

## DISCLOSURE OF INFORMATION

In compliance to POJK No. 38/POJK.04/2014 concerning Capital Increase Without Preemptive Rights

The Board of Commissioners and the Board of Directors of the Company, individually as well as collectively, are fully responsible for the fullness and accuracy of all information or material facts in this Disclosure of Information and upon having conducted sufficient research and examination confirm that the information set forth in the Disclosure of information is correct and no material facts not presented which could possibly cause material information in this Disclosure of Information to be incorrect and / or misleading.



PT BANK TABUNGAN PENSUNAN NASIONAL Tbk  
("The Company")

**Business Activities:**

Banking

**Domiciled in South Jakarta, Indonesia**

**Head Office:**

Menara BTPN 29<sup>th</sup> Fl. CBD Mega Kuningan  
Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5 - 5.6 South Jakarta 12950  
Telp. (021) 300 26 200 Fax. (021) 300 26 307  
Website: www.btpn.com

**This Disclosure of Information is presented to the shareholders of the Company with respect to the Company's plan to conduct Employee Stock Option Program (ESOP) by issuing Option Rights to the participants of the program to buy new shares issued by portepel without preemptive rights at the most 116,805,746 or 2% of the issued and paid-up fully capital in the Company ("The Stock Option Program").**

**When this Stock Option Program is exercised the ownership of shareholders of the Company shall be diluted at most 1.96 % (one point ninety six percent).**

Extraordinary General Meeting of Shareholders to approve this plan shall be held in  
Jakarta on April 29<sup>th</sup> 2016

This Disclosure of Information is issued in Jakarta, on April 27<sup>th</sup> 2016

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#### IMPORTANT DATES AND ESTIMATED TIME SCHEDULE

- |    |  |                                |
|----|--|--------------------------------|
| 1. | Notification of General Meeting of Shareholders to the Financial Services Authority  | February 29 <sup>th</sup> 2016 |
| 2. | Advertisement of Announcement of Extraordinary General Meeting of Shareholders   | March 8 <sup>th</sup> 2016     |
| 3. | Disclosure of Information on the Plan on Issuance of Option Rights To Buy New Shares Issued Without Preemptive Rights to Shareholders In Compliance To Regulation of the Financial Services Authority (OJK) No. 38/POJK.04/2014        | March 8 <sup>th</sup> 2016     |
| 4. | Advertisement of Announcement of Delayed Extraordinary General Meeting of Shareholders   | March 23 <sup>rd</sup> 2016    |
| 5. | Recording Date   | April 6 <sup>th</sup> 2016     |
| 6. | Advertisement of Invitation to Extraordinary General Meeting of Shareholders   | April 7 <sup>th</sup> 2016     |
| 7. | Disclosure of Information revise on the Plan on Issuance of Option Rights To Buy New Shares Issued Without Preemptive Rights to Shareholders In Compliance To Regulation of the Financial Services Authority (OJK) No. 38/POJK.04/2014 | April 27 <sup>th</sup> 2016    |
| 8. | Extraordinary General Meeting of Shareholders  | April 29 <sup>th</sup> 2016    |
| 9. | Notification to the Financial Services Authority and Indonesia Stock Exchange on the Result of Extraordinary General Meeting of Shareholders   | May 3 <sup>th</sup> 2016       |

## CHAPTER I. ABOUT THE COMPANY

### General

PT Bank Tabungan Pensiunan Nasional Tbk (“Company”) was established by notarial deed No. 31 dated February 16<sup>th</sup> 1985 of Notary Komar Andasasmita, S.H. in Bandung. The deed was amended by notarial deed No. 12 dated July 13<sup>th</sup> 1985 of Notary Dedeh Ramdah Sukarna, S.H. on behalf of Notary Komar Andasasmita, S.H. The Article of Association was approved by the Minister of Justice of the Republic of Indonesia in its decision letter No. C-2-4583-HT.01-01 TH.85 dated July 25<sup>th</sup> 1985 and has been registered in District Court Office in Bandung under No.458 and No.459 dated August 16<sup>th</sup> 1985, and also published in Supplement No. 1148 to State Gazette No. 76 dated September 20<sup>th</sup> 1985.

The Company Article of Association have been amended several times, the latest deed of resolutions No. 21 dated April 14<sup>th</sup> 2015, which notarized by Notary Hadijah, S.H., M.Kn., in Jakarta, which have been notified to the Minister of Justice of the Republic Indonesia as stated in the letter of Acceptance Notification Changes in the Article of Association No. AHU-AH.01.03-0925357 dated April 17<sup>th</sup> 2015 and has been registered in the Company Register of the Minister of Justice of The Republic Indonesia No. AHU-3494082.AH.01.11.Tahun 2015 dated 17<sup>th</sup> April and letter of Acceptance Company Data Changes No. AHU-AH.01.03-0925358 dated April 17<sup>th</sup> 2015 and has been registered in the Company Register on Ministry of Justice of The Republic Indonesia No. AHU-3494082.AH.01.11.Tahun 2015 dated April 17<sup>th</sup> 2015 (“Deed No. 21/2015”). Based on the Deed No. 21/2015, the Company shareholders has been approved to the changes and restatement Article of Association in relation to comply with Financial Services Authority Regulation No. 32/POJK.04/2014 concerning The plan and Implementation General Meeting of Shareholders and Financial Services Authority Regulation No. 33/POJK.04/2014 concerning The Company Board of Directors and Board of Commissioners. The changes of Article of Association of the Company have been reported based on the Deed No. 21/2015 to Financial Services Authority Direktorat Pengawasan Bank as stated in the Company letter No. S.237/DIR/CCS/IV/2015 dated April 22<sup>nd</sup> 2015 (“Article of Association”)

In 2008 the Company made an Initial Public Offering of as many as 943,936,190 shares with a par value per share of Rp 100 (one hundred rupiahs) and the offering price of Rp 2,850 (two thousand eight hundred fifty rupiahs) (full amount) per share.

