

# 05

## GOOD CORPORATE GOVERNANCE



The Bank has consistently implemented the principles of Good Corporate Governance in carrying out all activities of the Bank through a comprehensive and internalized formulation of internal policies and procedures.

# Good Corporate Governance

The Bank has committed to constantly improve the quality of the implementation of Good Corporate Governance principles in order to ensure that the whole internal process and mechanism carried out within the Bank has aligned with the Bank's objective as well as taking a role to avoid the infringements.

The Bank has consistently implemented the principles of Good Corporate Governance in carrying out all activities of the Bank through a comprehensive and internalized formulation of internal policies and procedures in order to create a system that is able to maintain a balance specifically in terms of internal control in order to achieve the goals and expectations of all concerned parties so as to create added value for the Bank's stakeholders.

The Bank considers an effective and efficient GCG implementation to be able to support the achievement of the Bank's business target through strategic planning of governance implementation by building commitment, system and Corporate Culture. In relations to this, the Bank is aware of the importance of commitment from all ranks of management and employees in the quality improvement of GCG practices implementation that has been shown by the efforts of adapting to the best governance practices.

## THE FOUNDATION OF GOVERNANCE IMPLEMENTATION

The implementation of GCG principles within the Bank is one of the forms of control mechanism in order to achieve the objectives and expectations of all concerned parties in accordance with each role. In carrying out business activities and daily operations, the Bank constantly refers to the GCG principles to ensure that the whole internal process and mechanism carried out within the Bank are aligned with the Bank's objectives, playing a role to prevent distortion, and minimizing the chance of mis management as well as the risks which may cause failure in achieving the company's objectives.

The GCG standards and guidelines as the Bank's operational foundation refer to the regulations stipulated by the Legislation and Financial Services Authority of the Republic of Indonesia as referred to in:

1. Legislation of the Republic of Indonesia Number 10 of 1998, that modified the Legislation of the Republic of Indonesia Number 7 of 1992 on Banking.
2. Legislation of the Republic of Indonesia Number 40 of 2007 on Limited Liability Companies.

3. FSA Regulation Number 18/POJK.03/2014 on Implementation of Integrated Corporate Governance for Financial Conglomeration.
4. FSA Regulation Number 21/POJK.04/2015 on Corporate Governance Guidelines for Public Companies.
5. FSA Regulation Number 55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
6. FSA Circular Letter Number 15/SEOJK.03/2015 on Implementation of Integrated Corporate Governance for Financial Conglomeration.
7. FSA Circular Letter Number 32/SEOJK.04/2015 on Corporate Governance Guidelines for Public Companies.
8. FSA Circular Letter Number 13/SEOJK.03/2017 on Implementation of Governance for Commercial Banks.

Meanwhile, for its Sharia Business Unit, the Bank refers to the following:

1. Bank Indonesia Regulation Number 11/33/PBI/2009 dated December 7, 2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Unit.
2. Bank Indonesia Circular Letter Number 12/12/DPbS dated April 30, 2010 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Unit.

In addition to the above regulations, in order to develop the best practices of GCG implementation, the Bank also refers to several other guidelines, such as:

1. OECD Principles of Corporate Governance issued by the Organization on Economic Cooperation and Development (OECD).
2. The ASEAN Corporate Governance Scorecard issued by ASEAN Capital Market Forum (ACMF).
3. Principles for Enhancing Corporate Governance issued by Basel Committee on Banking Supervision.
4. Basic Principle and Guidelines of Good Corporate Governance Implementation for Indonesian Banking issued by National Committee of Governance Policy.
5. Indonesian Corporate Governance Roadmap issued by Financial Services Authority (the Roadmap was signed by Muliaman D. Hadad, Head of FSA Board of Commissioner in January 2014).

## GOVERNANCE PRINCIPLES

The implementation of corporate governance at Bank OCBC NISP is based on the following principles:

Transparency	Accountability	Responsibility	Independence	Fairness
Information disclosure in a clear, accurate and timely fashion.	Clear functions, rights, obligations and authorities as well as responsibilities between the BOC, BOD and shareholders.	Adherence to all applicable laws and regulations and responsible to the shareholders and other stakeholders.	Objectivity of BOC and BOD members in all things, including an independent assessment relating to issues that involve a potential conflict of interest.	Professionalism and integrity in decision making to ensure a fair and equal treatment in order to protect the interest of shareholders.

## BANK GOVERNANCE GUIDELINES

In order to improve the performance of and compliance with the implementation of the principles of governance, the Bank has established the governance guidelines Implementation as a guidance for all of the Bank's elements in implementing Governance principles in each of the Bank's activities.

The Bank's Governance implementation guidelines among other things regulate on:

1. The elucidation on Governance System consisting of Governance, Structure, Governance Process, and Governance Outcome based on the five basic principles of governance (Transparency, Accountability, Responsibility, Independency and Fairness).
2. The roles and responsibilities of each organ of the company.
3. Other factors related to implementation of governance such as Shareholders and Stakeholders.
4. The monitoring, evaluating and reporting of governance implementation.

## THE OBJECTIVE AND COMMITMENT OF GOVERNANCE IMPLEMENTATION

The Bank's commitment to constantly carry out GCG principles within the Bank is stipulated in the "Guidelines of Governance Implementation" based on the statement in governance practices. The guidelines functions to guarantee each of the Bank's policies has been established based on the best approach in order to direct the management to conduct check and balance in each business activity as well as in every level or management function based on the generally accepted GCG principles.

Aside from the Guidelines of Governance Implementation, the Bank's commitment in carried out GCG principles within the Bank is also reflected in:

1. The Company philosophy.
2. Vision, Mission and Corporate Culture.
3. BOC and BOD's Charter.
4. The formulation of business ethics and behavior guidelines whose framing involved the company's organs and their subordinates.

5. The implementation of check and balance mechanism.
6. Having the policy and actively participating in the maintenance of natural resources and environment as well as playing a role in sustainable economic development in order to improve the quality of life and environment for the Bank and its surrounding communities.
7. Having company regulations or Collective Labor Agreement that guarantees the rights and responsibilities of all the parties involved.
8. Fulfillment of recommendation on a public company's governance implementation.

In order to guarantee the successful implementation of GCG in the Bank's environment, the Bank has internalized the GCG principles in various forms of internal policies.

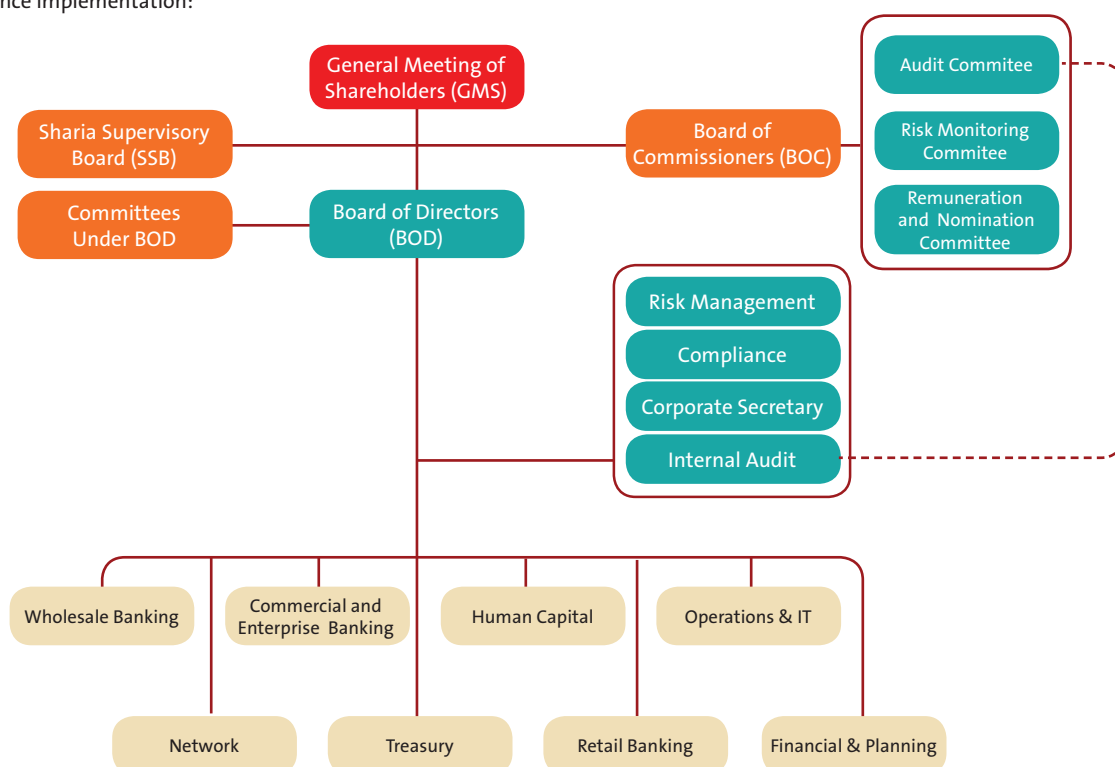
The Bank is committed to constantly strive in improving the quality of GCG implementation by referring to the latest GCG practices and standards, while still aligning to the Bank's operational and business policies. The Bank has stipulated a number of initiatives through a series of activities that are sustainably carried out, among which are: ensuring the quality of the Bank's GCG implementation as an effort to improve the Bank's performance, protecting the interests of the stakeholders, and increasing compliance to the legislations as well as generally applicable ethical values in the banking industry. Meanwhile, the Bank will also implement a number of activities, among which are:

1. Increasing the standard of aspect and public company governance principles implementation in the Regulatory Requirement Self Assessment (RRSA) for each Work Unit.
2. Socializing the Bank's Governance Implementation to the Work Units.
3. Attesting the Bank's Governance Guidelines that will be conducted every end of the year, among others through email blast, publication through Compliance Internal website and/or e-learning.

## GOVERNANCE STRUCTURE AND INFRASTRUCTURE

### a. Governance Structure (G4-34)

The Bank's governance structure adopts Two Board System that consists of BOC and BOD whose authorities and responsibilities are in accordance with each function as mandated in the Legislations and Articles of Associations. The following is the structure chart of the Bank's governance implementation:



Organ	Function
<b>GMS</b>	Select, appoint, monitor and dismiss the BOC and BOD members and Sharia Supervisory Board.
<b>BOC</b>	<ul style="list-style-type: none"> <li>Ensure the implementation of Governance through meetings of BOC and Committees under the BOC.</li> <li>Conduct monitoring on the implementation of duties and responsibilities of BOD as well as providing advice to BOD.</li> </ul>
<b>Committees</b>	<ul style="list-style-type: none"> <li>Provide recommendation in order to support the strategy and policy set by the Management.</li> <li>Assist the finessing of task implementation of BOC and BOD.</li> </ul>
<b>BOD</b>	<ul style="list-style-type: none"> <li>Be fully responsible for the management of the Bank.</li> <li>Take responsibility on implementation of duties and responsibilities to the Shareholders through GMS.</li> </ul>
<b>Risk Management</b>	Conduct monitoring, review, evaluation and providing recommendation on the risk management implementation.
<b>Compliance</b>	Ensure the creation of Compliance Culture on the whole business activities in each rank of organization.
<b>Internal Audit</b>	Oversee the implementation of all business activities by conducting identification, analysis and provide corrective recommendation or enhancing the efficiency of resources and fund utilization.
<b>Corporate Secretary</b>	Provide input to BOD and BOC to comply with related capital market regulations and Governance implementation as well as act as a mediator between the Bank and Shareholders, FSA [Financial Services Authority] and other Stakeholders.

