrated Compliance Function

In order to comply with Financial Services Authority Regulation No. 18/POJK.03/2014 dated 18 November 2014 regarding Implementation of the Integrated Good Corporate Governance in Financial Conglomeration. Duties and responsibilities of the Integrated Compliance Function are as follows:

1. To communicated and coordinated with the BTPN Syariah's compliance function as a member of Financial Services in the Financial Conglomeration of SMBC group.
2. To conduct evaluation of the Integrated Compliance Function implementation in the Financial Conglomeration of SMBC group.
3. To compile and submit report of implementation duties and responsibilities of the Integrated Compliance Function to Compliance Director of the Lead Entity.

iii. Implementation of Duties and Responsibilities of the Integrated Compliance Function for year 2019

During 2019, the Integrated Compliance Function has been conduct the duties and responsibilities are as follows:

No	Duties and Responsibilities of The Integrated Compliance Function	Realization of Year 2019
1.	The BTPN Syariah compliance function has compiled and submitted compliance report to the Integrated Compliance Function.	<ol style="list-style-type: none"> 1. Q1 2019 Compliance Report dated 30 April 2019 through the Memorandum Number M.083/COMP/IV/2019 2. Q2 2019 Compliance Report dated 24 July 2019 through the Memorandum Number M.132/COMP/VII/2019 3. Q3 2019 Compliance Report dated 31 October 2019 through the Memorandum Number M.245/COMP/X/2019 4. Q4 2019 Compliance Report dated 28 January 2020 through the Memorandum Number M.019/COMP/I/2020

No	Duties and Responsibilities of The Integrated Compliance Function	Realization of Year 2019
2.	The Integrated Compliance Function has reviewed the compliance report of the BTPN Syariah's.	Realization in form of: 1. Report of duties and responsibilities of Integrated Compliance and Compliance Director of the Lead Entity
3.	Reviewed and established framework of the Integrated Compliance Function.	2. Document that has been approved by Compliance Director of BTPN and BTPNS related to the reporting framework and implementation of periodically meeting to monitor the implementation of compliance function of Lead Entity and Member Entity in Financial Conglomerate of SMBC Group.
4.	Delivered semi-annually report of duties and responsibilities to Compliance Director of the Lead Entity's.	1. Report of duties and responsibilities of Integrated Compliance for semester 1 year 2019 dated 30 July 2019 through memorandum Number M.064/CCMP/VII/2019 2. Report of duties and responsibilities of Integrated Compliance for semester II year 2019 dated 28 January 2020 through memorandum Number M.013/CCMP/I/2020
5.	Compliance Director of the Lead Entity's submitted report of duties and responsibilities to the Board of Directors and the Board of Commissioner of the Lead Entity.	1. Report of duties and responsibilities of Compliance Director of Lead Entity for semester 1 year 2019 dated 30 July 2019 through memorandum Number

No	Duties and Responsibilities of The Integrated Compliance Function	Realization of Year 2019
		M.065/CCMP/VII/2019 2. Report of duties and responsibilities of Compliance Director of Lead Entity for semester II year 2019 dated 29 January 2020 through memorandum Number M.014/CCMP/I/2020

E. Duties and Responsibilities of the Integrated Internal Audit Function

i. Structure and Responsibility of the Integrated Internal Audit Function

- ▶ PT Bank BTPN, Tbk (BTPN) as the Lead Entity of the Financial Conglomerate of SMBC Group in Indonesia has implemented the function of The Integrated Internal Audit. The Integrated Internal Audit Function was performed by the Internal Audit of BTPN.
- ▶ The Internal Audit of BTPN, which carried out the Integrated Internal Audit Function, is an independent function and by definition is segregated from operational working unit (risk-taking unit) and is not involved in functional or operational activities and have direct responsibility to the President Director of BTPN who was appointed to conduct supervisory function toward FSI in Financial Conglomerate in Indonesia and able to communicate directly to the Board Of Commissioners and Audit Committee of the Lead Entity (BTPN).

ii. Duties and Responsibilities of the Integrated Internal Audit Function

Monitored the implementation of internal audit function in each of the Financial Service Institutions of the SMBC Conglomerate in Indonesia

iii. Implementation of Duties and Responsibilities of the Integrated Internal Audit Function for Year 2019

Duties and Responsibilities of The Integrated Internal Audit Function	Realization of Year 2019
The Internal Audit Department of BTPN which carried out the Integrated Internal Audit Function has discharged its duties and responsibilities for Semester I (covered January up to June 2019) and Semester II (covered July up to December 2019)	1. Prepared and periodically reviewed the methodology that was used to monitor the implementation of internal audit function in each of the Financial Service Institutions of the SMBC Conglomerate In Indonesia 2. Monitored the implementation of internal audit in each of member of the

Duties and Responsibilities of The Integrated Internal Audit Function	Realization of Year 2019
	<p>Financial Conglomerate of the SMBC group by reviewing information regarding internal audit submitted by the Internal Audit Department from FSI (BTPN Syariah)</p> <p>3. Prepared report of integrated internal audit for the position of 30 June 2019 and 31 December 2019 based on information regarding internal audit submitted by the Internal Audit of the member of the Financial Conglomerate of SMBC group in Indonesia (BTPN Syariah). The report was submitted to the Compliance Director of BTPN and the Board of Commissioners of BTPN through Audit Committee which was approved by President Director of BTPN who supervise the Financial Conglomerate of the SMBC group in Indonesia.</p>

F. Integrated Risk Management Implementation

The Lead Entity (BTPN) had established a proper organizational structure to support the implementation of integrated risk management as stipulated in the OJK regulation regarding implementation of integrated risk management for financial conglomerate, as follows:

- a. Appointed Director who supervises the Integrated Risk Management function;
- b. Established the Integrated Risk Management Committee;
- c. Implementation the function of the Integrated Risk Management.