The history of stock listing of the Company is as follows:

Type of Issue	Number of Shares	Listing Place & date
Initial Public Offering	943,936,190 shares with offering price of Rp 2,850 per share.	Indonesia Stock Exchange on March 12 <sup>th</sup> 2008
First Limited Public Offering	188,787,238 shares with offering price of Rp 7,000 per share	Indonesia Stock Exchange on December 10 <sup>th</sup> 2010
Stock Split of a par value	a par value per share of Rp 100 to Rp 20 thus the number of shares becomes 5,663,617,140	Indonesia Stock Exchange on March 28 <sup>th</sup> 2011
Capital Increases Without Preemptive Rights	176,670,117 shares originated from conversion from IFC payable into capital	Indonesia Stock Exchange on March 9 <sup>th</sup> 2012

## **Business Activities**

The Company obtained business permit in banking business based the Decision of Bank Indonesia No. 26/5/UPBD/PBD2/Bd dated April 22<sup>nd</sup> 1993.

Based on Article 3 of the Company's Articles of Association, goals and objectives of the Company is to conduct business activities in general banking. To achieve its goals and objectives the Company may carry out the main business activities and supporting business activities in accordance with the prevailing laws and regulations in Indonesia.

## **Head office and branch offices of the Company**

Head Office:

**PT Bank Tabungan Pensiunan Nasional Tbk**

Menara BTPN 29<sup>th</sup> Fl.

CBD Mega Kuningan

Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5 - 5.6

South Jakarta 12950

Telp. (021) 300 26 200

Fax. (021) 300 26 307

Website: [www.btpn.com](http://www.btpn.com)

Branch Offices:

*As Per December 31<sup>st</sup> 2015*

1 head office, 387 branch offices of btpn purna bakti and 130 Payment points, 64 branch offices of btpn sinaya, 573 branch offices of btpn mitra usaha rakyat, 6 branch offices of btpn mitra bisnis and 107 ATMs distributed throughout 33 provinces in strategic locations in main islands in Indonesia.

## **Capital and Composition of Shareholders of the Company**

Based on the decision of the General Meeting of Shareholders on April 4<sup>th</sup> 2011 written in the Deed No. 10 dated February 22<sup>nd</sup> 2012 made before the Notary Sinta Dewi Sudarsana, SH, the shareholders have approved an capital increase as issued and paid-up by the Company. This amendment has been reported to and acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in its notification of receipt of notification of amendment No. AHU-AH.01.10-08497 dated March 9<sup>th</sup> 2012.

Based on information from the Securities Administration Bureau of the Company, the structure of share ownership of the Company as per December 31<sup>st</sup> 2015 is as follows:

DESCRIPTION	NUMBER OF SHARES	A PAR VALUE OF Rp 20 Per share	%
Authorised capital	7,500,000,000	150,000,000,000	-
Issued and fully paid capital			
Sumitomo Mitsui Banking Corporation	2,336,114,903	46,722,298,060	40.00
Summit Global Capital Management B.V.	1,168,057,451	23,361,149,020	20.00
TPG Nusantara S.a.r.i	489,407,774	9,788,155,480	8.38
Share ownership of members of Board of Directors			
(a) Jerry Ng	22,407,500	636,150,000	0.54
(b) Ongki Wanadjati Dana	3,255,000	65,100,000	0.06
(c) Djemi Suhenda	3,360,000	67,200,000	0.06
(d) Anika Faisal	2,100,000	42,000,000	0.04
(e) Kharim Indra Gupta Siregar	1,130,500	22,610,000	0.02
(f) Arief Harris Tandjung	1,975,000	39,500,000	0.03
(g) Hadi Wibowo	2,554,100	51,082,000	0.04
(h) Asep Nurdin Alfallah	2,500	50,000	0.00
(i) Mulia Salim	782,500	15,650,000	0.01
PT Multi Kencana Mulia	58,402,873	1,168,057,460	1.00
Public with ownership under 5 %	1,750,737,156	35,014,743,120	29.98
Number of issued and fully paid capital	5,840,287,257	116,805,745,140	100.00
Share in Portepel	1,659,712,743	33,194,254,860	

Note:

- Since the Deed No.10 dated February 22<sup>nd</sup> 2012 which notarized by Notary Sinta Dewi Sudarsana, S.H. until December 31<sup>st</sup> 2015, the Company doesn't have any changes in issued and paid-up fully capital.
- The Company also have Management and Employee Stock Options Program by issuing Option Rights to the participants of the program to buy new shares in portepel without Preemptive Rights at the most 233,611,491 shares or 4% of the issued and fully paid-up capital in the company as stipulated on Disclosure of Information dated February 17<sup>th</sup> 2015 which have been approved on Extraordinary General Meeting of Shareholders dated March 26<sup>th</sup> 2015.