In preparing Implementation Report and Assessment on GCG Practices, Compliance Division plays a role as a Coordinator to related Working Units.

## b. Governance Infrastructure

In running its business activities, the Bank has a sufficient infrastructure that functions to keep the Bank healthy so as being able to improve its performance and constantly obtains society's trust. Such infrastructure is a Policy and Procedure as well as Strategic Plan of the Bank which is established in the form of Corporate Plan and Business Plan according to the Bank's Vision and Mission.

The Bank has had architecture of policy which consists of five levels as described in the following:



## ASSESSMENT OF GCG IMPLEMENTATION

Assessment and controlling are processes where all the activities and performance of the Bank are monitored to compare between the actual with predetermined achievement. Based on the monitoring result, the Bank is then able to determine a corrective action as well as problem solving in the scope of GCG implementation.

The assessment and controlling of GCG implementation within the Bank are conducted by the Self-Assessment method, either internally or using external party. The assessment is expected to give an overview that the standards set by the Bank or regulator have been conducted, assessed, revised and improved.

## a. Assessment by External Party

### • ASEAN CORPORATE GOVERNANCE (ASEAN CG) SCORECARD

As a realization of the Bank's commitment to improve the quality of GCG implementation, the Bank constantly attempts to meet a sound corporate quality standard that not merely refers to Indonesian legislations, but also to the generally accepted regulations in international scope, particularly in the ASEAN scale.

The Bank has adopted the GCG assessment with ASEAN CG Scorecard method that is generally accepted by Indonesian public listed companies. The party who conducts the assessment is the institution appointed directly by the Financial Services Authority as ASEAN CG Scorecard Domestic Ranking Body in Indonesia.

The GCG assessment with ASEAN CG Scorecard method is conducted by referring to the GCG principles developed by Organization for Economic Cooperation and Development (OECD), that cover:

- a. Rights of shareholders.
- b. Equitable treatment of shareholders.
- c. Role of Stakeholders.
- d. Disclosure and Transparency.
- e. Responsibility of the Board.

As a banking institution that constantly promotes a prudential principle through an effective and efficient GCG implementation, the Bank continuously strives to improve the quality of GCG implementation through the fulfillment of ASEAN CG Scorecard aspects. As a manifestation of the Bank's commitment, the Bank has successfully received an award in the category of "The Best Responsibility of the Board" and was included in the category of "Top 50 Public Companies" in Indonesia, both for 4 consecutive years.

### • Corporate Governance Perception Index (CGPI)

Corporate Governance Perception Index (CGPI) is a GCG implementation research and rating program in Indonesia that aims to promote each issuer in order to improve the quality of governance through sustainable improvement. The CGPI uses the stakeholders' perspective that GCG implementation is not merely related to the owner and administrator, but also with all stakeholders in order to maintain the company's long term sustainability. The CGPI is conducted by focusing on three aspects of assessment, namely governance structure, governance process and governance outcome.

Every year, CGPI always adopts a different theme of assessment. In 2017, the theme was "Management of Change in GCG Framework" which focused on the assessment on the system and mechanism used by the company's organs in managing various changes in accordance to the scope of business for it to be able to create value for the stakeholders in order to realize the company's business sustainability.

As a form of The Bank's commitment to improve the quality of GCG implementation, the Bank has consistently participated in the assessment and was successfully awarded as "The Most Trusted Company" for 6 (six) consecutive years with an increased total CGPI score from 86.86 in 2016 to 87.32 in 2017.

## b. Self-Assessment by External Party

Throughout 2017, the Bank has conducted Self-Assessment twice on eleven Governance assessment factors. The self-assessment was in accordance with FSA Regulation Number 55/POJK.03/2016 on the Implementation of Governance for Commercial Banks based on the five basic principles as grouped into three Governance aspects. The eleven factors of GCG implementation assessment at the very least cover:

1. Implementation of BOD's duties and responsibilities.
2. Implementation of BOC's duties and responsibilities.
3. Completeness and Implementation of Committees' duties.
4. Conflict of Interest Handling.
5. Implementation of Compliance Function.
6. Implementation of Internal Audit Function.
7. Implementation of External Audit Function.
8. Implementation of Risk Management including Internal Control System.
9. Funds to related party and large exposure.
10. Transparency of the Bank's financial and Non-Financial condition, Governance Implementation Report, and Internal Reporting.
11. Bank's Strategic Plan.

### Self-Assessment of Governance Implementation

As of December 2017

#### Rank 1

The Bank's management has generally conducted very good Governance implementation as reflected in the adequate compliance to Governance principles. Any weakness in implementation could generally be considered as insignificant and was immediately fixed by the Bank's management.

### Analysis

#### A. Governance Structure

1. The Bank had determined and built commitment in implementing Governance in accordance with Legislation Number 40 of 2017 on implementation of duties and responsibilities of BOC and BOD as well as meeting the prevailing regulations adequately in relations to the requirements of BOC and BOD.
2. The Bank had adequate committees in accordance with the prevailing rules.
3. Compliance Work Unit had met the independence requirement.
4. Internal Audit Function had been conducted by Internal Audit Work Unit.
5. Appointment of Public Accountant and Public Accounting Firm was in accordance to the regulations.
6. The Bank's organization structure had been adequate to support a sound implementation of Risk Management and Internal Control.
7. The Bank had provisions related to Maximum Limit of Credit and Funds Provision for Big Debtors.
8. The Bank had reference in delivering information of financial and non-financial condition.
9. The Bank had guidelines of Governance Implementation.
10. The Bank's strategic plan had been stipulated in Corporate Plan and Bank's Business Plan.

#### B. Governance Process

1. Duties and responsibilities of BOC had been effectively implemented.
2. BOD had carried out its duties and responsibilities in accordance with Articles of Associations.
3. Implementation of duties of Committees under the BOC had been conducted independently in accordance with guidelines and procedures.
4. Action taken on transactions with Conflict of Interest was treated according to the Conflict of Interest Policy.
5. The appointment of Director in charge with Compliance Function and its task implementation was based on the applicable rules.
6. Compliance Work Unit had carried out duties and responsibility based on the applicable rules.
7. Internal Audit Work Unit had conducted planning and audit in accordance with Internal Audit Guidance.
8. The GMS approved to grant the authority to the BOC based on the Audit Committee's recommendation, to appoint the Public Accountant for financial year of 2017. The appointed Public Accountant had to be performed independently, fulfilled the Public Accountant professional standards, working agreement as well as the established audit scope.
9. The Bank had a bank-wide application in operational risk event reporting that can be accessed within or outside the company.
10. The Bank had conducted development of risk management culture.
11. The Bank had evaluated and updated the related policies.
12. The Bank had established and presented financial and non-financial statements as well as published the information of financial and non-financial condition.
13. The Bank had drawn up the Bank's Business Plan in a realistic, comprehensive, measurable and responsive manner.
14. The strategic plan stipulated in the Corporate Plan and Business Plan had been formed by BOD and obtained the BOC approval.

**C. Governance Outcome**

1. All aspects had been met in accordance with the regulations so an effective process is supported by an adequate structure and infrastructure.
2. There was no Conflict of Interest that harmed the Bank or reduced the Bank's profit.
3. The Bank had submitted Duties Implementation Principal Report of Director who supervised Compliance Function and Special Report to FSA [Financial Services Authority].
4. BOD had provided internal audit function implementation activities report to GMS mentioned in Annual Report.
5. External audit outcome was in accordance with the scope of work.
6. The Bank's risks were mentioned in Annual Report.
7. The management of credit risk concentration related to provision of large exposures was stipulated in Risk Appetite Statement.
8. Composition of assets portfolio and concentration level were submitted in credit risk profile report to BOD and BOC.
9. In order to implement ICAAP, the Bank had completed the policy of credit concentration risk.
10. Risk Profile and Funds Provision reports to Related Party had been submitted to FSA [Financial Services Authority].
11. The Bank had submitted Annual Report and published it on the Bank's website.
12. The Bank had reported the Bank's governance implementation.
13. Mediation in order to settle the customers' complaints on products and customers' personal data usage.
14. The Bank had implemented transparent information on products and customers' personal data usage.
15. Corporate Plan and Bank's Business Plan along with the realization had been communicated by BOD to Controlling Shareholders and the Bank's employees.
16. The Bank's profit usage plan was submitted to all Shareholders at GMS.
17. The Bank had an adequate capital level and able to anticipate the risks.

**2017 CORPORATE GOVERNANCE IMPLEMENTATION**

The Bank considered that GCG implementation within the Bank had been managed well as reflected in an adequate fulfillment on GCG principles covering eleven assessment factors. The Bank assessed that GCG implementation within the Bank was conducted comprehensively and structured covering Governance Structure, Governance Process and Governance Outcome, i.e.:

1. The Bank had an adequate structure and infrastructure of governance. The Bank's governance structure covers commitment, structure of BOC, BOD, Committee, Bank Work Unit and leadership accountability. Meanwhile the governance infrastructure covers policy and procedure, management information system as well as principal duties and functions of each organization structure.
2. Governance process of the Bank had run effectively, covering:
  - a. Formulation of framework, policy and procedure.
  - b. Socialization and trainings.
  - c. Technique and method of implementation.
  - d. Internal/external reporting system.
  - e. Monitoring and measurement of performance.
3. Adequate structure and infrastructure of governance as well as the Bank's efforts to ensure the effectiveness of implementation and continuous improvements through monitoring and review.

**2018 CORPORATE GOVERNANCE INITIATIVES**

The Bank will constantly endeavor to improve the quality of GCG implementation by referring to the current GCG practices and standards in accordance to the Bank's operational policy and business. In the future, a number of initiatives will sustainably be implemented by the Bank, among which to ensure the quality of GCG implementation as one of the efforts to improve the Bank's performance, protect the interest of shareholders, and enhance the compliance with generally accepted rules and regulations as well as ethical values in the banking industry, through the following activities:

1. Adding the standard of aspects and Listed Companies Governance principles implementation on Requirement Regulatory Self-Assessment (RRSA) for each work unit.
2. Conduct socialization to work unit on the implementation of governance.
3. Conduct attestation of Governance Guidelines every year, among others through email blast, publication through web internal compliance and/or e-learning.

Furthermore, the Bank will consistently review the GCG implementation compatibility within the Bank against the best practices in running the business with dignified and compliance ethics.



# Implementation of Financial Conglomeration

Based on FSA regulation on Financial Conglomeration, Bank OCBC NISP has been appointed by its controlling shareholder as the Main Entity in OCBC Financial Conglomeration in Indonesia with two Financial Service Institutions (FSI) namely PT Great Eastern Life Indonesia (GELI) and PT OCBC Sekuritas (PTOS) conducted as sister companies which become the member of Financial Conglomeration.

To meet the FSA Regulation No. 17/POJK.03/2014 concerning the Implementation of Integrated Risk Management for Financial Conglomeration, POJK No. 18/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Conglomeration and POJK No. 26/POJK.03/2015 concerning Integrated Minimum Capital Requirement for Financial Conglomerates, Bank OCBC NISP as the Main Entity consistently carried out its duties and responsibilities in accordance with the mentioned FSA regulations.

Bank OCBC NISP has established an Integrated Governance Committee (IGC), an Integrated Risk Management Committee (IRMC), an Integrated Compliance Working Unit (ICMU) whose execution of duties is carried out by the Compliance Division, an Integrated Internal Audit Working Unit (IIAWU) whose execution of duties is carried out by Internal Audit Division and an Integrated Risk Management Work Unit conducted by divisions which are responsible as functional specialists for each risk. All the above functions have been implemented in accordance with the related FSA regulations.