1. The Integrated Risk Management Committee

- i. Integrated Risk Management Committee Structure

The membership composition of the Directors that became members of the Integrated Risk Management Committee was in accordance with the needs of the Financial Conglomerate. The composition also maximized the efficiency and effectiveness of the implementation of the duties of the Risk Management Committee by observing the representation of each of the Financial Service Institution.

Name	Position in Integrated Risk Management Committee	Position in other Financial Service Institution
Henoch Munandar	Chairman and Member	Risk Management Director BTPN including supervising the Integrated Risk Management Function
Arief Ismail	Member	Compliance Director and Risk Management of BTPN Syariah
Sendiaty Soudy	Member	Head of Risk Management Unit which carried out the Integrated Risk Management Function

ii. Duties and Responsibilities of the Integrated Risk Management Committee

The Committee is responsible for providing recommendations to the Board of Directors of Lead Entity on matters related to risk management, especially to:

1. Establish and review of Integrated Risk Management policy;
2. Revise and improve the Integrated Risk Management policy which includes the improvement to the strategy and risk framework based on the result of the evaluation. The review shall be carried out periodically or at any time if deemed necessary as a result of changes in external and internal conditions which can adversely affect the capital adequacy, risk profile, and ineffective implementation of Integrated Risk Management.
3. Other matters related to the implementation of integrated management which are the concern of Committee Members.

iii. Implementation of Duties and Responsibilities of the Integrated Risk Management Committee for Year 2019

The Integrated Risk Management Committee has carried out its duties and responsibilities for activities in Semester I and Semester II in 2019, by held 2 (two) meetings discussing the following matters:

No	Duties and Responsibilities of The Integrated Risk Management Committee	Implementation of Year 2019
1.	Submission of the Integrated Risk Profile Report and the Integrated Minimum Capital Requirement ("KPMM") Report	Integrated Risk Profile Report and Integrated KPMM Report for June 2019 position on July 8, 2019 and December 2019 position on February 6, 2020, before being submitted to the Financial Services Authority (OJK) on a semi-annual basis.
2.	Presentation of Financial Performance of SMBC Financial Conglomerate for June 2019 and December 2019	Presented in the Integrated Risk Management Committee Meeting at 8 July 2019 and 6 February 2020
3.	Presentation of activities related to the duties and responsibilities of the Integrated Risk Management Committee to the Directors of the Main Entity of the SMBC Group Financial Conglomerate (BTPN) on a semi-annual basis	Presented in the Integrated Risk Management Committee Meeting at 8 July 2019 and 6 February 2020
4.	Prepare Regulations and Rules of the Integrated Risk Management Committee	Regulations and Rules of the Integrated Risk Management Committee has been prepared on July 2019
5.	Develop an Annual Risk Management Committee Work Plan and Annual Plan for 2019.	Annual Risk Management Committee Work Plan and Annual Plan for 2019 has been prepared on July 2019

iv. The Schedule Meeting of The Integrated Risk Management Committee

The Schedule and Agenda of the meetings of The Integrated Risk Management Committee are as follows:

Date	Meeting Agenda
July 8, 2019	◆ Inform the changes of the SMBC Main Entity Financial Conglomerate based on the Letter of Appointment from SMBC dated March 1, 2019 and the Letter to OJK No S.184 / DIR / CCS / III / 2019 dated March 4, 2019, after the merger of Bank BTPN and SMBCI, Bank BTPN was

Date	Meeting Agenda
	<p>designated as the Main Entity SMBC Financial Conglomerate.</p> <ul style="list-style-type: none"> ◆ Inform the changes in the membership structure of Integrated Risk Management Committee. ◆ Inform the preparation of Integrated Risk Management Policies and Procedures ◆ To inform the Work Plan and Schedule of the Integrated Risk Management Committee in 2019. ◆ Monitor the Integrated Risk Profile and Integrated Capital Adequacy position June 30, 2019 which is the first integrated risk profile and integrated capital adequacy ratio after the bank merger process ◆ Inform the checklist of the application of Integrated Risk Management.
February 6, 2020	<ul style="list-style-type: none"> ◆ Monitor the Integrated Risk Profile and Integrated Capital Adequacy as of December 31, 2019. ◆ Inform about matters related to integrated risk management policies, checklist of risk management implementation and OJK's plan in issuing new provisions regarding Financial Conglomerates

v. Frequency of Meeting and Attendance

Based on the Integrated Risk Management Charter, the Integrated Risk Management Committee had held meetings at least once on a semi annual basis. The Committee's meeting may only be held if attended by at least 50% (fifty percent) of the members of the Committee in addition to the Committee's Chairman. The Committee's meeting for discussing activities in Semester I and Semester II Year 2019 have fulfilled the said quorum.

Name	Numbers of Meetings	Number of Attendance	Percentage of attendance
Henoeh Munandar	2	2	100%
Arief Ismail	2	2	100%
Sendiaty Sony	2	2	100%

2. The Integrated Risk Management Function

i. Structure and Responsibility of Reporting of The Integrated Risk Management Function

The duties and responsibilities of the Integrated Risk Management Function were performed by the Risk Management Unit of BTPN.