### Composition of Management of the Company

Based on Decision of Annual RUPS of the Company as stated in the Deed No.22 dated March 14<sup>th</sup> 2013 made before the public Notary Hadijah, S.H., M.Kn., reported to and received by the Minister of Law and Human Rights of Indonesia based on notice of receipt of recordal of change of data of the Company No.AHU-.AH.01.10-11978 2012 dated April 3<sup>rd</sup> 2013, is recorded in the *Sisminbakum* database of the Ministry of Law and Human Rights of Indonesia, in the Company Register under No.AHU-0028907.AH.01.09 of 2013 dated April 3<sup>rd</sup> 2013, and registered with the Office of the Ministry of Cooperatives, Micro, Small, Medium, and Trade of South Jakarta city administration on May 30<sup>th</sup> 2013, with the latest composition of the Board of Commissioners and Board of Directors as stated in the Deed No. 49 dated March 26<sup>th</sup> 2015 concerning the minutes of Annual General Meeting of Shareholders of PT Bank BTPN Tbk and Deed No. 14 dated May 19<sup>th</sup> 2015 concerning confirmation of the composition of the Board of Commissioners and Board of Directors of PT Bank BTPN Tbk are as follows:

#### Board of Commissioners

President Commissioner (Independent) : Prof. Dorodjatun Kuntjoro-Jakti Ph.D.  
 Commissioner (Independent) : Harry Hartono

Commissioner (Independent)	:	Irwan Mahjudin Habsjah
Commissioner	:	Ashish Jaiprakash Shastry
Commissioner	:	Chow Ying Hoong
Commissioner	:	Hiroshi Higuma

#### Directors

President Director (Independent)	:	Jerry Ng
Deputy President Director	:	Ongki Wanadjati Dana
Deputy President Director	:	Djemi Suhenda
Compliance Director (Independent)	:	Anika Faisal
Director	:	Kharim Indra Gupta Siregar
Director	:	Hadi Wibowo
Director	:	Arief Harris Tandjung
Director	:	Asep Nurdin Alfallah
Director	:	Mulia Salim
Director	:	Maya Kartika
Director	:	Wolf Arno Kluge

#### Audit Committee

Chairman	:	Harry Hartono
Members	:	Stephen Z. Satyahadi Kanaka Puradireja

#### Corporate Secretary

Based on the Decision of Directors of the Company No.SK.2156/DIR-CHC/XI/2008 dated November 7<sup>th</sup> 2008, the Company appoints Anika Faisal as Director of Compliance and as Corporate Secretary.

#### **Summary of the Company's Financial Statement**

The Company's financial statement for the period ended on December 31<sup>st</sup> 2015 as has been audited by Public Accountant Office of Tanudiredja, Wibisana, Rintis & Rekan as mentioned in the report No. A160229001/DC2/ANG/2016 dated February 29<sup>th</sup> 2016 where all material facts therein are believed fair and December 31<sup>th</sup> 2014 as has been audited by Public Accountant Office of Tanudiredja, Wibisana & Rekan as mentioned in the report No. A150303004/DC2/MJW/II/2015 dated March 3<sup>rd</sup> 2015 where all material facts therein are believed fair.

The consolidated financial positions, financial performance, and consolidated cash flow for the years ended 31 December 2015, and 2014 have been prepared in accordance with Indonesian Financial Accounting Standards.

The following are the impacts of the implementation of the accounting standards which are relevant and significant to the Bank's consolidated financial statements:

#### SFAS 1 (revised 2013) "Presentation of financial statements"

In relation with the adoption of SFAS No. 1 (revised 2013), "Presentation of Financial Statements", the Bank and Subsidiary have modified the presentation of items of other comprehensive income in its consolidated statements of profit and loss and other comprehensive income, to present items that would be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. Comparative information has been re-presented on the same basis.

#### SFAS 24 (Revised 2013), "Employee benefits"

SFAS 24 (revised 2013) provides the adjustment for calculation and disclosure for employee benefits. Changes on Bank and Subsidiary's accounting policies as follows:

- 1) Past service costs are recognised immediately in the statement of profit or loss at the earlier of the following dates: when the plan is amended or curtailment occur, and when the entity recognises related restructuring cost or termination benefits and;
- 2) The uses of implied return on plan assets (i.e. discount rate) to estimate return on plan assets.
- 3) Actuarial gain and losses arising from experience adjustments and changes in actuarial assumption charged or credited to equity in other comprehensive income in the period in which they arise.

In accordance with transitional provision of SFAS 24 (revised 2013): Employee benefit and also in accordance with SFAS 25: Accounting Policies, Changes in Accounting Estimates and Errors, the above change are considered as changes in accounting policies and thus, should be applied restrospectively. See note 50 for the impact on the consolidated financial statements.

#### SFAS 65, "Consolidated financial statements"

Changes in SFAS 65 based on existing principles by identifying the concept of control as the determining factor whether an entity should be included within the consolidated financial statements of parent company. Under the new principle, the Bank and Subsidiary can control an entity when Bank and Subsidiary are exposed to, or have rights to, variable return from its involvement with the entity and have the ability to affect the return through its power.

#### SFAS 68, "Fair value measurement"

SFAS 68 provides a single source of guidance on how fair value is measured but does not establish new requirements for when fair value is required. This standard provides a framework for determining fair value and clarifies the factors to be considered in estimating fair value. It introduces the use of an exit price in fair value measurement, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy disclosure. SFAS 68 is applied prospectively. The change had no significant impact on the measurements of the Bank's and Subsidiary's assets and liabilities. Additional disclosures in accordance with SFAS 68 have been made in Note 46.