## IMPLEMENTATION OF INTEGRATED GOVERNANCE

The implementation of Integrated Governance in OCBC Financial Conglomeration in Indonesia is conducted through the forming and implementing a comprehensive Integrated Governance. The Integrated Governance was conducted through a coordination between the Bank as Main Entity and each FSI in order to ensure that the implementation of management function by the BOD of Main Entity and FSI as well as the implementation of oversight function by the BOC of Main Entity and FSI and also Sharia Supervisory Board (SSB) has been carried out effectively and constantly guided by the Integrated Governance Guideline and based on 5 (five) GCG principles implementation, namely Transparency, Accountability, Responsibility, Independency and Fairness.

Assessment on Integrated Governance implementation is conducted by Self-Assessment by the Main Entity every semester. The result was outlined in the Assessment of Integrated Governance Report which was submitted to FSA. The assessment covers seven factors of the Integrated Governance Implementation assessment, which are:

- a. Implementation of duties and responsibilities of BOD Main Entity.
- b. Implementation of duties and responsibilities of BOC Main Entity.
- c. Implementation of duties and responsibilities of Integrated Governance Committee.
- d. Duties and responsibilities of Integrated Compliance Work Unit.
- e. Duties and responsibilities of Integrated Internal Audit Work Unit.
- f. Implementation of Integrated Risk Management.
- g. Formulation and implementation of Integrated Governance Guidelines.

Assessment on the seven factors above is the assessment on Integrated Governance principles with regards by evaluating the structure, process and and outcome of Integrated Governance as well as the significance and/or materiality of an issue to the implementation of Integrated Governance in Financial Conglomeration. The assessment on the implementation of Integrated Governance is conducted comprehensively and structured which covers the assessment on the effective implementation of duties and responsibilities of the BOD, the BOC, Committees and Work Unit, availability of policies and procedures at Main Entity and each FSI including management information system and effective implementation of main duties of each organization structure. Furthermore, the effectiveness of GCG implementation process is reflected in quality of Integrated Governance outcome including qualitative and quantitative aspects.

The conclusion of 2017 self-assessment results, in general, OCBC Financial Conglomeration in Indonesia has been rated as very good and categorized in Rank 1. However, there were still some insignificant weaknesses in the implementation of Integrated Corporate Governance, which has been and will be continuously improved.

The Implementation of Integrated Governance Annual Report can be viewed on [www.ocbcnisp.com](http://www.ocbcnisp.com).



# General Meeting of Shareholders

General Meeting of Shareholders (GMS) is the highest organ of Bank OCBC NISP with authority not given to BOC or BOD as referred to in the Legislation on Limited Liability Companies and/or Articles of Associations of Bank OCBC NISP.

## a. Mechanism of GMS

The mechanism of 2017 GMS was conducted in accordance with the Bank's Articles of Associations and FSA Regulation Number 32/POJK.04/2014 on Planning and Holding of General Meeting of Shareholders for Publicly Listed Companies.

## b. GMS Information in 2017

### 2017 Annual GMS ("AGMS")

In 2017, the Bank held one AGMS on March 30, 2017 at the Bank OCBC NISP Head Office, OCBC NISP Tower, Jl. Prof. Dr. Satrio Kav.25, South Jakarta.

All AGMS resolutions as well as the course of the meeting were written in Minutes of AGMS dated March 30, 2017 which was made before the Notary and had been available and accessible on Bank OCBC NISP website: [www.ocbcnisp.com](http://www.ocbcnisp.com).

### • Schedule of Notice, Announcement, Invitation, Execution and Resolutions Submission of AGMS on March 30, 2017

Notice
14 February 2017
The Bank submitted a notice of AGMS letter to FSA and IDX through e-Reporting.
Announcement
25 February 2017
Announced through advertisement on Bisnis Indonesia Daily, IDX website (through e-reporting) and website <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> .
Invitation
8 March 2017
Announced through advertisement on Bisnis Indonesia Daily, IDX website (through e-reporting) and website <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> .
Execution
30 March 2017
AGMS was conducted at 14.00 WIB at OCBC NISP Tower, 23 <sup>rd</sup> Floor, Jl. Prof. Dr. Satrio Kav.25, South Jakarta.
Brief Minutes of GMS
31 March 2017
Announced through advertisement on Bisnis Indonesia Daily, IDX website (through e-reporting) and website <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> .

- **2017 Annual GMS Resolutions and Realization**  
Annual GMS held by the Bank on 30 March 2017 has realized the following agenda and resolutions:

Agenda & Number of Votes	Resolution and Realization
<b>First Agenda:</b> Approval of the Company's Annual Report for the financial year 2016. <ul style="list-style-type: none"> <li>• <b>Affirmative:</b> 11,429,246,506 votes</li> <li>• <b>Non-affirmative:</b> None</li> <li>• <b>Abstain:</b> None</li> </ul>	<b>Resolution:</b> <ol style="list-style-type: none"> <li>1. To approve the Company's Annual Report for the financial year that ended on 31 December 2016 including the Report of the Board of Directors and the Supervision Report of the Board of Commissioners.</li> <li>2. To approve and ratify the Company's Financial Statements for the financial year that ended on 31 December 2016 audited by Tanudiredja, Wibisana, Rintis &amp; Rekan Public Accounting Firm, member firm of Pricewaterhouse Coopers global network with unmodified opinion, as set forth in its report dated 25 January 2017.</li> <li>3. Thereby, to release and discharge all members of the Company's Board of Directors and Board of Commissioners of responsibilities and all liabilities (acquit et de charge) for the management and supervision performed during the financial year 2016, insofar as such actions are reflected in the Company's Annual Report and Financial Statements for the financial year 2016, except for acts of embezzlement, fraud and other crimes.</li> </ol> <p><b>Realization:</b> Done</p>
<b>Second Agenda:</b> Appropriation of the Company's profit earned in the financial year 2016. <ul style="list-style-type: none"> <li>• <b>Affirmative:</b> 11,429,246,506 votes</li> <li>• <b>Non-affirmative:</b> None</li> <li>• <b>Abstain:</b> None</li> </ul>	<p>To approve the appropriation of the profit earned in the financial year 2016, in the amount of Rp1,789,899,733,495,- (one trillion seven hundred and eighty-nine billion eight hundred and ninety-nine million seven hundred and thirty-three thousand four hundred and ninety five Rupiah) after deducting the general reserves in the amount of Rp100,000,000,- (one hundred million Rupiah) in accordance with Law No. 40 of 2007 concerning Limited Liability Company, entirely to strengthen the Company's capital position instead of being distributed as dividends to shareholders.</p> <p><b>Realization:</b> Done</p>
<b>Third Agenda:</b> Accountability Report on the Actual Use of the Proceeds from Public Offering.	<p>The Accountability Report on the Actual Use of the Proceeds from Public Offering of Bank OCBC NISP's Continuous Bonds II - Phase I of 2016 with Fixed Interest Rate ("Bonds Offering"), net of issuance costs has been in accordance with the plan set forth in the prospectus and has been reported to the Financial Services Authority (FSA).</p> <p>Since the third agenda is a report, there was no Question and Answer session and decision making accordingly.</p>

Agenda & Number of Votes	Resolution and Realization
<p><b>Fourth Agenda:</b> Appointment of Public Accountant for 2017 and determination of the relevant honorarium and other qualifications for the appointment.</p> <ul style="list-style-type: none"> <li><b>Affirmative:</b> 11,429,246,506 votes</li> <li><b>Non-affirmative:</b> None</li> <li><b>Abstain:</b> None</li> </ul>	<p><b>Resolution:</b> To approve the granting of authority to the Board of Commissioners upon receiving recommendation from the Audit Committee, to appoint the Public Accounting Firm for the financial year 2017 with due consideration of the criteria including independence, scope of assignment and remuneration, and to determine the relevant honorarium and other qualifications for such appointment of Public Accounting Firm.</p> <p><b>Realization:</b> Based on the Recommendation of Audit Committee Number 002/AC/VI/2017 dated 13 June 2017, BOC appointed Public Accountant Luciana Suhenda, SE., Ak, CPA and Public Accounting Firm Tanudiredja, Wibisana, Rintis &amp; Partner as Public Accountant and Public Accounting Firm for 2017 based on Decree of BOC Number 016/DEKOM/IPC-NK-VI/2017 dated 14 June 2017.</p>
<p><b>Fifth Agenda:</b> Change in the composition of the Company's Board of Commissioners, Board of Directors, and Sharia Supervisory Council along with the determination of their salaries/honoraria and allowances.</p> <ul style="list-style-type: none"> <li><b>Affirmative:</b> 11,429,246,506 votes</li> <li><b>Non-affirmative:</b> None</li> <li><b>Abstain:</b> None</li> </ul>	<p><b>Resolution:</b> To approve the resignation of Hardi Juganda as a Commissioner effective at the closing of this Meeting and his appointment as an Independent Commissioner insofar as the same meets the requirements and criteria as an Independent Commissioner, undergoing a cooling-off period of no less than 6 (six) months, and obtaining the approval from the FSA, pursuant to Article 25 of Regulation of the Financial Services Authority No.55/POJK.03/2016 concerning the Implementation of Good Governance for Commercial Bank. The term of office of Hardi Juganda will be effective upon obtaining the approval from the FSA until the closing of the Company's 2020 AGMS, unless determined otherwise by the FSA, with due observance of the prevailing provisions.</p> <p>To approve the reappointment of Pramukti Surjaudaja as the President Commissioner, Peter Eko Sutioso as the Deputy President Commissioner (Independent), Lai Teck Poh (Dua Teck Poh) as a Commissioner, Jusuf Halim and Kwan Chiew Choi as Independent Commissioners for the term of service starting from the end of this Meeting until the end of the Company's 2020 AGMS.</p> <p>To approve the reappointment of Parwati Surjaudaja as the President Director, Hartati as Director (Independent), Emilya Tjahjadi and Joseph Chan Fook Onn as Directors for the term of office starting from the closing of this Meeting until the closing of the Company's 2020 AGMS.</p> <p>To approve the reappointment of Muhammad Anwar Ibrahim as the Chairman of the Sharia Supervisory Board, and Mohammad Bagus Teguh Perwira as member of the Sharia Supervisory Board for the term of office starting from the closing of this Meeting until the closing of the Company's 2020 AGMS.</p>