The Integrated Risk Management function is independent, separate from the operational unit (risk-taking unit) at BTPN and is directly responsible to Risk Management Director in charge of BTPN Risk Management including the Integrated Risk Management of the SMBC Group Financial Conglomerate

ii. Duties and Responsibilities Integrated Risk Management Function

1. To provide input in the formulation and improvement of Integrated Risk Management policy to both BTPN's Board of Directors and to IRMC;
2. To monitor the implementation of Integrated Risk Management policy including developing procedures and tools for the Integrated Risk Management process;
3. To monitor risks in the Conglomeration by monitoring the FSI risk profile assessment result of each member of the Conglomeration, integrated risk appetite for each type of risks and integrated risk profile of the Conglomeration;
4. To conduct assessment for integrated capital adequacy;
5. To perform stress test on the Conglomeration's capability in facing stress scenarios specific to the Conglomeration's or the market in general;
6. To carry out periodic review on the accuracy of risk assessment methodology; the adequacy of the risk management information system implementation; the appropriateness of policy, procedures and integrated risk limit;
7. Reviewing the impact from the entry of new entities to the Conglomeration which can significantly influence the Conglomeration risk exposures;
8. To provide information to IRMC regarding issues that need to be followed up related to the evaluation result of the Integrated Risk Management implementation;
9. Coordinate with the Risk Management Unit of the Financial Services Institution members of the SMBC group conglomerate (BTPN and BTPN Sharia).
10. To prepare and deliver the Integrated Risk Profile and Capital Adequacy periodic reports to BTPN's Board of Directors, IRMC, and regulators.

iii. Implementation of Duties and Responsibilities of Risk Management Unit of BTPN for year 2019

The Risk Management Unit of BTPN which carried out the function of Integrated Risk Management has discharged its duties and responsibilities for Semester I (covered January up to June 2019) and Semester II (Covered July up to December 2019), as follows:

No	Duties and Responsibilities of Risk Management Unit	Realization of Year 2019
1.	Prepared and reviewed the methodology used in preparing the report of the Integrated Risk Management Profile and Report of the Integrated Capital Adequacy.	BTPN was appointed as the Lead Entity of Financial Conglomerate of SMBC Group in 2019, the review will be conducted in 2020.
2.	<p>Monitored risk in the Financial Conglomerate based on assessment result</p> <ul style="list-style-type: none"> a. Risk Profile of every FSI in the Financial Conglomerate b. Level of Risk for each type of risks in integrated basis c. Integrated Risk Profile 	Integrated Risk Profile Report and Integrated KPMM Report for June 2019 position on July 8, 2019 and December 2019 position on February 6, 2020, before being submitted to the Financial Services Authority (OJK)
3.	Delivered information to the Integrated Risk Management Committee on matters to be followed up related to the evaluation result on the implementation of Integrated Risk Management.	information to the Integrated Risk Management Committee on matters to be followed up related to the evaluation result of Integrated Risk Management for position June 2019 and December 2019 has been presented in the Integrated Risk Management Committee Meeting at 8 July 2019 and 6 February 2020
4.	Reviewed the Policy of Integrated Risk Management and Integrated Capital Adequacy.	BTPN was appointed as the Lead Entity of Financial Conglomerate of SMBC Group in 2019, the review will be conducted in 2020.
5.	Supported the implementation of duties and responsibilities of the Integrated Risk Management Committee.	Integrated Risk Profile Report and Integrated KPMM Report prepared by Integrated Risk Management
6.	Coordinated with the Risk Management Department of the members of the Financial Conglomerate of the SMBC group in compiling report of The Integrated Risk Profile and The Integrated Capital Adequacy for the position of 30 June 2019 and 31 December 2019.	Coordination with the Risk Management Department of the members of the Financial Conglomerate of the SMBC group was conducted on the time of preparing the integrated risk profile, through email and meeting

No	Duties and Responsibilities of Risk Management Unit	Realization of Year 2019
	<ul style="list-style-type: none"> ▶ The Financial Conglomerate of the SMBC group has performed self-assessment on Integrated Risk Profile on nine (9) kind of risks namely; credit risk, market risk, liquidity risk, operational risk, strategic risk, reputation risk, legal risk, compliance risk and intra-group transaction risk. The resulted were as follows: <ul style="list-style-type: none"> a. Risk level of the Financial Conglomerate of the SMBC group for the position of 30 June 2019 was Low to Moderate. b. Risk level of the Financial Conglomerate of the SMBC group for the position of 31 December 2019 was Low to Moderate. ▶ The Financial Conglomerate of the SMBC group has also performed self-assessment on the Mandatory Minimum Capital Adequacy. The results were as follows: <ul style="list-style-type: none"> a. The Integrated Minimum Capital Adequacy ratio (comparison of the integrated actual capital with the integrated minimum capital) for the position of 30 June 2019 was 2.59 (Note: The Integrated Capital Adequacy has not yet calculated obligation to constitute Capital Conservation Buffer 2,50%; and the minimum capital of has considered buffer of <i>Domestically Systemic Important Bank</i> = 1.00%). b. The Integrated inimum Capital Adequacy ratio (comparison of the integrated actual capital with the integrated minimum capital) for the position of 31 December 2019 was 2.75 (The Integrated Capital Adequacy has not yet calculated obligation to constitute <i>Capital Conservation Buffer</i> sebesar 2,5%; and the minimum capital as considered buffer <i>Domestically Systemic Important Bank</i> = 1,00%). ▶ The mandatory reporting to the Indonesian Financial Service Authority has been performed before the submission deadline in 2019, as follows: <ul style="list-style-type: none"> a. Report of The Integrated Risk Profile and Integrated Capital Adequacy of the SMBC Conglomerate for the position of June 30, 2019 was submitted on August 13, 2019; b. Report of Integrated Risk Profile and Report of Integrated Capital Adequacy of SMBC Group for the position December 31, 2019 was submitted on February 14, 2020 	