**CONSOLIDATED FINANCIAL REPORT**

in millions of Rupiah

	<b>Dec 31<sup>st</sup> 2015</b>	<b>Dec 31<sup>st</sup> 2014</b>
<b>ASSETS</b>		
Cash	1,352,401	1,129,677
Current Accounts with Bank Indonesia	4,774,422	4,628,496
Current Accounts with other Banks	66,674	94,205
Placements with Bank Indonesia and other banks	6,205,640	6,714,266
Accrued interest income	3,009	2,774
Less: Allowance impairment losses	-	(3,740)
	<hr/> 6,208,649	<hr/> 6,713,300
Marketable securities:		
Held-to-maturity financial assets	3,453,844	3,422,392
Available-for-sale financial assets	1,467,790	1,308,677
Accrued interest income	8,434	3,248
	<hr/> 4,930,068	<hr/> 4,734,317
Securities purchased under resale agreements ( <i>Reverse repo</i> )	1,094,401	2,388,561
Accrued interest income	4,583	6,880
	<hr/> 1,098,984	<hr/> 2,395,441
Loans		
- third parties	54,887,064	49,459,226
- related parties	22,292	35,261
Sharia financing/receivables	3,678,027	2,499,087
Accrued interest income	666,611	614,420

**CONSOLIDATED FINANCIAL REPORT (continued)**

in millions of Rupiah

	Dec 31 <sup>st</sup> 2015	Dec 31 <sup>st</sup> 2014
<b>ASSETS</b> (continued)		
Less: Allowances for impairment losses	(543,585)	(507,019)
	<hr/>	<hr/>
Investments	58,710,409	52,100,975
Prepayments	22	22
Prepaid taxes	2,337,874	2,001,183
- Corporate Income taxes	29,255	-
Deferred tax assets	91,281	110,886
Fixed assets - net	876,223	729,723
Intangible assets - net	380,034	276,310
Other assets - net	183,367	144,688
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>81,039,663</b>	<b>75,059,223</b>
	<hr/>	<hr/>

**CONSOLIDATED FINANCIAL REPORT (continued)**

in millions of Rupiah

	<b>Dec 31<sup>st</sup> 2015</b>	<b>Dec 31<sup>st</sup> 2014</b>
	<hr/>	<hr/>
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>		
<b>LIABILITIES</b>		
Obligations due immediately	40,818	19,740
Deposits from Customers		
-third parties	56,806,168	51,052,673
-related parties	415,809	88,177
Accrued interest expenses	253,041	223,617
	<hr/>	<hr/>
	57,475,018	51,364,467
Deposit from other banks	160	99
Accrued interest expenses	-	1
	<hr/>	<hr/>
	160	100
Taxes payable		
- income taxes	90,567	72,453
- other taxes	105,331	109,263
Bonds payable	2,605,384	4,409,501
Accrued interest expenses	29,127	44,762
	<hr/>	<hr/>
	2,634,511	4,454,263
Borrowings		
- non-bank borrowings	2,735,989	3,800,087
- Finance lease liabilities	1,124	4,419
Accrued interest expenses	28,933	98,832
	<hr/>	<hr/>
	2,766,046	3,903,338
Accruals	121,084	99,154
Employees benefit liabilities		
- Bonus and tantiem	335,117	294,251
- Post employment benefit	30,958	184,395
Other liabilities	453,623	426,420
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>64,053,233</b>	<b>60,927,844</b>
	<hr/>	<hr/>

**CONSOLIDATED FINANCIAL REPORT (continued)**

in millions of Rupiah

	Dec 31 <sup>st</sup> 2015	Dec 31 <sup>st</sup> 2014
<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>		
<b>TEMPORARY SYIRKAH FUNDS</b>		
Deposits from customers:		
Third Parties		
Mudharabah saving deposits	26,493	17,187
Mudharabah time deposits	3,020,802	2,172,916
Related parties		
Mudharabah saving deposits	469	253
Mudharabah time deposits	3,655	3,908
Accrued profit sharing expenses	11,152	10,039
	<u>3,062,571</u>	<u>2,204,303</u>
<b>EQUITY</b>		
Issued and paid-up		
fully capital	116,806	116,806
Additional paid in capital	1,429,385	1,429,385
Share based payment reserve	147,157	92,225
Unrealized gain/(loss) on available-for-sale marketable securities	1,469	836
Retained earnings:		
- appropriated	23,361	23,361
- unappropriated	11,857,890	10,017,028
-		
	<u>13,576,068</u>	<u>11,679,641</u>
<b>Total Equity attributable to parent entity owner</b>	<b>13,576,068</b>	<b>11,679,641</b>
<b>Non-controlling interest</b>	<b>347,791</b>	<b>247,435</b>
	<u>13,923,859</u>	<u>11,927,076</u>
<b>TOTAL EQUITY</b>	<b>13,923,859</b>	<b>11,927,076</b>
<b>TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>	<b>81,039,663</b>	<b>75,059,223</b>