Agenda & Number of Votes	Resolution and Realization
	<p>Therefore, the Composition of the Board of Commissioners, Board of Directors and the Sharia Supervisory Council are as follows:</p> <p>THE BOARD OF COMMISSIONERS</p> <ul style="list-style-type: none"> <li>• President Commissioner : Pramukti Surjaudaja</li> <li>• Deputy President Commissioner (Independent): Peter Eko Sutioso</li> <li>• Commissioner : Samuel Nag Tsien</li> <li>• Commissioner : Lai Teck Poh (Dua Teck Poh)</li> <li>• Commissioner (Independent) : Jusuf Halim</li> <li>• Commissioner (Independent) : Kwan Chiew Choi</li> </ul> <p>BOARD OF DIRECTORS</p> <ul style="list-style-type: none"> <li>• President Director : Parwati Surjaudaja</li> <li>• Director : Yogadharma Ratnapalasari</li> <li>• Director : Rama Pranata Kusumaputra</li> <li>• Director : Emilya Tjahjadi</li> <li>• Director (Independent) : Hartati</li> <li>• Director : Martin Widjaja</li> <li>• Director : Andrae Krishnawan W.</li> <li>• Director : Johannes Husin</li> <li>• Director : Low Seh Kiat</li> <li>• Director : Joseph Chan Fook Onn</li> </ul> <p>SHARIA SUPERVISORY BOARD</p> <p>Chairman : Muhammad Anwar Ibrahim Member : Mohammad Bagus Teguh Perwira</p> <p>To approve the granting of authority to the Board of Commissioners upon the recommendation of the Remuneration and Nomination Committee to determine the salaries/honoraria and allowances of members of the Sharia Supervisory Board which shall be valid for 3 (three) financial years, namely as from the financial year 2017 up to and including the financial year 2019.</p> <p>To approve the granting of the power and authority to the Company's Board of Directors to set out the aforementioned Meeting resolutions in a separate Notary Deed and to inform the authorized agency and to register as well as to perform all actions necessary in connection with said resolutions.</p> <p><b>Realization:</b></p> <ol style="list-style-type: none"> <li>1. The reappointment and composition of BOC, BOD and Sharia Supervisory Board had been stated in separate Notarial Deed and registered to Ministry of Law and Human Rights Number AHU-AH.01.03-0129400 dated 21 April 2017.</li> <li>2. The granting of authority to determine salary/honorarium as well as allowances for Sharia Supervisory Board above had stated in Minutes of AGMS Number 87 dated 30 March 2017.</li> <li>3. The appointment of Hardi Juganda as Independent Commissioner had effective since November 27, 2017.</li> </ol>

#### 2017 Extraordinary GMS (EGMS)

The Bank held one EGMS on 1 November 2017. All EGMS resolutions and the meeting were written in Minutes of EGMS dated 1 November, 2017 which was made before Notary and are available and accessible on Bank OCBC NISP website: [www.ocbcnisp.com](http://www.ocbcnisp.com).

• **Schedule of Notice, Announcement, Invitation, Execution and Resolutions Submission of EGMS on 1 November, 2017**

Notice
14 September 2017 The Bank submitted a notice of EGMS letter to FSA and IDX through e-Reporting.
Announcement
25 September 2017 Announced through advertisement on Bisnis Indonesia Daily, IDX website (through e-reporting) and website www.ocbcnisp.com.
Invitation
10 October 2017 Announced through advertisement on Bisnis Indonesia Daily, IDX website (through e-reporting) and website www.ocbcnisp.com.
Execution
1 November 2017 EGMS was conducted at 10.00 WIB at OCBC NISP Tower, 23 <sup>rd</sup> Floor, Jl. Prof. Dr. Satrio Kav. 25, South Jakarta.
Brief Minutes of GMS
2 November 2017 Announced through advertisement on Bisnis Indonesia Daily, IDX website (through e-reporting) and website www.ocbcnisp.com.

• **2017 EGMS Resolutions and Realization**

EGMS held by the Bank on 1 November 2017 has realized the following agenda and resolutions:

Agenda & Number of Votes	Resolution and Realization
<p><b>Agenda:</b> Changes in the Management of the Company.</p> <p>• <b>Affirmative:</b> 11,429,246,506 votes</p> <p>• <b>Non-affirmative:</b> None</p> <p>• <b>Abstain:</b> None</p>	<p><b>Resolution:</b> To approve the appointment of Betti S. Alisjahbana as Company's Independent Commissioner with the term of service effective after obtaining the approval from the Financial Services Authority until the closing of the Company's Annual General Meeting of Shareholders year 2020.</p> <p>Therefore, the Composition of the Board of Commissioners is as follows:</p> <ul style="list-style-type: none"> <li>• President Commissioner : Pramukti Surjoudaja</li> <li>• Deputy President Commissioner (Independent): Peter Eko Sutioso</li> <li>• Commissioner : Samuel Nag Tsien</li> <li>• Commissioner : Lai Teck Poh (Dua Teck Poh)</li> <li>• Commissioner (Independent) : Jusuf Halim</li> <li>• Commissioner (Independent) : Kwan Chiew Choi</li> <li>• Commissioner (Independent) : Hardi Juganda*)</li> <li>• Commissioner (Independent) : Betti S. Alisjahbana*)</li> </ul> <p>*) Effective upon approval from FSA</p>

Agenda & Number of Votes	Resolution and Realization
	<p>There are no changes for Board of Directors, which are as follows:</p> <ul style="list-style-type: none"> <li>• President Director : Parwati Surjoudaja</li> <li>• Director : Yogadharma Ratnapalasar</li> <li>• Director : Rama Pranata Kusumaputra</li> <li>• Director : Emilya Tjahjadi</li> <li>• Director (Independent) : Hartati</li> <li>• Director : Martin Widjaja</li> <li>• Director : Andrae Krishnawan W.</li> <li>• Director : Johannes Husin</li> <li>• Director : Low Seh Kiat</li> <li>• Director : Joseph Chan Fook Onn</li> </ul> <p>There are no changes for Sharia Supervisory Board, which are as follows:</p> <ul style="list-style-type: none"> <li>• Chairman : Muhammad Anwar Ibrahim</li> <li>• Member : Mohammad Bagus Teguh Perwira</li> </ul> <p>To approve the granting of the power and authority to the Company's Board of Directors to set out the aforementioned Meeting resolutions in a separate Notary Deed and to inform the authorized agency and register as well as perform all actions necessary in connection with said resolutions.</p> <p><b>Realization:</b> The appointment of Hardi Juganda and Betti S. Alisjahbana as Independent Commissioner as well as composition of BOC, BOD and Sharia Supervisory Board Members have been stated in separate Notarial Deed and registered to Ministry of Law and Human Rights Number AHU-AH.01.03-0201968 dated 18 December 2017.</p>

**d. GMS Information in 2016**

- 2016 AGMS Resolutions and Realization, Information about agenda, resolution and realization of 2016 AGMS resolutions are as follows:

Agenda & Number of Votes	Resolution and Realization
<p><b>First Agenda:</b> Approval on the Company's Annual Report for the financial year 2015.</p> <p>• <b>Affirmative:</b> 11,429,246,506 votes</p> <p>• <b>Non-affirmative:</b> None</p> <p>• <b>Abstain:</b> None</p>	<ol style="list-style-type: none"> <li>1. Approved the Annual Report of the Financial Year which ended on December 31, 2015 including the BOD and BOC Supervision Reports.</li> <li>2. Approved and ratified the Bank's Financial Statements for the financial year, which ended on December 31, 2015, had been audited by Public Accounting Firm Tanudiredja, Wibisana Rintis &amp; Rekan, a member firm of the PricewaterhouseCoopers global network, which was based on the report last January 25, 2016 and was re-published on March 17, 2016.</li> <li>3. Released all members of BOC and BOD from all responsibilities and liabilities (acquitted and discharged) for all management and supervision performed during the financial year 2015. Such actions are reflected in the Annual Report and Financial Statements for 2015, except for embezzlement, fraud and other criminal acts.</li> </ol> <p><b>Realization:</b> Done</p>

Agenda & Number of Votes	Resolution and Realization
<p><b>Second Agenda:</b> Appropriation of the Company's profit earned in the financial year 2015.</p> <ul style="list-style-type: none"> <li><b>Affirmative:</b> 11,429,246,506 votes</li> <li><b>Non-affirmative:</b> None</li> <li><b>Abstain:</b> None</li> </ul>	<p>Approved the use of the profit earned in financial year 2015 amounting to Rp1.500.834.527.070,- after being deducted by statutory reserves amounted to Rp100,000,000,-, in accordance to Law No. 40 Year 2007 on Limited Liability Companies which would be fully used to strengthen the Bank's capital position and was not distributed as dividends to shareholders.</p> <p><b>Realization:</b> Done</p>
<p><b>Third Agenda</b> Report on the Actual Use of the Proceeds from Continuous Bond I Phase II Year 2015.</p> <ul style="list-style-type: none"> <li><b>Affirmative:</b> 11,429,246,506 votes</li> <li><b>Non-affirmative:</b> None</li> <li><b>Abstain:</b> None</li> </ul>	<p>After deducted by emissions, the Report has been used for business growth in the form of credit lending in accordance with the prospectus plan.</p> <p><b>Realization:</b> Done</p>
<p><b>Fourth Agenda</b> The appointment of Public Accounting for 2016 as well as determination of relevant honorarium and other qualifications for the appointment.</p> <ul style="list-style-type: none"> <li><b>Affirmative:</b> 11,429,246,506 votes</li> <li><b>Non-affirmative:</b> None</li> <li><b>Abstain:</b> None</li> </ul>	<p>Approved the granting of authority to BOD based on BOC approval or with at least three members of BOC, after receiving the recommendation from Audit Committee to appoint a Public Accountant for 2016 and determine the honorarium and other qualifications for the appointment.</p> <p><b>Realization:</b> In accordance with the recommendation of the Audit Committee No. 001/AC/V/2016 dated May 13, 2016, BOC appointed Public Accounting Firm Tanudiredja, Wibisana, Rintis &amp; Rekan as the Public Accounting Firm for 2016 based on BOC Decree No. 020/DEKOM/IPC-LS/V/2016 dated May 20, 2016.</p>
<p><b>Fifth Agenda</b> Changes in the composition of BOC and BOD as well as determination of salary/honorarium and allowances.</p> <ul style="list-style-type: none"> <li><b>Affirmative:</b> 11,429,246,506 votes</li> <li><b>Non-affirmative:</b> None</li> <li><b>Abstain:</b> None</li> </ul>	<p>1. Approved the re-appointment of Andrae Krishnawan W., Johannes Husin and Low Seh Kiat as Directors for a term of office after the Meeting was closed until the next Annual General Meeting Shareholders in 2019 is concluded.</p> <p>Therefore, the composition of Board of Commissioners is as follows:</p> <ul style="list-style-type: none"> <li>Chairman: Pramukti Surjaudaja</li> <li>Deputy Chairman: Peter Eko Sutioso (Independent Commissioner)</li> <li>Independent Commissioner: Roy Athanas Karaoglan</li> <li>Commissioner: Samuel Nag Tsien</li> <li>Independent Commissioner: Jusuf Halim</li> <li>Independent Commissioner: Kwan Chiew Choi</li> <li>Commissioner: Lai Teck Poh (Dua Teck Poh)</li> <li>Commissioner: Hardi Juganda</li> </ul>

Agenda & Number of Votes	Resolution and Realization
	<p>The composition of Board of Directors is as follows:</p> <ul style="list-style-type: none"> <li>President Director &amp; CEO: Parwati Surjaudaja</li> <li>Managing Director: Yogadharna Ratnapalasari</li> <li>Managing Director: Rama Pranata Kusumaputra</li> <li>Managing Director: Emilya Tjahjadi</li> <li>Managing Director: Hartati</li> <li>Managing Director: Martin Widjaja</li> <li>Managing Director: Andrae Krishnawan W.</li> <li>Managing Director: Johannes Husin</li> <li>Managing Director: Low Seh Kiat</li> <li>Managing Director: Joseph Chan Fook Onn</li> </ul>
	<p>2. Regarding the determination of salary/honorarium and allowances of BOC and BOD:</p> <p>(i) To re-authorize OCBC Overseas Investment Pte. Ltd. as the majority shareholder based on the recommendation of the Remuneration and Nomination Committee to determine the amount of salary or honorarium and allowances for BOC.</p> <p>(ii) To re-authorize BOC on the recommendation of the Remuneration and Nomination Committee to determine the amount of salary or honorarium and allowances for BOD. The authorization is valid for 3 (three) years, from the financial years 2017 to 2019.</p> <p><b>Realization:</b></p> <p>1. Re-appointment of BOD and the composition of BOC and BOD has been expressed on Notarial deed and registered in the Company Register No. AHU-0051367. AH.01.11. YEAR 2016 dated April 25, 2016.</p> <p>2. Granting authority to set the salary/honorarium and allowances for BOC and BOD has been stated in the AGM Deed No. 31 dated April 7, 2016.</p>

### Statement Concerning the Unrealized General Meeting of Shareholders Resolution

In 2017, all GMS resolutions have been realized. There was no GMS resolution which has not been realized or delayed.