G. Preparing and Implementation of Integrated Governance Manual

- i. The Financial Conglomerate of the SMBC group has established an Integrated Governance Manual based on the related Authority's regulations (Bank Indonesia, Financial Service Authority and others, for instance Capital Market for Financial Service Institution of Public Company), and the latest review on February 2019 due to the merger of SMBC Indonesia into BTPN.

The Integrated Governance Manual consists of:

1. Framework of Integrated Governance for the Lead Entity;



a.	Requirements for BOD and BOC of Lead Entity;
b.	Duties and Responsibilities of BOD and BOC of Lead Entity
c.	Duties and Responsibilities of the Integrated Governance Committee
d.	Duties and Responsibilities of the Integrated Compliance Function
e.	Duties and Responsibilities of the Integrated Internal Audit Function
f.	Implementation of Integrated Risk Management

2. Framework of Integrated Governance for Financial Service Institutions of the SMBC Conglomerate (BTPN and BTPN Syariah), which consists of:



a.	Requirements for candidate members of BOD and BOC
b.	Requirements for candidate members of the Sharia Supervisory Board
c.	Structure of BOD and BOC
d.	Structure of Sharia Supervisory Board
e.	Independency of actions to be taken by BOC
f.	Implementation of management function of Financial Service Institution by BOD
g.	Implementation of supervisory function by BOC

h.	Implementation of supervisory function by the Sharia Supervisory Board
i.	Implementation of Compliance Function, Internal Audit Function, and External Audit
j.	Implementation of Risk Management Function
k.	Remuneration Policy
l.	Management of Conflicts of Interest

- ii. The Integrated Governance Manual has been reviewed periodically in accordance to the latest of development or regulatory changes.
- iii. The Integrated Governance Manual of the SMBC group had been submitted by the Board of Directors of the Lead Entity to Board of Directors of the FSI of the Financial Conglomerate of the SMBC group to be complied and implemented.

The Integrated Risk Management result shows that the Lead Entity and Financial Service Institutions within the Financial Conglomerate have implemented the principles of good governance in accordance with the Integrated Governance And will sustain implement the said Integrated Governance Manual.

H. Rating and Conclusion of Self Assessment of Implementation of Integrated Governance for the position of 30 June 2019 and 31 December 2019

Result of Self Assessment of Implementation of Integrated Governance	
Rating	Rating Definition
2 (Two)	The performance of the Financial Conglomerate in terms of the implementation of Integrated Governance is assessed to be good. This is reflected in the successful implementation of the principles of Integrated Governance. Although there were a few minor weaknesses identified in the implementation of Integrated Governance, generally the weaknesses were insignificant and can be resolved by normal actions of the Lead Entity and/or Financial Service Institutions/members of Conglomerate.
Analysis	
Based on the analysis of the indicators on all factors assessing the Implementation of the Integrated Governance of SMBC Group Financial Conglomeration, it can be concluded that:	

A . Integrated Governance Structure

1. The aspects that reflect the strength of the Integrated Governance of Financial Conglomeration SMBC Group structure are:

The Integrated Governance structure of the Financial Conglomerate of SMBC Group was in accordance to or fulfills the prevailing stipulations to support the implementation of the principle of the Integrated Governance among others were as follows:

- a. The number, composition and competency of the Board of Commissioners and the Board of Directors of the Lead Entity (BTPN) were in accordance with prevailing regulations.
- b. The number and composition of members of the Integrated Governance Committee and the Integrated Risk Management Committee were in accordance with the needs of the Financial Conglomerate as well as efficiency and effectiveness in the implementation of the committees' duties by having representation from different sectors of the financial services industry. The competencies of the members of the said Committees were in accordance with prevailing regulations.
- c. As the entity in-charged of integration function, the Lead Entity (BTPN) has appointed its Internal Audit Unit to perform the Integrated Internal Audit function, its Integrated Compliance Conglomeration unit to perform the Integrated Compliance function and its Risk Management Unit to perform the Integrated Risk Management function. The sufficient number and competency of the members of Integrated Governance Committee and Integrated Risk Management Committee were in accordance with prevailing regulations .
- d. The governance infrastructure had been properly established in compliance with prevailing stipulations, which include the availability of the Corporate Governance Manual of the Lead Entity (BTPN), the Integrated Governance Manual of the Financial Conglomerate of SMBC Group, the Integrated Risk Management and the Integrated Capital Adequacy Manual of the Financial Conglomerate of SMBC Group, , the Integrated Governance Committee Charter, Charter of the Board of Commissioners of the Lead Entity (BTPN), Charter of the Board of Directors of Lead Entity (BTPN), the Integrated Risk Management Charter as well as the Annual Plan and Schedule of the Integrated Governance Committee Risk Management Committee..
- e. FSIs have established Strategic Plans which were in line with vision and mission of each Financial Services Institution of Financial Conglomerate of SMBC Group.