**COMPREHENSIVE CONSOLIDATED INCOME STATEMENT**

in millions of Rupiah

	<b>Dec 31<sup>st</sup> 2015</b>	<b>Dec 31<sup>st</sup> 2014</b>
	<hr/>	<hr/>
<b>INTEREST INCOME AND SHARIA INCOME</b>	13,003,876	12,293,155
<b>INTEREST EXPENSE AND SHARIA PROFIT SHARING</b>	(5,308,265)	(5,252,372)
	<hr/>	<hr/>
<b>INTEREST INCOME AND SHARIA INCOME – NETT</b>	7,695,611	7,040,783
	<hr/>	<hr/>
<b>Other operating income</b>	705,835	739,520
<b>Other operating expense</b>		
Personnel expenses	(2,851,029)	(2,493,495)
General and administrative expenses	(2,119,939)	(1,810,548)
Allowance for impairment losses	(785,886)	(743,983)
Other operating expenses	(184,885)	(175,773)
	<hr/>	<hr/>
	(5,941,739)	(5,223,799)
	<hr/>	<hr/>
<b>NET OPERATING INCOME</b>	2,459,707	2,556,504
	<hr/>	<hr/>
<b>NON-OPERATING (EXPENSES)/INCOME</b>		
Non-operating Income	2,822	3,999
Non-operating Expenses	(29,918)	(16,513)
	<hr/>	<hr/>
	(27,096)	(12,514)
	<hr/>	<hr/>
<b>PROFIT BEFORE INCOME TAX</b>	2,432,611	2,543,990
	<hr/>	<hr/>
<b>INCOME TAX EXPENSE</b>	(680,002)	(658,863)
	<hr/>	<hr/>
<b>NET PROFIT FOR THE YEAR</b>	<b>1,752,609</b>	<b>1,885,127</b>
	<hr/>	<hr/>
<b>ORTHER COMPREHENSIVE INCOMES:</b>		
Unrealised gain/(loss) on available-for-sale marketable securities	845	1,272
Related income tax (Expense)/benefit	(212)	(318)
	<hr/>	<hr/>
Post employment benefit remeasurement	187,479	(35,371)
Related income tax (Expense)/benefit	(46,870)	9.613
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>1,893,851</b>	<b>1,859,873</b>
	<hr/>	<hr/>

Total consolidated assets of the Company per December 31<sup>st</sup> 2015 is Rp 81.04 trillions, increased by Rp 5.98 trillions or 8% compared to the position per December 31<sup>st</sup> 2014 of Rp 75.06 trillions. Similarly, total liability increased by Rp 3.98 trillions or 6%, from Rp 63.13 trillions per December 31<sup>st</sup> 2014 to be Rp 67.12 trillions per December 31<sup>st</sup> 2015.

Significant changes in posts in the balance during the period are as follows:

**1. Current Accounts with other banks**

Current accounts with other banks per December 31<sup>st</sup> 2015 decreased by Rp 27.53 billions or 29% to be Rp 66.67 billions as compared to the position per December 31<sup>st</sup> 2014 of Rp 94.21 billions. This decrease is as a result of the decrease of current accounts with Bank Negara Indonesia.

**2. Securities purchased under resale agreements (*Reverse Repo*)**

Placement with *Reverse Repo* decreased by Rp 1.30 trillions or 54% to be Rp 1.10 trillions at the end of December 2015 as compared to the position at the end of December 2014 of Rp 2.40 trillions. This decrease is caused by the placement to treasury instruments which the terms is in line with the need of cash flow of the Company.

**3. Fixed Assets - Net**

Fixed assets – net increased by Rp 146.5 billions or 20% to be Rp 876.22 billions at the end of December 2015 as compared to the position at the end of December 2014 at Rp 729.72 billions. This increase is as a result of the procurement of fixed assets and office inventories.

**4. Intangible Assets - Net**

Intangible assets – net increased by Rp 103.72 billions or 38% to be Rp 380.03 billions at the end of December 2015 as compared to the position at the end of 2014 at Rp 276.31 billions. This increase is as a result of the system development and setup.

**5. Other Assets**

Other assets increased by Rp 38.68 billions or 27% to be Rp 183.37 billions in December 2015 as compared to 2014 at Rp 144.69 billions. This increase is as a result of the increase in leasing guarantee, employee benefit asset and claim bill.

**6. Obligations Due Immediately**

Liability due immediately increased by Rp 21.08 billions or 107% to be Rp 40.82 billions at the end of 2015 as compared to the position at the end of 2014 at Rp 19.74 billions. This increase is due to fund collection from entrusted pension funds and debts to suppliers.

**7. Deposits from other Banks**

Deposits from other banks increased by Rp 60 millions or 60% to be Rp 160 millions as compared to the position at the end of 2014 at Rp 100 millions. This increase is as a result of the deposit of funds from Bank Perkreditan Rakyat.

**8. Bonds payable**

Bonds payable decreased by Rp 1.82 trillions or 41% to be Rp 2.63 trillions at the end of 2015 as compared to the position at the end of 2014 at Rp 4.45 trillions. This decrease is as a result of the repayment of obligation of BTPN II and III already due.

## **9. Borrowings**

Borrowings decreased by Rp 1.14 trillions or 29% to be Rp 2.77 trillions per December 31<sup>st</sup> 2015 as compared to the position at the end of December 2014 at Rp 3.90 trillions. This decrease is as a result of the repayment of IFC loan that already due.

## **10. Accruals**

Accruals increased by Rp 21.9 billions or 22% to be Rp 121.08 billions per December 31<sup>st</sup> 2015 as compared to the position at the end of December 2014 at Rp 99.15 billions. The increase is as a result of accruals for promotional costs and operational costs.

## **11. Employees benefit Liabilities**

Employees benefit liabilities decreased by Rp 112.57 billions or 24% to be Rp 366.08 billions at the end of 2015 as compared to the position at the end of December 2014 at Rp 478.65 billions. This decrease is as a result of the effect of implementation of SFAS 24.