# The Board of Commissioners

The Board of Commissioners (BOC) is a key organ appointed by Shareholders to carry out oversight function and provide advice to BOD independently, related to the duties and responsibilities of BOD in managing the Bank. The main duty and responsibility of BOD is to ensure the Bank's business continuity and ensure that BOD has carried out their duties with good faith for the Bank's interest as well as other stakeholders.

## LEGAL BASIS OF BOC

1. The Constitution No. 40 of 2017 on Limited Liability Companies.
2. FSA Regulation No. 33/POJK.04/2014 on BOD and BOC of Listed or Public Companies.
3. FSA Regulation No. 55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
4. FSA Circular Letter No. 13/SEOJK.03/2017 on Implementation of Governance for Commercial Banks.

## BOC CHARTERS

In carrying out its duties, BOC has had a Charter consisting of:

1. Composition, criteria and term of office.
2. Duties, responsibilities, and authority.
3. Values and Work Ethics.
4. Working Time.
5. BOC meetings.
6. Reporting and accountability.

BOC Charter was last updated on September 27, 2017 and is reviewed periodically as necessary with due observance of the prevailing regulations. For more details, can be viewed on [www.ocbcnisp.com](http://www.ocbcnisp.com).

## DUTIES AND RESPONSIBILITIES OF BOC

In accordance with FSA Regulation Number 33/POJK.04/2014 on BOD and BOC of Listed or Public Companies, the BOC carries out duties to conduct supervisory function and is responsible for the oversight on policy and management in general, both Listed or Public Companies as well as business of Listed or Public Companies, and provides advices for BOD.

Further details on the duties and responsibilities of BOC have been stipulated in BOC Charter can be viewed on [www.ocbcnisp.com](http://www.ocbcnisp.com).

## AUTHORITIES OF BOC

In accordance with FSA Regulation Number 33/POJK.04/2014 on BOD and BOC of Listed or Public Companies and Board Charter, the BOC has the authority to dismiss BOD members temporary by mentioning the reason and may conduct the management of Listed or Public Companies in certain condition and period of time based

on the Bank's Articles of Associations or GMS Resolutions. The more detailed authorities of BOC are stipulated in the BOC Charter which is available on [www.ocbcnisp.com](http://www.ocbcnisp.com).

## CRITERIA OF BOC MEMBERS

The criteria to select members of BOC are, among others:

1. Meeting the requirements as referred to in FSA Regulation No. 33/POJK.04/2014 dated 8 December 2014 on BOD and BOC of Listed or Public Companies:
  - a. Have good characters, moral, and good integrity.
  - b. Capable of performing legal actions.
  - c. Those who, in the 5 (five) years prior to their appointment:
    - i. Have not declared bankruptcy.
    - ii. Have not been members of the BOD or the BOC declared to be at fault in causing a company to declare bankruptcy.
    - iii. Have not been sentenced for crimes that caused losses to the state and/or related to the financial sector.
    - iv. Have never been a member of the BOC and/or the BOD that during his tenure:
      - a) Did not hold the General Meeting of Shareholders (GMS).
      - b) His/her accountability as members of the BOC and/or BOD was once not accepted by the GMS or has at one point or another not deliver accountability as a member of the BOD or the BOC to the GMS.
      - c) Once caused the companies that has obtained a license, permission or registration from the Financial Services Authority to not fulfill the obligation to submit an annual report and/or financial reports to the Financial Services Authority
      - d) Have the commitment to comply with laws and regulations.
      - e) Have the ability and/or expertise in the required Bank.
2. Complying with the requirements for integrity, financial reputation and competency according to Regulation of Financial Services Authority No. 27/POJK.03/2016 dated 22 July 2016 concerning Fit and Proper Test for Primary Parties of Financial Services Institutions.

Requirements for Integrity include:

- a. Legally competent.
- b. Has good character and morals, at least shown by compliance to the prevailing regulations, including never having been convicted of a criminal act within the last 20 years prior to the nomination.
- c. Has the commitment to comply with the applicable regulation and support the FSA policy.
- d. Has the commitment to develop a healthy Banking operation.

e. Is not included in the Disqualified List.

Requirements for Financial reputation include:

- Does not have non-performing loans.
- Has never been declared bankrupt or has never been a shareholder, Controlling Insurance Company who is not a shareholder, Director or Commissioner who has been found guilty of causing the bankruptcy of a company in the last five years prior to nomination.

Requirements for competency include adequate and/or relevant banking knowledge which supports Bank management.

#### Number and Composition of BOC Members as of 31 December 2017 along with the legal basis of appointment and term of office

Number and composition of BOC members before AGMS dated 30 March 2017 were 8 (eight) persons, including 4 (four) Independent Commissioners, with the following composition:

No.	Name	Designation
1.	Pramukti Surjaudaja	President Commissioner
2.	Peter Eko Sutioso	Deputy President Commissioner (Independent)
3.	Roy Athanas Karaoglan *)	Independent Commissioner
4.	Samuel Nag Tsien	Independent Commissioner
5.	Jusuf Halim	Independent Commissioner
6.	Lai Teck Poh (Dua Teck Poh)	Commissioner
7.	Kwan Chiew Choi	Independent Commissioner
8.	Hardi Juganda **)	Commissioner

\*) Term of office as Independent Commissioner has ended since the closing of AGMS dated 30 March 2017.

\*\*\*) Effectively resigned since the closing of AGMS dated 30 March 2017 for further process to be an Independent Commissioner.

Number and composition of BOC members after AGMS dated 30 March 2017 were 6 (six) persons, including 3 (three) Independent Commissioners, with the following composition:

No.	Name	Designation
1.	Pramukti Surjaudaja	President Commissioner
2.	Peter Eko Sutioso	Deputy President Commissioner (Independent)
3.	Samuel Nag Tsien	Commissioner
4.	Jusuf Halim	Independent Commissioner
5.	Lai Teck Poh (Dua Teck Poh)	Commissioner
6.	Kwan Chiew Choi	Independent Commissioner

Moreover, number and composition of BOC members as of 31 December 2017 were 8 (eight) persons, including Independent Commissioners with the following composition:

No	Name	Designation	Legal Basis of Appointment	Term of Office	
				Effective Date	End of Term of Office
1	Pramukti Surjaudaja	President Commissioner	Deed of GMS Resolutions No. 23 Dated December 15, 2017	March 30, 2017	AGMS 2020
2	Peter Eko Sutioso	Deputy President Commissioner (Independent)	Deed of GMS Resolutions No. 23 Dated December 15, 2017	March 30, 2017	AGMS 2020
3	Samuel Nag Tsien	Commissioner	Deed of GMS Resolutions No. 34 Dated April 9, 2015	April 9, 2015	AGMS 2018
4	Jusuf Halim	Independent Commissioner	Deed of GMS Resolutions No. 23 Dated December 15, 2017	March 30, 2017	AGMS 2020
5	Lai Teck Poh (Dua Teck Poh)	Commissioner	Deed of GMS Resolutions No. 23 Dated December 15, 2017	March 30, 2017	AGMS 2020
6	Kwan Chiew Choi	Independent Commissioner	Deed of GMS Resolutions No. 23 Dated December 15, 2017	March 30, 2017	AGMS 2020
7	Hardi Juganda *)	Independent Commissioner	Deed of GMS Resolutions No. 23 Dated December 15, 2017	November 27, 2017	AGMS 2020
8	Betti S. Alisjahbana **)	Independent Commissioner	Deed of GMS Resolutions No. 23 Dated December 15, 2017	December 7, 2017	AGMS 2020

\*) Effective on 27 November 2017

\*\*\*) Effective on 7 December 2017

#### Assessment of Each Committee Under the BOC and the Basis of Assessment

At the end of the year, the BOC conducted an evaluation on performance contribution and the effectiveness of Committees under the BOC, namely Audit Committee, Remuneration and Nomination Committee, as well as Risk Monitoring Committee that focuses on evaluation which cover the fulfillment of duties and responsibilities, frequency and quality of meeting as well as recommendation given, diverse capabilities, experience and expertise of Committee members in order to support the implementation of duties and responsibilities of BOC effectively.



In addition, members of Audit Committee, Remuneration and Nomination Committee, and Risk Monitoring Committee had also conducted Self-Assessment to evaluate each performance of the committee during 2017.

The evaluation results were among others, the Committee had carried out their duties and responsibilities properly and in accordance with the Charter including meeting frequency and quality as well as the recommendations given, the diversity of the members' capabilities and the expertises in assisting the BOC's duties.

## POLICY ON DIVERSITY OF BOC MEMBERS

- Diversity Policy**

The provision regarding BOC Composition diversity is stated in the BOC Charter as described in the following:

- The composition of the BOC shall be in accordance with Banking Authority's regulations on capital market, Good Corporate Governance and Company Regulations.
- The number of the Board of Commissioners shall be no less than three (3) persons and not exceed the number of the Board of Directors, with the following composition: 1 (one) President Commissioner; 2 (two) or more Commissioners. One or more of them may be appointed as Deputy President Commissioner(s).
- The Board of Commissioners shall be chaired by the President Commissioner.
- The Board of Commissioners consists of the Commissioner and Independent Commissioner.
- No less than fifty percent (50%) of the number of members of the Board of Commissioners shall be Independent Commissioner.
- No less than one (1) member of the Board of Commissioners must be foreign workers for the position of Commissioner. Fifty percent (50%) or more of the Commissioners must be Indonesian nationality.

- Diversity of the Bank's BOC**

In order to execute the duty to supervise the Bank's operations, the BOC composition reflects the diversity of its member, in terms of citizenship, education, age, experiences and gender. In 2017, the Bank has new Independent Commissioners, Hardi Juganda (effective on 27 November 2017) and Betti S. Alisjahbana (effective on 7 December 2017). The detail qualifications of BOC have been presented in brief profile of BOC on page 40-41.

## Information of Concurrent Position of BOC

No	Name	Position at Bank OCBC NISP	Position at Other Companies
1.	Pramukti Surjaudaja	President Commissioner	Commissioner of PT Biolaborindo Makmur Sejahtera
2.	Peter Eko Sutioso	Deputy President Commissioner (Independent)	-
3	Roy Athanas Karaoglan *)	Independent Commissioner	-
4	Samuel Nag Tsien	Commissioner	Director of Mapletree Investments Pte Ltd
5	Jusuf Halim	Independent Commissioner	
6	Lai Teck Poh (Dua Teck Poh)	Commissioner	Non-Executive Independent Director of AV Jennings Ltd
7	Kwan Chiew Choi	Independent Commissioner	
8	Hardi Juganda **)	Independent Commissioner	
9	Betti S. Alisjahbana ***)	Independent Commissioner	Independent Commissioner of PT Anabatic Technologies Tbk.

\*) Term of office as Independent Commissioner has ended since the closing of AGMS dated 30 March 2017.

\*\*\*) Effective on 27 November 2017.

\*\*\*) Effective on 7 December 2017.