2. The aspects that reflect the weaknesses of the Integrated Governance of Financial Conglomeration SMBC Group Structure are:

There are no aspects that reflect the weaknesses of this aspect.

B. Integrated Governance Process

1. The aspects that reflect the strength of the Integrated Governance of Financial Conglomeration SMBC Group structure are:

The implementation process of the Integrated Governance for the Financial Conglomerate of SMBC Group has been conducted effectively and was adequately supported by the Integrated Governance structure, which were reflected from:

- a. The appointment and assignment of the members of the Board of Commissioners and the Board of Directors of Lead Entity (including the Directors of the Lead Entity supervising the Financial Conglomerate of SMBC Group; Integrated Risk Management and Integrated Governance and Integrated Compliance were implemented by BTPN as the Lead Entity in accordance with prevailing regulations.
- b. The implementation of duties and responsibilities of the Board of Commissioners and Board of Directors of Lead Entity (BTPN) including coordination with Director / Commissioner in BTPN Syariah were well managed. This has resulted in the smooth implementation of the Good Corporate Governance principles in accordance with prevailing stipulations.
- c. The implementation of duties and responsibilities of the Integrated Governance Committee and the Integrated Risk Management Committee were well managed through the development of a culture of compliance and the application of risk management and internal control, and the fulfilment of transparency principles.
- d. The implementation of duties and responsibilities of the Internal Audit BTPN which carried out the Integrated Internal Audit function, Compliance Division of BTPN which carried out the Integrated Compliance function and Risk Management Division of BTPN which carried out the Integrated Risk Management function has fulfilled the requirements of the regulation. The said Integrated units/functions have shown good cooperation and coordination with the relevant division in BTPN Syariah..
- e. Review of the Manual or Integrated documentation, for instance The Integrated Governance Manual of the Financial Conglomerate of SMBC group, the Integrated Risk Management and Capital Adequacy Manual of the Financial Conglomerate of SMBC group, The Integrated Governance Committee Charter and The Integrated Risk Management Committee Charter, were conducted and revised the necessary amendment to be in line with the issuance of new regulations and the current condition
- f. In connection with the merger of SMBCI merger into BTPN, the merged Bank continues to work and proceed in conducting a combination of governance policies and procedures so that they can meet both requirements, under the laws and regulations applicable to Indonesian public listed banks, as well as to that subsidiaries of financial business groups in Asia, which are listed in New York and Tokyo. As part of a financial conglomerate, exchange of information for consolidation purposes cannot be prevented but managed so that it complied with independence and fairness principles, therefore the Bank applies policies and procedures regarding the communication line and Price Sensitive Information and Personal Account Dealing.

2. The aspects that reflect the weakness of the Integrated Governance of Financial Conglomeration SMBC Group structure are:

There are no aspects that reflect the weaknesses of this aspect.

C. Integrated Governance Result

1. The aspects that reflect the strength of the Integrated Governance of Financial Conglomeration SMBC Group structure are:

The quality of the result of Integrated Governance of Financial Conglomerate of SMBC Group were adequate, which were reflected from:

- a. The shareholders did not intervene in the management of the Financial Conglomerate in the terms of Board of Commissioners and Board of Directors as well as the duties and responsibilities of Board of Directors in a manner that would result in disruptions to the operational activities of BTPN and BTPN Syariah, thus impacting the loss of BTPN and BTPN Syariah.
- b. The strategic plan for each of Financial Service Institution in Financial Conglomerate of SMBC group, both BTPN and BTPN Syariah were fully supported by the shareholders which reflected from the commitment and shareholder's effort to strengthen Financial Service Institution's capital.
- c. The result of the meetings of the Board of Commissioners of the Lead Entity (BTPN), the Board of Directors of the Lead Entity (BTPN), the Integrated Governance Committee, and the Integrated Risk Management Committee were clearly recorded in Minutes of Meeting and well documented. There were no dissenting opinions during the reporting period, the meetings were conducted dynamically and the decision making has been through extensive discussion.
- d. Integrated reports of the Financial Conglomerate of SMBC group, for instance the Self-Assessment of Implementation of the Integrated Governance, the Annual Report of Implementation of the Integrated Governance, the Integrated Risk Profile and the Integrated Capital Adequacy Report had been submitted to the Indonesian Financial Service Authority in accordance with prevailing stipulations in terms of content and deadline of submission. As well as, all the reports related to the implementation of Governance and the Integrated Risk Management required by the Supervisory Team of the Financial Service Authority (OJK) have been submitted by the scope and deadline for submission.
- e. The capital of each Financial Service Institution has been well managed and was more than adequate to cater to the risk profile of each Financial Service Institution in Financial Conglomerate or as a Financial Conglomerate. This was reflected in the adequacy of the total capital which was above the minimum capital requirements.

f. Settlement of disputes by Financial Service Institutions in the Financial Conglomerate of SMBC group such as fraud and violation of regulation related to reporting were conducted in accordance with prevailing regulations. Preventive actions have been taken to avoid reoccurrence in the future.