## **12. Temporary syirkah Funds**

Temporary syirkah funds increased by Rp 858.27 billions or 39% to be Rp 3.06 trillions per December 31<sup>st</sup> 2015 as compared to the position at December 31<sup>st</sup> 2014 to be Rp 2.20 trillions. This increase is as a result of the increase in mudharabah time deposit.

## **13. Share-based payment reserve**

Share-based payment reserve increased by Rp 54.93 billions or 60% to be Rp 147.16 billions per position at December 31<sup>st</sup> 2015 as compared to the position at December 31<sup>st</sup> 2014 to be Rp 92.23 billions pursuant to the establishment of reserving of the Stock Option Program.

## **14. Unrealised gain/(loss) on available for sale securities in groups**

Unrealized gain on available for sale securities in groups is sold at the position at December 31<sup>st</sup> 2015 at Rp 1.47 billions, increased by Rp 633 millions or 76% as compared to the position at December 31<sup>st</sup> 2014 at Rp 836 millions. This increase is as a result of the increase in SBI market price classified as available for sale.

## CHAPTER II. INFORMATION ON EMPLOYEE STOCK OPTION PROGRAM

The Company plans to hold the Employee Stock Option Program (ESOP) by issuing Option Rights to buy new shares to be issued by portepel ("Option Rights") without preemptive rights to shareholders of the Company for a period of 2016 to 2021 ("The Stock Option Program") with exercise price setup based on Decision of Director of Indonesia Stock Exchange No.: Kep-00001/BEI/01-2014 dated January 20<sup>th</sup> 2014 regarding Amendment to Regulation No. I-A concerning Stock and Securities Listings has non-share equity characteristics issued by the listed company ("Regulation No. I-A").

The Stock Option Program to be conducted by the Company shall refer to OJK regulation No. 38/POJK.04/2014 dated 29<sup>th</sup> December 2014 concerning Public Company Capital Increase Without Preemptive Rights.

The Stock Option Program is conducted with the following limitations:

### 1. Background and Reasons

The Company is confident that consistent performance improvement over time can be achieved with the commitment of management and employees. The Company will keep on doing appropriate strategies to give maximum performance for the Company and maintain continual growth. The Company will evaluate individual as well as group performances in achieving predetermined targets and exercise human resources management to make sure employees perform their duties in efficient manners and improve their skills to maximize their potentials.

Thus, the Company considers it necessary to have an incentive program as a part of implementation of retention program to maintain highly performing employees. In addition, when the prevailing rules allow it, employees from certain levels of the companies being directly or indirectly controlled by the Company ("Controlled Company") may join the Option Right Program.

### 2. Benefits of The Stock Option Program for the Company

Stock Option Program is aimed to improve the sense of belonging to the Company so as to improve the performance of individual participants of the Stock Option Program which in turn will improve the performance of the Company.

- a. The provision of Option Rights is expected to increase the loyalty of the participants of the program as well as improve the performance of the Company in the future by establishing a program that is transparent, measurable and with the assurance of implementation.
- b. This provision of Option Rights to buy shares which is stock ownership program for employees expect to bring the interests of the Company and the interests of program participants into harmony.
- c. The provision of Option Rights is considered as awards and incentives for the contribution of the program participants so as to stimulate their performance.

### 3. Plan of Use of Funds

Funds collected from the Stock Option Program after deducted with fees, will all be used by the Company to add in capital and growth of business in credit expansion.



#### 4. Risk of Shareholders

With the additional shares issued in the Stock Option Program, the ownership of the Company's shareholder will be diluted proportionally pursuant to the maximum number of new shares being issued namely 1.96%.

#### 5. Proforma of EQUITY Before and After The Stock Option Program

DESCRIPTION	BEFORE THE STOCK OPTION PROGRAM			AFTER THE STOCK OPTION PROGRAM		
	NUMBER OF SHARES	A PAR VALUE OF Rp 20 Per share	%	NUMBER OF SHARES	A PAR VALUE OF Rp 20 Per share	%
Authorised capital	7,500,000,000	150,000,000,000		7,500,000,000	150,000,000,000	
Issued and paid-up-fully capital						
Sumitomo Mitsui Banking Corporation	2,336,114,903	46,722,298,060	40.00	2,336,114,903	46,722,298,060	39.21
Summit Global Management B.V.	1,168,057,451	23,361,149,020	20.00	1,168,057,451	23,361,149,020	19.60
TPG Nusantara S.a.r.i	489,407,774	9,788,155,480	8.38	489,407,774	9,788,155,480	8.21
Shares owned by members of board of directors and board of commissioners	37,567,100	751,342,000	0.64	37,567,100	731,342,000	0.63
PT Multi Kencana Mulia	58,402,873	1,168,057,460	1.00	58,402,873	1,168,057,460	0.98
Public ownership under 5 %	1,750,737,156	35,014,743,120	29.98	1,750,737,156	35,014,743,120	29.38
Shares in result of the Stock Option Program	-	-	-	116,805,746	2,336,114,920	1.96
Total Issued and paid-up-fully capital	5,840,287,257	116,805,745,140	100.00	5,957,093,003	119,141,860,060	100.00
Shares in Portepel	1,659,712,743	33,194,254,860	-	1,542,906,997	30,858,139,940	-

#### 6. Total shares in The Stock Option Program

The number of shares to be issued in the Stock Option Program at most is 116,805,746 (one hundred sixteen millions eight hundreds five thousands seven hundreds forty six) shares, therefore the number of new shares to be issued in the Stock Option program is at most 2% (percents) of the total issued and paid-up-fully share in the Company.