## MEETING OF BOC

- Meeting Policy**

- The BOC shall hold a meeting at least once every 2 (two) months and with the BOD periodically at least once every 4 (four) months.
- The BOC must schedule the meeting for the following year before the end of the fiscal year.
- At the scheduled meeting, the material shall be conveyed to the participants of the meeting no later than five (5) days before the meeting is held. In the event of a meeting held outside of the schedule, the material must be delivered to the participants of the meeting at the latest before the meeting is held.
- At least two (2) meetings must be attended by the BOC physically or by means of video-conference
- The results of BOC meeting shall be recorded in the minutes of meeting that will be signed by the members of the BOC and BOD attending the meeting and will be submitted to all members of the BOC and BOD.



- Number of Meetings & Level of Attendance

No.	Name	Meeting of BOC		
		Number of Meetings	Attendance	% Attendance
1.	Pramukti Surjaudaja	6	6	100%
2.	Peter Eko Sutioso	6	6	100%
3.	Roy Athanas Karaoglan *)	6	1	16%
4.	Samuel Nag Tsien	6	5	83%
5.	Jusuf Halim	6	6	100%
6.	Lai Teck Poh (Dua Teck Poh)	6	6	100%
7.	Kwan Chiew Choi	6	6	100%
8.	Hardi Juganda **)	6	2	33%
9.	Betti S. Alisjahbana ***)	6	1	16%

\*) Term of office as Independent Commissioner has ended since the closing of AGMS dated 30 March 2017.

\*\*) Term of office as Commissioner has ended since the closing of AGMS dated 30 March 2017 and term of office as Independent Commissioner effective on 27 November 2017.

\*\*\*) Term of office as Independent Commissioner effective on 7 December 2017.

- Meeting Agenda of BOC

During 2017, BOC meeting date and agenda were as follows:

No	Date	Meeting Agenda
1	3 February 2017	1. BOC Approval for business as usual. 2. Approval on Committee Recommendation. 3. BOC and Committees Evaluation. 4. BOC Roles and Responsibility.
2	18 April 2017	1. Financial Performance (January – March 2017). 2. BOC Approval for business as usual. 3. BOC Approval on RMC recommendation previously tabled at the RMC Meeting. 4. IT Transformation. 5. Digital Banking part 1 - BAU. 6. Digital Banking part 2 - Non BAU. 7. Compliance Profile Update.
3	17 July 2017	1. BOC Approval for business as usual. 2. Approval on Committee Recommendation. 3. BOC Roles and Responsibility.
4	27 September 2017	1. Financial Performance (January – August 2017). 2. BOC Approval for business as usual. 3. BOC approval on issues tabled at the previous committee meeting. 4. BOD Charter. 5. BOC Charter. 6. Good Corporate Governance Policy. 7. Analytics. 8. Compliance Profile Update (new regulation from regulators, if any).
5	20 October 2017	1. BOC Approval for business as usual. 2. BOC approval tabled at the previous meetings. 3. Treasury General Policy. 4. BOC Declaration (if any).
6	12 December 2017	1. BOC Approval for business as usual. 2. BOC Approval on issues tabled at the previous committees meeting. 3. Other businesses (if any).

## JOINT MEETING OF BOC AND BOD

During 2017, date and agenda of Joint Meeting of BOC and BOD were as follows:

- Number of Meetings & Attendance

No.	Name	Joint Meeting of BOC and BOD		
		Number of Meetings	Attendance	% Attendance
1.	Pramukti Surjaudaja	3	3	100%
2.	Peter Eko Sutioso	3	3	100%
3.	Roy Athanas Karaoglan *)	3	1	33%
4.	Samuel Nag Tsien	3	3	100%
5.	Jusuf Halim	3	3	100%
6.	Lai Teck Poh (Dua Teck Poh)	3	3	100%
7.	Kwan Chiew Choi	3	3	100%
8.	Hardi Juganda **)	3	1	33%
9.	Betti S. Alisjahbana ***)	3	-	-

\*) Term of office as Independent Commissioner has ended since the closing of AGMS dated 30 March 2017.

\*\*) Term of office as Commissioner has ended since the closing of AGMS dated 30 March 2017 and term of office as Independent Commissioner effective on 27 November 2017.

\*\*\*) Term of office as Independent Commissioner effective on 7 December 2017.

- Joint Meeting Agenda

No	Date	Meeting Agenda
1.	3 February 2017	1. BOC reports on performance in the fourth quarter of 2016. 2. The use of 2016 net income. 3. Proposal of 2017 bonds issuance. 4. Profile of compliance and information on new regulation for the fourth quarter of 2016.
2.	17 July 2017	1. Financial Performance (January - June 2017). 2. Progress Update Jan-Jun 2017 Action Plan. 3. NPL Trend. 4. Network Transformation. 5. HC Transformation. 6. Branding. 7. Compliance Profile and Information on new regulation. 8. Good Corporate Governance Policy. 9. Draft Regulation of Financial Services Authority on Financial Conglomeration Holding Company.
3.	20 October 2017	1. Financial Performance (January - September 2017). 2. Progress Update January - September 2017 Action Plan. 3. Corporate Plan 2018.

## INDUCTION PROGRAM

### A. Induction Program for New Members of BOC

The Bank has induction program for new members of BOC and Committees under the BOC which aims at delivering knowledge and understanding on the Bank and their scope of work presented by other members of BOD, covering:

1. Bank's Vision and Mission
2. Bank's Code of Conduct.
3. Bank's Organization Structure.
4. Guidelines and Charter of BOC and Committees.
5. Information on existing Bank segment/field, presented by each Director.
6. Regulations related to banking and capital market.

The Induction Program for new member of BOC appointed in 2017 has been given to Mrs. Betti S. Alisjahbana held on 14 November 2017, covering:

No.	Topic
1.	OCBC NISP Overall & Business Transformation
2.	Wholesale Banking, Financial Institution & Transaction Banking
3.	Compliance
4.	Corporate Communication
4.	Risk Management
5.	Enterprise Banking & Commercial Banking
6.	Treasury
7.	Human Capital
8.	Network
9.	Retail Banking
10.	Internal Audit
11.	Operations and Information Technology
12.	Financial and Planning

## B. Induction Program for New Members of Committee

Moreover, the Bank has also given Induction Program for independent member of Audit Committee, Mrs. Rufina Tinawati Marianto which was held on 6 April 2017:

No.	Topic
1.	OCBC NISP Overall & Business Transformation
2.	Risk Management
3.	Network
4.	Retail Banking
5.	Financial and Planning
6.	Internal Audit

## PROGRAM AND/OR TRAINING FOR MEMBERS OF BOC IN 2017

In order to enhance competencies and keep abreast of world business development in favor of implementation of duties and responsibilities, the BOC has obtained trainings, seminars or Workshops internally as well as held by external institutions. During 2017, BOC has participated in the following trainings/ seminars:

Name	Training/Workshop/Seminar	Date	Organizer	Venue
Pramukti Surjoudaja	Global Outlook 2017 - A Brave New World Conversation with David M Rubenstein and Michio Kaku	16 January 2017	Bank of Singapore	Singapore
	Cyber Risk Program for Board: - The Evolving Cyber Landscape - Insights into Cyber Threats in 2017 - Cyber Security Oversight Best Practices - Case Studies on Cyber Security - Crisis Management and Communications	22 March 2017	SingTel Cyber Security Institute	Singapore
	Dialogue with Choy Siew Kai on Technological Disruption - Key Trends and Insights	8 May 2017	In-house: OCBC Board meeting	Singapore
	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	State of Readiness against Cyber Threats	26 July 2017	In-house: OCBC Board Meeting	Singapore
	Annual AML/CFT Training for Directors	26 July 2017	In-house: OCBC Board meeting	Singapore
	Guiding Principles for Digitalisation and Approach Adopted by the Bank	25 October 2017	In-house: OCBC Board meeting	Singapore
Peter Eko Sutioso	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
Samuel Nag Tsien	Ping An Insurance's Innovations in the Internet Era	6 January 2017	Great Eastern Holdings	Singapore
	Implementation of Financial Reporting Standard (FRS) 109	12 January 2017	In-house: OCBC AC Meeting	Singapore
	Presentation by ST Electronics on Cyber Security Advance Capabilities	24 February 2017	Great Eastern Holdings	Singapore
	FinTech Developments - Cloud Computing	20 March 2017	In-house: OCBC Exco Meeting	Singapore

Name	Training/Workshop/Seminar	Date	Organizer	Venue
	Cyber Risk Program for Board: - The Evolving Cyber Landscape - Insights into Cyber Threats in 2017 - Cyber Security Oversight Best Practices - Case Studies on Cyber Security - Crisis Management and Communications	22 March 2017	SingTel Cyber Security Institute	Singapore
	Blockchain Workshop for Senior Management of OCBC Bank	3 April 2017	OCBC Bank	Singapore
	Shanghai/Singapore Forum - Strengthening Singapore-Shanghai Collaboration in a Changing Financial World Order	12 April 2017	MAS and the Shanghai Financial Services Office	Singapore
	Dialogue with Choy Siew Kai on Technological Disruption - Key Trends and Insights	8 May 2017	In-house: OCBC Board meeting	Singapore
	Symposium on Asian Banking and Finance	29 May 2017	The Federal Reserve Bank of San Francisco and MAS	Singapore
	Temasek Breakfast Series 3 - Outlook on China after 19th Party Congress	7 June 2017	Temasek	Singapore
	2017 International Monetary Conference	11-13 June 2017	IMC	Singapore
	Future China Global Forum	13 July 2017	Future China & Business China Awards	Singapore
	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT OCBC NISP Tbk	Jakarta
	Update on China Insurance Industry	24 July 2017	In-house: GE Board Meeting	Singapore
	Implementation of Financial Reporting Standard (FRS) 109	24 July 2017	In-house: OCBC AC Meeting	Singapore
	State of Readiness against Cyber Threats	26 July 2017	In-house: OCBC Board Meeting	Singapore
	Annual AML/CFT Training for Directors	26 July 2017	In-house: OCBC Board meeting	Singapore
	- Perspectives on Digital Financial Services - Big Data and Artificial Intelligence in Financial Services	15 August 2017	Great Eastern Holdings	Singapore
	Estate Reattribution for GELM Par Fund	22 August 2017	In-house: GEH Exco Meeting	Singapore
	My Money @ Campus	23 August 2017	ABS - SIAS - MAS	Singapore
	Update on IFRS 9	13 September 2017	Great Eastern Holdings	Singapore
	Recent Developments of Islamic Banking in Malaysia	26 September 2017	OCBC Al-Amin	Kuala Lumpur
	Guiding Principles for Digitalisation and Approach Adopted by the Bank	25 October 2017	In-house: OCBC Board meeting	Singapore
Lai Teck Poh	Implementation of Financial Reporting Standard (FRS) 109	12 January 2017	In-house: OCBC AC Meeting	Singapore
	Global Outlook 2017 - A Brave New World Conversation with David M Rubenstein and Michio Kaku	16 January 2017	Bank of Singapore	Singapore
	Presentation by ST Electronics on Cyber Security Advance Capabilities	24 February 2017	ST Electronics	Singapore
	Cyber Risk Program for Board: - The Evolving Cyber Landscape - Insights into Cyber Threats in 2017 - Cyber Security Oversight Best Practices - Case Studies on Cyber Security - Crisis Management and Communications	22 March 2017	SingTel Cyber Security Institute	Singapore
	Dialogue with Choy Siew Kai on Technological Disruption - Key Trends and Insights	8 May 2017	In-house: OCBC Board meeting	Singapore
	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Implementation of Financial Reporting Standard (FRS) 109	24 July 2017	In-house: OCBC AC Meeting	Singapore
	State of Readiness against Cyber Threats	26 July 2017	In-house: OCBC Board Meeting	Singapore
	Annual AML/CFT Training for Directors	26 July 2017	In-house: OCBC Board Meeting	Singapore
	Recent Developments of Islamic Banking in Malaysia	26 September 2017	OCBC Al-Amin	Kuala Lumpur
	Guiding Principles for Digitalisation and Approach Adopted by the Bank	25 October 2017	In-house: OCBC Board meeting	Singapore