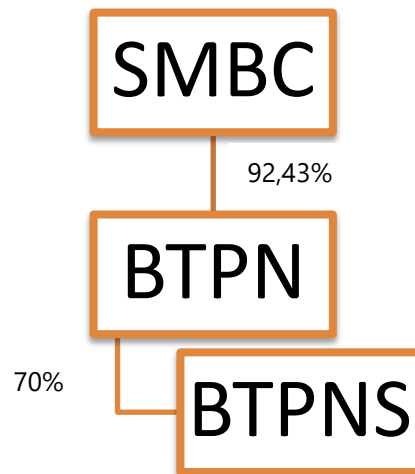
2. The aspects that reflect the weakness of the Integrated Governance of Financial Conglomeration SMBC Group Result

BTPN was charged penalties by OJK and Bank Indonesia related to Sistem Layanan Informasi Keuangan (SLIK).

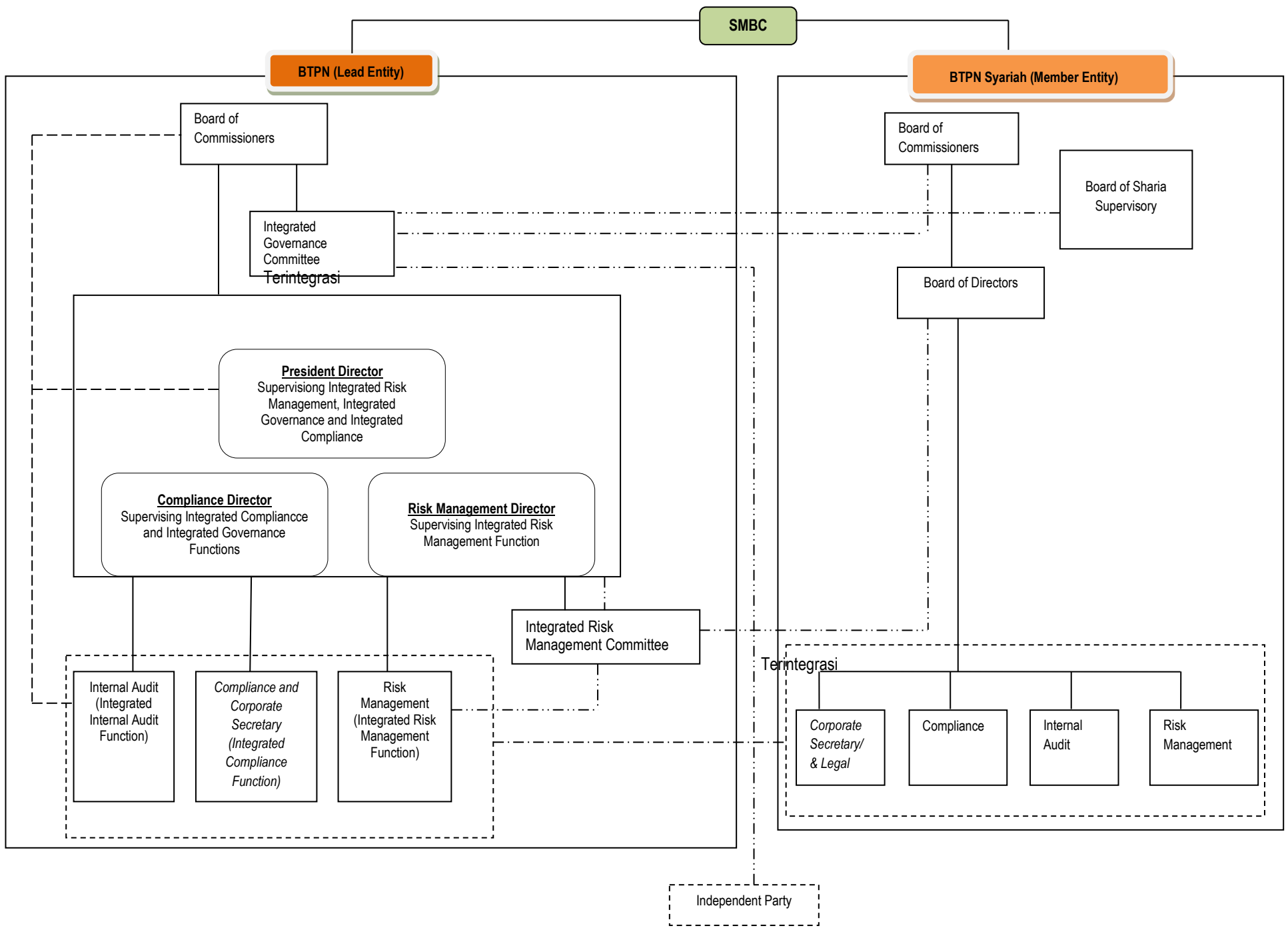
In relation to the abovementioned, BTPN has taken several corrective and preventive action, among others conducted proper socialization, closely monitoring against internal reports and improving the related process.

II. The Structure of SMBC Financial Conglomerate

The Structure of Financial Conglomerate of Sumitomo Mitsui Banking Corporation (SMBC) Group as of 31 December 2019 according to letter of SMBC dated 1 March 2019 is as follows:



Meanwhile for the detail Structure of Financial Conglomerate is as follows:



The structure of the Financial Conglomerate of the SMBC group was established based on the provisions of the Indonesian Financial Service Authority (“OJK”) regarding Financial Conglomerate.