The Company shall issue 116,805,746 (one hundred sixteen millions eight hundreds five thousands seven hundreds forty six) Option Rights where 1 (one) Option Right can be used to buy 1 (one) share with a par value of Rp 20 (twenty Rupiah) per share by paying in full the exercise price.

#### 7. Setup of Exercise Price of Option Rights in The Stock Option Program

The setup of the exercise price of Option Rights will be done by referring to Regulation No. I-A, namely at least 90% of the average price of closing stock of the Company in Indonesia Stock Exchange for 25 (twenty five) trading days consecutively prior to report date to Indonesia Stock Exchange related to Option Rights plan.

## **8. Participants of The Stock Option Program**

Employees at certain levels pursuant to the policy of the Board of Directors of the Company shall be recommended by the Committee of Remuneration and Nomination and approved by the Board of Commissioners of the Company.

In addition, employees at certain levels from the Controlled Company may be included in the Stock Option Program provided that such employees are proposed by the Board of Directors of the Controlled Company as well as recommended by the Committee of Remuneration and Nomination and approved by the Board of Commissioners.

## **9. Option Rights Allocation in The Stock Option Program**

Option Rights allocation in the Stock Option program shall be done taking into account the performance in the relevant financial year subject to the title, level of position and appraisal result of performance of relevant employees.

## **10. Stages of Issuance of Option Rights in The Stock Option Program**

Option Rights in the Stock Option program will be issued in several stages, which the first one will take place at the latest by June 30<sup>th</sup> 2016 and later the Board of Directors of the Company will issue in stages all Option Rights up until December 31<sup>st</sup> 2017.

## **11. Option Life**

Option Rights issued in each stage shall expire on April 29<sup>th</sup> 2021 i.e. 5 (five) years from the date of approval by RUPS of the Company approving this Stock Option Program. If by April 29<sup>th</sup> 2021 the Option Rights distributed to participants of the Stock Option program are not used to buy the Company's shares offered in this Stock Option Program the Option Rights will expire and not be able to be used to buy the Company' shares.

## **12. Implementation period**

Implementation period of all Option Rights issued and distributed to the participants, will be initiated as follows:

1. Implementation period I : starting on May 28<sup>th</sup> 2018 for 30 trading days.
2. Implementation period II : starting on December 17<sup>th</sup> 2018 for 30 trading days.
3. Implementation period III : starting on May 28<sup>th</sup> 2019 for 30 trading days.
4. Implementation period IV : starting on December 19<sup>th</sup> 2019 for 30 trading days.
5. Implementation period V : starting on June 1<sup>st</sup> 2020 for 30 trading days
6. Implementation period VI : starting on December 17<sup>th</sup> 2020 for 30 trading days

The setup of implementation period is done in accordance with the prevailing regulations, and should there be any change to the relevant regulations, the Company will make adjustment in the implementation period with the new regulations. The Company will then present the disclosure of information with respect to such change of implementation period of the Stock Option Program.

Participants of the Stock Option Program may exercise their Option Rights during the implementation period by paying in full the exercise price of the Option Rights.

### 13. Cancellation and Redistribution of Cancelled Option Rights

- a. Participants of the Program will bind to the terms and conditions of the Option Rights Program by signing a statement of competence and Power of Attorney to a party appointed by the directors of the Company.
- b. In certain conditions when participants of the Stock Option Program become in the condition not qualified as a participant of the Stock Option Program, The Company has the rights to cancel and allocate the Option Rights to the other entitled participants of the Stock Option Program based on the policy of the directors of the Company.

#### Conditions affecting rights and membership of program participants

Certain conditions that may affect the rights and membership of The Stock Option Program are as follows:

Condition	Consequence
reach an age of retirement/early retirement/contract term expiration due to non-extension/suspension due to health issues/labor cut off/company takeover	fully entitled for allocated Option Rights in participant's name
Passed away	Successor is fully entitled for allocated Option Rights in participant's name
resigned/dishonorably discharged /the Company or Controlled Company in bankruptcy / confiscated	not entitled for allocated Option Rights in participant's name

#### Conditions that cause the loss or failure of membership and settlement for relevant participants

Conditions that cause the loss or failure of membership and settlement for relevant participants are as follows:

- Subject to sanction which cause the employment loss at the Company or Controlled Company (depending on where the employee works)
- Participant resigns

The Company is entitled to cancel and allocate the Option Rights to other entitled participants based on membership criteria

### 14. Status of Shares in Option Rights Exercise in The Stock Option Program

Shares issued in result of Option Rights exercise in the Stock Option Program have the same features as the shares issued in the Company, thus have the same and equal rights in all rights, including but not limited to receive dividen, cast a vote in RUPS and other corporate actions done by the Company. Shares in the Stock Option Program will be listed with prelisting in Indonesia Stock Exchange.

The Stock Option Program can only be done when the Company obtain RUPS approval, held in accordance with the Article of Association of the Company and comply with OJK regulation No. 38/POJK.04/2014.

Therefore the Company shall do the following actions:

- Determine exercise price of Option Rights which will be set based on Regulation No. I-A.
- Present the Disclosure of Information in compliance with OJK Regulation No. 38/POJK.04/2014 to the Stock Option Program to the Financial Services Authority and Indonesia Stock Exchange.
- Hold a General Meeting of Shareholder to approve the plan of The Stock Option Program.