Name	Training/Workshop/Seminar	Date	Organizer	Venue
Kwan Chiew Choi	Disruptive Technologies for Directors	25 May 2017	Singapore Institute of Directors	Singapore
	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	SID - Cybersecurity for Director	20 September 2017	Singapore Institute of Directors	Singapore
Jusuf Halim	Cyber Security High Level Assessment	24 March 2017	PWC Indonesia	Jakarta
	Panel Discussion - Building an Effective Interaction Pattern between Audit Committee and Internal Audit.	17 May 2017	IIA Indonesia and Indonesian Institute of Audit Committee	Jakarta
	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Panel Discussion - Implementation of FSA Regulation No. 13/POJK.03/2017 on The Use of Public Accountant and Auditing Firm in Financial Services Activities	14 September 2017	Indonesian Institute of Audit Committee	Jakarta
	International Tax Conference and Panel Discussion - The Current International Taxation Landscape	19 September 2017	IAI-Tax Accountant Compartment and Bureau Van Dijk	Jakarta
	International Seminar and Panel Discussion - Toward 2030: Transforming Role of Professional Accountants in the New Economy Order	14 December 2017	Indonesian Institute of Accountants	Semarang

## ASSESSMENT OF BOC PERFORMANCE

### A. Procedure of assessment on BOC performance

1. The Bank conducted performance evaluation to assess the effectiveness of the Board of Commissioners' tasks in which each Commissioner provided assessment upon the performance of BOC and the committees under BOC. The assessment procedures were conducted by filling out questionnaires set in reference to the BOC Charter, with the following criteria:
  - i. Composition.
  - ii. Quality of BOC Meeting.
  - iii. BOD supervisory performance towards the company performance.
  - iv. Succession of the Directors.
  - v. Ensure the implementation of risk management and internal control.

The questionnaire was filled out by each BOC member where the results are then recorded by Corporate Secretary to be represented to all members during the meeting. The aim is to evaluate the impact and effectiveness of the performance.

2. Assessment through GCG Self-Assessment

The assessment is also conducted through GCG self-assessment method where BOC fills out the Self-Assessment Working Sheet, as stipulated in the circular letter of Bank Indonesia No. 15/15/ DPNP dated April 29, 2013 on Good Corporate Governance Implementation for Commercial Banks.

### B. The indicators covered the following assessment aspects:

1. Assessment of the governance structure which assesses the adequacy of the Bank's governance structure and infrastructure to ensure that GCG implementation outcomes reflect the expectations of stakeholders.
2. Assess the effectiveness of the implementation process of GCG principles which is supported by the adequacy of Bank's governance structure and infrastructure.
3. The assessment of governance outcome to assess the outcome quality that meets the expectation of stakeholders.

### C. The Assessor Party

1. BOC through Self-Assessment.
2. BOD through questionnaires to give assessment and input for BOC.

## INDEPENDENT COMMISSIONERS

### Criteria of Independent Commissioner

The criteria of Independent Commissioners at Bank OCBC NISP had been in compliance with FSA Regulation No. 55/POJK.03/2016 dated December 7, 2016 regarding the GCG Implementation for Commercial Bank and FSA Regulation No. 33/POJK.04/2014 dated December 8, 2014 regarding BOD and BOC of Public Company article 21, which are as follows:

1. Not an employee of any professional firms or having authority and responsibility to plan, lead, control, or oversee the Bank activities within the last 6 (six) months, except for the re-appointment as Independent Commissioners on the next tenure.
2. Have no any direct or indirect ownership in the Bank.
3. Have no affiliation with the Bank, members of BOC, BOD or majority shareholders of the Bank.
4. Have no direct nor indirect business relationship related to the Bank's business.

### Statement of Independence of each Independent Commissioners

No.	Independency Aspect	Peter Eko Sutioso	Jusuf Halim	Kwan Chiew Choi	Hardi Juganda	Betti S. Alisjahbana
1.	Not an employee of any professional firms or having authority and responsibility to plan, lead, control, or oversee the Bank OCBC NISP activities within the last 6 (six) months, except for the re-appointment as Independent Commissioners on the next tenure.	√	√	√	√	√
2.	Have no any direct or indirect ownership in the Bank OCBC NISP.	√	√	√	√	√
3.	Have no affiliation with the Bank OCBC NISP, members of BOC, BOD or majority shareholders of the Bank.	√	√	√	√	√
4.	Have no direct nor indirect business relationship related to the Bank OCBC NISP's business.	√	√	√	√	√

# The Board of Directors

The Board of Directors (BOD) is the key organ of the Bank who is responsible for managing and developing GCG within the Bank. BOD also ensures the sustainability of the Bank's business in the long term, achievement of performance in line with determined targets, as well as the implementation of prudential banking principles for the stakeholder's interest.

## LEGAL BASIS OF BOD

1. The Constitution No. 40 of 2007 on Limited Liability Companies.
2. FSA Regulation No. 33/POJK.04/2014 on BOD and BOC of Issuers or Public Companies.
3. FSA Regulation No. 55/POJK.03/2016 on Governance Implementation for Commercial Banks.
4. FSA Circular Letter No. 13/SEOJK.03/2017 on Governance Implementation for Commercial Banks.

## BOD CHARTER

In performing its duties, BOD refers to BOD Charter which includes:

- Composition, criteria and term of office.
- Duties, responsibilities and authorities.
- Values and work ethics.
- Working time.
- BOD meetings.
- Reporting and accountability.

BOD Charter was last updated on September 27, 2017 and is reviewed periodically and as necessary with due observance of the prevailing regulations. For more details, please refer to official website [www.ocbcnisp.com](http://www.ocbcnisp.com).

## SCOPE OF WORK AND RESPONSIBILITIES OF EACH MEMBER OF BOD

In accordance with FSA Regulation Number 33/POJK.04/2014 on BOD and BOC of Listed or Public Companies, the BOD carries out duties and is responsible for the management of Listed or Public Companies for the interest of Listed or Public Companies as stipulated in the Bank's Articles of Association. More detail about the BOD duties and responsibilities is set forth in BOD Charter that can be accessed on the Bank's official website [www.ocbcnisp.com](http://www.ocbcnisp.com).

Duties and responsibilities of each member of BOD as referred to in BOD Decision Letter No. LPTS/DIR/HCM/HK.02.02/061/2017 dated 1 July 2017 as follows:

No.	Name	Designation	Duties and Responsibilities
1.	Parwati Surjaudaja	President Director	Organizing the Bank's management through all members of BOD and is directly responsible for: - Internal Audit - Human Capital
2.	Yogadharma Ratnapalasari	Managing Director	Operations & IT
3.	Rama Pranata Kusumaputra	Managing Director	- Compliance - AML-CFT - Corporate Communication - Corporate Secretary
4.	Hartati	Independent Director	Financial & Planning
5.	Emilya Tjahjadi	Managing Director	- Commercial Banking - Enterprise Banking
6.	Martin Widjaja	Managing Director	- Wholesale Banking - Transaction Banking - Financial Institution
7.	Andrae Krishnawan W.	Managing Director	- Network
8.	Johannes Husin	Managing Director	- Treasury
9.	Low Seh Kiat	Managing Director	- Retail Banking
10.	Joseph Chan Fook Onn	Managing Director	Risk Management

## AUTHORITIES OF BOD

In accordance with FSA Regulation No. 33/POJK.04/2014 on BOD and BOC of Issuers or Public Companies and Charter, the BOD is authorized to manage the Bank in accordance with appropriate policy as well as purpose and objective set forth in the Articles of Association. The more detailed of BOD authorities are stipulated in BOD Charter which can be accessed on [www.ocbcnisp.com](http://www.ocbcnisp.com).

## CRITERIA OF BOD

Criteria in the appointment of BOD member are as follows:

1. Fulfilling the requirements of FSA Regulation No. 33/POJK.04/2014 dated December 8, 2014 regarding BOD and BOC in the Issuer or Publicly Listed Company, such as:
  - a. Possessed good character, morals and integrity.
  - b. Competent in legal matters.
  - c. Five years prior to the appointment and while in service:
    - i. Never caused a bankruptcy.
    - ii. Never been as Director and/or a Commissioner who is guilty of causing a bankruptcy of a company.
    - iii. Never been convicted of committing a crime that caused the loss of public finance and/or related to the financial sector.

- iv. Never been a Director and/or Commissioner who has:
- Failed to hold General Meeting of Shareholders.
  - Failed to submit the responsibilities or obtain the approval of the responsibilities as a Director and/or Commissioner to and from GMS.
  - Caused a company that had obtained permits, approval, or registration from Financial Services Authority but did not fulfill the obligation to submit annual reports and/or financial reports to OJK.
- d) Committed to comply with the applicable legislations.
- e) Having knowledge and/ or skills in the required fields.
2. Complying with the requirements for integrity, financial reputation and competency according to FSA Regulation No. 27/POJK.03/2016 dated 22 July 2016 concerning Fit and Proper Test for Primary Parties of Financial Services Institutions.

**Requirements for Integrity includes:**

- a. Legally competent.
- b. Has good character and morals, at least shown by compliance with the prevailing regulations, including never been convicted of a criminal act within the last 20 years prior to the nomination.
- c. Has commitment to comply with the applicable regulation and support the FSA policy.
- d. Has commitment to develop a healthy Bank operations; and
- e. Not included in the Disqualified List as the Main Party.

**Requirements for Financial reputation include:**

- a. Does not have non-performing loans.
- b. Has never been stated bankrupt or has never been a shareholder, controlling Insurance Company which is not a shareholder, Director or Commissioner who was found guilty of causing a bankruptcy of a company over the last five years prior nomination.

Requirements for Competency include adequate and/or relevant banking knowledge which support Bank management.

## NUMBER AND COMPOSITION OF BOD MEMBERS AS OF 31 DECEMBER 2017 ALONG WITH LEGAL BASIS OF APPOINTMENT AND TERM OF OFFICE

Name	Designation	Legal Basis of Appointment	Term of Office	
			Effective Date	End of Term of Office
Parwati Surjaudaja	President Director	Deed of GMS Resolutions No. 23 Dated 15 December 2017	30 March 2017	AGMS 2020
Yogadharma Ratnapalasari	Director	Deed of GMS Resolutions No. 34 Dated 9 April 2015	9 April 2015	AGMS 2018
Rama Pranata Kusumaputra	Director	Deed of GMS Resolutions No. 34 Dated 9 April 2015	9 April 2015	AGMS 2018
Hartati	Independent Director	Deed of GMS Resolutions No. 23 Dated 15 December 2017	30 March 2017	AGMS 2020
Emilya Tjahjadi	Director	Deed of GMS Resolutions No. 23 Dated 15 December 2017	30 March 2017	AGMS 2020
Martin Widjaja	Director	Deed of GMS Resolutions No. 34 Dated 9 April 2015	9 April 2015	AGMS 2018
Andrae Krishnawan W.	Director	Deed of GMS Resolutions No. 32 Dated 7 April 2016	7 April 2016	AGMS 2019
Johannes Husin	Director	Deed of GMS Resolutions No. 32 Dated 7 April 2016	7 April 2016	AGMS 2019
Low Seh Kiat	Director	Deed of GMS Resolutions No. 32 Dated 7 April 2016	7 April 2016	AGMS 2019
Joseph Chan Fook Onn	Director	Deed of GMS Resolutions No. 23 Dated 15 December 2017	30 March 2017	AGMS 2020

## ASSESSMENT ON PERFORMANCE OF COMMITTEES UNDER THE BOD AND BASIS OF ASSESSMENT

The BOD conducts evaluation on the performance of executive committees under the BOD on regular basis. The BOD assessment on the committees' performance has been presented on page 138-140.