The structure of the Financial Conglomerate of the SMBC group describes the relationship and roles of all related parties systematically in the Financial Conglomerate, which consists of:

- a. SMBC as the Controlling Shareholder of the Lead Entity Entity (BTPN) and the Member Entity as well as the Ultimate Shareholder of Member Entity (BTPN Syariah).
- b. From the Lead Entity (BTPN), the relevant parties consist of the Board of Commissioners, Board of Directors, Corporate Secretary, Integrated Internal Audit Function, Integrated Compliance Function, Integrated Risk Management Function.
- c. From the Lead Entity (BTPN) and member Entity (BTPN Syariah), namely the Integrated Governance Committee which is under the Board of Commissioners of the Lead Entity (BTPN) and the Integrated Risk Management Committee under the Directors of the Lead Entity (BTPN).
- d. From Member Entity (BTPN Syariah), the relevant parties consist of the Board of Commissioners, Board of Directors, Corporate Secretary /& Legal, Internal Audit, Compliance and Risk Management.
- e. From outside of the Lead Entity (BTPN) and Member Entity (BTPN Syariah), an independent party has been recruited as member of the Integrated Governance Committee.

Every elements of the Financial Conglomerate’s Structure conducts functions, duties and responsibilities in accordance to prevailing stipulations.

III. The Structure of Share Ownership

The share ownership structure in the Financial Conglomerate of the SMBC Group from the Ultimate Shareholder for position 31 December 2019 was as follow:

A. Lead Entity: PT Bank BTPN, Tbk. (BTPN)

BTPN Shareholder (as of December 31, 2019)	Sumitomo Mitsui Banking Corporation	PT Bank Central Asia Tbk *	PT Bank Negara Indonesia (Persero) Tbk **	Public	Treasury Shares	Total
Presentage	92.43%	1.02%	0.15%	5.23%	1.17%	100%
Total of Shares	7.532.311.297	83.052.408	12.007.137	426.359.127	95.198.900	8.148.928.869

*Complied the provisions of Government Regulation No.29 of 1999 concerning the Purchase of Commercial Bank Shares and is the converted shares due to the Merger with PT Bank Sumitomo Mitsui Indonesia.

** Converted shares due to Merger with PT Bank Sumitomo Mitsui Indonesia

The Ultimate Shareholder of BTPN is Sumitomo Mitsui Financial Group (SMFG)

▶ **Sumitomo Mitsui Financial Group (SMFG)**

Sumitomo Mitsui Financial Group, Inc (SMFG) was established in December 2002 through a share transfer from SMBC. SMFG was established in December 2002 through a share transfer as a holding company, and SMBC became a wholly owned subsidiary of SMFG. Sumitomo Mitsui Banking Corporation (SMBC) and its business groups offer a variety of financial services that are centered on the banking business. SMBC is also engaged in the business of leasing, securities, credit cards, investments, mortgage securitization, venture capital and other lending fields.

The Controlling Shareholder of BTPN is Sumitomo Mitsui Banking Corporation

▶ **Sumitomo Mitsui Banking Corporation (SMBC)**

Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of The Sakura Bank, Limited, and The Sumitomo Bank, Limited. From December 2002, SMBC became a wholly-owned subsidiary of SMFG, a holding company domiciled and registered in Japan and a well known financial group in the world.

B. Member Entity: PT Bank Tabungan Pensiunan Nasional, Tbk (BTPN Syariah)

The Ultimate Shareholder of BTPN Syariah is Sumitomo Mitsui Financial Group (SMFG) through Sumitomo Mitsui Banking Corporation

A brief of company profile can be seen on the previous page or in the section on Implementation of Integrated Governance (which is an attachment to this Annual Report on the Implementation of Integrated Governance for the Financial Conglomerate of Sumitomo Mitsui Banking Group 2019).

The Controlling Shareholder of BTPN Syariah is PT Bank BTPN Tbk (BTPN)

▶ **BTPN**

Bank BTPN focuses on serving the mass market segment consisting of pensioners, micro, small and medium enterprises (SMEs), productive unprivileged communities; consuming class segments; and the corporate segment. The business focus is supported by Bank BTPN's business units, namely BTPN Sinaya - funding business unit, BTPN Purna Bakti - business unit that focuses on serving retired customers, BTPN Mitra Usaha Rakyat - business units that focus on serving micro-businesses, BTPN Mitra Bisnis - business units a business that focuses on serving small and medium businesses, BTPN Wow! - Laku Pandai products that focus on the unbanked segment, Jenius - digital banking platform for the consuming class segment, and corporate business units that focus on serving large national, multinational, and Japanese companies.

IV. The Structure of Management

A. Lead Entity: PT Bank BTPN, Tbk (BTPN)

The Composition of the Board of Commissioners and Board of Directors of BTPN as the Lead Entity of the Financial Congmerate of the SMBC group as of 31 December 2019 were as follows:

Board of Commissioners of BTPN	
Position	Name
President Commissioner (Independent)	Mari Elka Pangestu
Vice President Commissioner	Chow Ying Hoong
Commissioner	Takeshi Kimoto
Independent Commissioner	Ninik Herlani Masli Ridhwan
Independent Commissioner	Irwan Mahjudin Habsjah

Board of Directors of BTPN	
Position	Name
President Director (Independent)	Ongki Wanadjati Dana
Deputy President Director	Kazuhisa Miyagawa
Compliance Director (Independent)	Dini Herdini
Director	Adrianus Dani Prabawa
Director	Yasuhiro Daikoku
Director	Henoch Munandar
Director	Hikomichi Kubo
Director	Merisa Darwis
Director	Hanna Tantani