### III. MANAGEMENT ANALYSIS AND DISCUSSION ON PLAN OF PROVISION OF OPTION RIGHTS REGARDING THE STOCK OPTION PROGRAM

#### General

The Company is engaged in a high competitive banking business, therefore, it should be able to win market competition to grow and develop, thus requiring key employees who have the ability to recognize the challenges and develop a reliable human resources system.

The Company shall stay focused on the expansion of capacity and improved productivity, how to manage the business on a larger scale efficiently. Identification of new business opportunities, increase in productivity and efficiency will play a major role in order to increase revenue. However, the increasing competition results in less net interest margin, the efficiency also results in less retention rate, given the tight liquidity.

Therefore the Company must have a retention program for key employees either of the Company or the Controlled Company without being burdened with obligations that would reduce the ability to compete, therefore the Stock Option Program is an alternative that is deemed appropriate given the increase of performance of the Company will be accompanied by the appreciation of the market through increase of the Company stock price on the Stock Exchange Indonesia.

#### Finance

Program Option Rights will seek RUPS approval to be held on April 29<sup>th</sup> 2016. Option Rights will be distributed in several stages therefore the listing fees as referred to in SFAS 53 concerning share-based payment will be distributed for financial years of 2016, 2017, 2018, 2019, 2020 and 2021. This listing fees is of accrued thus it does not affect the cash flow of the Company.

In accordance with FSAS 53 (2014 amendment) effective as from January 1<sup>st</sup> 2015:

- The Company acknowledges the services from the program participants as expenses/costs of the Stock Option Program.
- The fair value of the services received from the program participants refers to the fair value of the stock option offered by the Company, where it is assessed at the provision date.
- The stock option offered to the program participants is calculated by implementing option pricing model that is consistent with the common assessment model in determining the price of stock option and taking into account all factors and assumption as mentioned in FSAS 53.
- The Company acknowledges the costs of the stock option program based on the best estimate on the remaining stock option in each of reporting period. Adjustments to the costs of the program shall be made in the event of expired stock option due to not having complied with the conditions as required in point #13 above.
- The Company shall consistently revise the calculation of the costs of the program when necessary, in the event that further information indicates that the number of stock option to expire differs from the original estimate.

Based on the calculation made, the cost estimate for the stock option program maximum is Rp 125 billions which are distributed during the financial years of 2016 – 2021. The establishment of accruals of stock option cost does not give significant impact on the financial performance and the nett asset value of the Company.

The main objective of the Stock Option Program is to give appreciation and at the same time maintain key employees with achievements. This Stock Option Program is expected to improve the loyalty and sense of belonging for employees of both the Company and the Controlled Company.

The Company believes that the Stock Option Program would be more effective than the cash incentive because the provision of the rights to buy the Company's shares would improve the sense of belonging of the key employees. Therefore the employees are expected to have more sense of responsibility to improve the performance of the Company in the future.

#### **Implication of Plan of the Stock Option Program on Financial Condition of the Company**

Regarding the plan of issuance of Option Rights to be used to buy at most 116.805.746 (one hundreds sixteen millions eight hundreds five thousands seven hundreds forty six) shares of the Company then in 2016, the Company will bear incentive costs as referred to in FSAS 53.

Based on the calculation made, the cost estimate for the stock option program maximum is Rp 125 billions which are distributed during the financial years of 2016 - 2021. The establishment of accruals of stock option cost does not give significant impact on the financial performance and the net asset value of the Company.

The financial projection before and after the Stock Option Program were as follow:

	Before Stock Option Program			After Stock Option Program		
	2016	2017	2018	2016	2017	2018
Total Asset	90,580	99,009	110,725	90,580	99,009	110,725
Total Equity	15,234	16,994	18,866	15,259	17,052	18,957
Net Profit	1,641	1,714	1,842	1,622	1,690	1,818
ROA	2.73%	2.61%	2.54%	2.70%	2.57%	2.51%
ROE	11.96%	11.23%	10.92%	11.82%	11.07%	10.77%
CAR	24.30%	23.98%	23.61%	24.31%	24.00%	23.64%

#### CHAPTER IV GENERAL MEETING OF SHAREHOLDERS

Extraordinary General Meeting of Shareholders (RUPSLB) of the Company to decide on the plan of the Stock Option Program by issuing Option Rights to buy new shares without preemptive rights shall be held on April 29<sup>th</sup>, 2016 and must be attended by at least 1/2 (one half) of the shares issued by the Company as listed in the List of Shareholders of the Company on April 6<sup>th</sup> 2016 at the closing stock of the Company at Indonesia Stock Exchange. RUPSLB decision of the Company on the plan of the Stock Option Program must be approved by at least 1/2 (one half) of all shares present in RUPSLB.

The Company shall make announcement that RUPSLB is to be held on March 8<sup>th</sup> 2016 and announcement of delayed RUPSLB on March 23<sup>rd</sup> 2016 as well as invitation for RUPSLB on April 7<sup>th</sup>, 2016 through advertisements to be published in Bisnis Indonesia newspaper, Indonesia Stock Exchange's website and the Company's website.

Disclosure on Plan of Issuance of Shares without Preemptive Rights as required in Regulation of OJK No. 38/POJK.04/2014 shall be announced in the Company's website as well as Indonesia Stock Exchange's website on March 8<sup>th</sup> 2016.

**Should the plan of The Stock Option Program be not approved from RUPSLB, it may only be resubmitted after 12 months from RUPSLB.**

## CHAPTER V ADDITIONAL INFORMATION

For further information you may contact the Company during office hours at the following address :

Corporate Secretary

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