B. Member Entity: PT Bank Tabungan Pensiunan Nasional Syariah Tbk (BTPN Syariah)

The Composition of the Board of Commissioners and Board of Directors of BTPN Syariah as the Member Entity of the Financial Congmerate of the SMBC group as of 31 December 2019 were as follows:

Board of Commissioners BTPN Syariah	
Position	Name
President Commissioner (Independent)	Kemal Azis Stamboel
Independent Commissioner	Dewie Pelitawati
Commissioner	Mahdi Syahbuddin
Commissioner	Yenny Lim

Board of Directors BTPN Syariah	
Position	Name
President Director (Independent)	Ratih Rachmawaty
Deputy President Director	Mulia Salim
Compliance Director and Corporate Secretary	Arief Ismail
Director	M.Gatot Adhi Prasetyo
Director	Taras Wibawa Siregar

Sharia Supervisory Board of BTPN Syariah	
Position	Name
Chairman of the Sharia Supervisory Board	H. Ikhwan Abidin, MA
Member Board	H. Muhamad Faiz, MA

V. The Intra-Group Transaction

- ✚ Each of the Financial Service Institutions of the Financial Conglomerate of the SMBC group has complied with their internal rules and guidelines on managing intra-group transaction within the Financial Conglomerate.
- ✚ Intra-Group transaction is a transaction between entities within one Financial Conglomerate for the fulfillment of obligations in either written or unwritten agreement which may or may not involve the movement of funds.
- ✚ The policy of intra-group transaction has incorporated factors to identify intra-group transaction which causes intra-group transaction risks, among others from:
 1. Cross-ownership amongst FSIs within a Financial Conglomerate;
 2. Centralization of short-term liquidity management;
 3. Guarantees, loans, and commitments that are provided or obtained by an FSI from other FSI within a Financial Conglomerate;
 4. Exposure to the controlling shareholder, including the exposure of loans and off-balance sheet such as guarantees and commitments;
 5. The purchase or sale of assets to another FSI within one Financial Conglomerate;
 6. Transfer of risk through reinsurance; and/or transactions to divert third party risk exposure amongst FSIs within one Financial Conglomerate.
- ✚ In addition, listed below are the indicators that could be used in the identification of inherent risk of intra-group transaction:
 - a. Significant of intra-group transaction on the total asset of the Financial Conglomerate.
 - b. Dependency of the Financial Service Institution on intra-group transaction.
 - c. Documentation of transaction's agreement and support of intra-group transaction.
 - d. Fulfillment of arm's length's principle in agreement of the whole intra-group transaction.
 - e. Impact of intra-group transaction on the financial performance of Financial Service Institutions.
 - f. Materiality of intra-group transaction in terms of its financial impact on the Financial Service Institutions and Financial Conglomerate.
- ✚ Parameters that could be used in measuring the severity of Intra-Group Transactions are as follows:
 1. The composition of intra-group transaction in the Financial Conglomerate using ratio or indicator such as total amount of intra-group transaction compared to total asset, total amount of intra-group transaction including Off Balance Sheet intra-group compared to total capital, exposure toward the Controlling Shareholder (including loan exposure and off balance sheet such as guarantee and commitment) and others.
 2. Documentation and judgment by using indicator such as agreement documentation, fulfillment of arm's length principle (judgment of transaction) and impact of transaction on the financial performance of the Financial Service Institutions.

3. Other information such as management centralization related to short term liquidity, support of intra-group which is not legally blinded and/or could not be executed, supply of service of management and other services such as back-office between Financial Service Institutions in one group and purchase or sell asset to other Financial Service Institutions in one group.

- ✚ In terms of management of intra-group transaction risk, exposure should be in accordance to established risk tolerance level.
- ✚ The management of Intra-Group transaction risk can be done through hedging, additional capital to absorb loss potential or having other risk mitigation based on relevant regulations, for instance Legal Lending Limit (LLL).
- ✚ The intra-group transaction policy of BTPN as the Lead Entity of the Financial Conglomerate of the SMBC group has been stipulated in the Policy of Integrated Risk Management, Policy of Legal Lending Limit and Policy of Equity Participation. In addition, for transaction other than credit are as stipulated in OJK Regulation on Affiliated Transaction which should be reported to OJK and/or published to the public in the certain amount.
- ✚ The intra-group transaction of the Lead Entity (BTPN) as of 31 December 2019 has been incorporated in The Annual Report for the year 2019 of the Lead Entity BTPN in the section on the related parties transaction.

List of the Executive Officer Relevant to the Financial Conglomerate of SMBC Group

Lead Entity (BTPN)

No.	Name	Position
1	Nurhajati Soerjo Hadi	Head of Internal Audit Department
2	Sendiaty Sondy	Head of Risk Management Division
3	Butet Sondang Sitepu	Head of Compliance Division
4	Eneng Yulie Andriani	Head of Corporate Secretary

Member Entity (BTPN Syariah)

No.	Name	Position
1	Yunita Cahaya Haerani	Corporate Secretary & Legal Head
2	Rena Mutia Indriani	Compliance Head
3	Hari Pudjo Santoso	Risk Management Head
4	Gatot Prasetyo	Internal Audit Head

Report on the Implementation of Integrated Corporate of Financial Conglomerate of SMBC Group as of 31 December 2019

Jakarta, 28 May 2020

PT Bank BTPN Tbk

Signed by

Chow Ying Hoong

Vice President Commissioner

Ongki Wanadjati Dana

President Director