## INDEPENDENCE OF BOD MEMBERS

Majority BOD members of Bank OCBC NISP have neither financial relationship nor family relationship with BOC members, other BOD members and/or Controlling Shareholders. The BOD member who has family relationship with BOC member is Parwati Surjaudaja. However, the BOD member constantly maintains her independence and has no conflict of interest that may disrupt her capabilities to carry out duties professionally and objectively.

## INFORMATION ON INDEPENDENT DIRECTOR

Independent Director of Bank OCBC NISP is served by Hartati. Independent Director has no affiliated relationship either financially or family relationship with other members of BOC, BOD and Controlling Shareholders, no concurrent positions as Director at other companies and not being an insider at institution or capital market institutions whose services used by the Bank.

## CONCURRENT POSITIONS OF BOD

All members of the Bank do not have any concurrent positions as members of BOC, members of BOD or Executive Officer at the controlling shareholder, other banks, companies and/or other institutions.

## BOD MEETING

### A. Policy of BOD Meeting

1. BOD meeting is held on a regular basis for at least once a month and meeting with BOC at least once in four months
2. BOD meeting can be held if attended or represented by majority of the members.
3. BOD should schedule the meeting for the following year before the end of the financial year Meeting Schedule (determination of date) for one year must be received by all members at least in early January.
4. At the scheduled meeting, the material must be delivered to the participants at least five days before the meeting is held.
5. Every policy and strategic decisions must be decided upon through BOD meeting.
6. The results of both BOD meeting and with BOC should be documented in the minutes of the meeting, signed by BOD and BOC members who were present and submitted to all members of BOD and BOC.
7. The minutes of BOD meeting and with minutes of BOC meeting should be documented by the Bank.

Further detail about the meetings is stipulated in BOD Charter as can be seen on official website of the Bank: [www.ocbcnisp.com](http://www.ocbcnisp.com).

### B. Number of Meetings and Attendance

No.	Nama	BoD Meetings		
		Number of Meetings	Attendance	% Attendance
1.	Parwati Surjaudaja	23	23	100%
2.	Yogadharma Ratnapalasari	23	22	95%
3.	Rama Pranata Kusumaputra	23	23	100%
4.	Hartati	23	22	95%
5.	Emilya Tjahjadi	23	19	83%
6.	Martin Widjaja	23	22	95%
7.	Andrae Krishnawan W.	23	23	100%
8.	Johannes Husin	23	22	95%
9.	Low Seh Kiat	23	22	95%
10.	Joseph Chan Fook Onn	23	23	100%

### C. Meeting Agenda

Throughout 2017, BOD meeting date and were as follows:

No.	Date	Meeting Agenda
1	11 January 2017	1. Internal Audit Report - December 2016. 2. Compliance Profile Report - December 2016. 3. e-Money Update. 4. Productivity & Project Management Office Update.
2	25 January	1. Prime Customers Policy. 2. Second Annual Review (Bancassurance and Mutual Funds). 3. Financial Performance Report - December 2016.
3	8 February 2017	1. Compliance Profile Report - January 2017. 2. Internal Audit Report - January 2017. 3. Risk Maturity Index Update. 4. Trustee Update. 5. Referral Framework for Prime Corporate Customers.
4	22 February 2017	1. Financial Performance Report - January 2017. 2. Wealth Management Branding. 3. Potential Legal Risk on Investment Backed Loan. 4. Transformation 2.0. 5. Promotion Expense 2017.
5	8 March 2017	1. Trustee. 2. Compliance. 3. Internal Audit Report 2017. 4. Corporate Social Responsibility Policy. 5. Customer Fund Account Project. 6. Customer Productivity and PMO Update. 7. HC Update (Pension Fund Performance).
6	22 March 2017	1. Financial Performance Report - February 2017. 2. Second year review on Deposit Opening through IB/MB. 3. 2017 – 2020 Planning.

No.	Date	Meeting Agenda
7	5 April 2017	<ol style="list-style-type: none"> <li>1. Internal Audit Report - March 2017.</li> <li>2. Compliance Profile Report - March 2017.</li> <li>3. Review on compliance policy.</li> <li>4. Review on Customer Experience policy.</li> <li>5. Second Annual Review.                             <ul style="list-style-type: none"> <li>- Mudharabah current account.</li> <li>- IB Community savings.</li> </ul> </li> <li>6. HC Agenda.</li> <li>7. Productivity &amp; PMO Update.</li> </ol>
8	26 April 2017	<ol style="list-style-type: none"> <li>1. Financial Performance Report - March 2017.</li> <li>2. Private Banking.                             <ul style="list-style-type: none"> <li>- KYC Process, client selection policy and direction.</li> <li>- Feasibility study.</li> </ul> </li> <li>3. Organization Chart.</li> </ol>
9	10 May 2017	<ol style="list-style-type: none"> <li>1. Compliance.                             <ul style="list-style-type: none"> <li>- Profile Rport - April 2017.</li> <li>- Temporary audit result of FSA.</li> </ul> </li> <li>2. Internal Audit.                             <ul style="list-style-type: none"> <li>- Report - April 2017.</li> <li>- Progress Update of Data Analytics Enhancement.</li> </ul> </li> <li>3. Organization Chart effective on 1 July 2017.</li> <li>4. Bank Business Plan revision.</li> <li>5. Productivity &amp; PMO Update.</li> <li>6. Risk Culture Maturity Index.</li> </ol>
10	24 May 2017	<ol style="list-style-type: none"> <li>1. Financial Performance Report - April 2017.</li> <li>2. Organization Chart.</li> <li>3. Risk Culture Maturity.</li> </ol>
11	7 June 2017	<ol style="list-style-type: none"> <li>1. Productivity &amp; PMO Updates.</li> <li>2. Organization Chart effective on 1 - July 2017.</li> <li>3. Compliance Profile Report - May 2017.</li> <li>4. Review on Policy of Bank Governance Guidelines and Information Wall.</li> <li>5. Internal Audit Report - May 2017.</li> <li>6. Cyber Security.</li> </ol>
12	21 June 2017	<ol style="list-style-type: none"> <li>1. Financial Performance Report - May 2017.</li> <li>2. Alignment of Corporate Resources to Key.</li> <li>3. Target Market.</li> <li>4. Organization Chart</li> <li>5. Second annual review on Multicurrency Remittance.</li> <li>6. Network Transformation Update.</li> <li>7. Basic HC Hygiene Issues.</li> </ol>
13	14 July 2017	<ol style="list-style-type: none"> <li>1. Productivity &amp; PMO Updates.</li> <li>2. Internal Audit Report - June 2017.</li> <li>3. Compliance Profile Report - June 2017.</li> <li>4. Roadmap Spin Off SBU</li> <li>5. Follow up on draft of Financial Conglomeration Holding Company regulation.</li> <li>6. Other Business : Operating Model.</li> </ol>
14	26 July 2017	<ol style="list-style-type: none"> <li>1. Financial Performance Report - June 2016.</li> <li>2. Business Transformation.</li> <li>3. EES Update.</li> </ol>
15	9 August 2017	<ol style="list-style-type: none"> <li>1. Savings: plan realization and results, issues and necessary support.</li> <li>2. Employee Engagement 2018.</li> <li>3. Compliance AML-CFT Report - July 2017, follow upon FSA exit meeting.</li> <li>4. Internal Audit Report - July 2017, follow up on FSA exit meeting.</li> <li>5. Productivity &amp; PMO Update.</li> <li>6. Review on AML-CFT policy.</li> <li>7. Annual Operating Plan (AOP) 2018: assumption, SWOT/External Analysis, Forecast 2017 and projected costs 2018.</li> <li>8. Review on governance policy.</li> <li>9. Framework of OCBC NISP One (FONO) forum and CEO dialogue.</li> </ol>

No.	Date	Meeting Agenda
16	23 August 2017	<ol style="list-style-type: none"> <li>1. Financial Performance - June 2017.</li> <li>2. FONO &amp; CEO Dialogue framework.</li> <li>3. HC Policy and Flexible Benefit Update.</li> </ol>
17	11 September 2017	<ol style="list-style-type: none"> <li>1. Compliance and AML-CFT Report - August 2017.</li> <li>2. IAD Report August 2017 &amp; follow up on FSA. Closing Meeting, portfolio review.</li> <li>3. Productivity &amp; PMO Update.</li> <li>4. Review on BOD Charter Policy.</li> <li>5. Annual Operating Plan 2018, 5 years projection &amp; strategy.</li> <li>6. Performance of Pension Fund.</li> </ol>
18	25 September 2017	<ol style="list-style-type: none"> <li>1. Review on treasury product policy.</li> <li>2. Financial Performance Report - August 2017.</li> <li>3. Annual Operating Plan 2018 : 5 years Corporate Strategy, 2018 plan and revised strategy.</li> </ol>
19	6 October 2017	<ol style="list-style-type: none"> <li>1. Compliance AML-CFT Report September 2017.</li> <li>2. Internal Audit Report September 2017.</li> <li>3. Treasury General Policy.</li> <li>4. Material to be presented at BOC Meeting:                             <ul style="list-style-type: none"> <li>- Financial performance September 2017.</li> <li>- Customer solution (individual customer, business Banking).</li> <li>- Business segment (business Banking, retail Banking).</li> </ul> </li> <li>5. Treasury, Operational, IT, HC, Risk Management.</li> <li>6. Digital Banking for Individual Entrepreneur.</li> <li>7. Productivity &amp; PMO Updates.</li> <li>8. EES Update.</li> <li>9. Career Day Update.</li> </ol>
20	18 October 2017	<ol style="list-style-type: none"> <li>1. Office 365.</li> <li>2. Financial Performance Report - September 2017.</li> <li>3. 2018 Plan.</li> <li>4. Other businesses.</li> </ol>
21	8 November 2017	<ol style="list-style-type: none"> <li>1. Organization Structure.</li> <li>2. Update on HC Committee: including Review on Leave Policy.</li> <li>3. Compliance &amp; AML-CFT Report - October 2017.</li> <li>4. Internal Audit Report - October 2017.</li> <li>5. Productivity &amp; PMO Update.</li> <li>6. Segmentation (Private Banking Update).</li> </ol>
22	22 November 2017	<ol style="list-style-type: none"> <li>1. Financial performance report - October 2017.</li> <li>2. HC Committee update.</li> <li>3. Organization structure 2018.</li> <li>4. Pension fund performance.</li> <li>5. Review on JIBOR policy.</li> <li>6. Review on records management.</li> <li>7. Data quality.</li> <li>8. Other businesses.</li> </ol>
23	6 December 2017	<ol style="list-style-type: none"> <li>1. HC update.</li> <li>2. EES Action Plan.</li> <li>3. Employee performance assessment process.</li> <li>4. Compliance profile report.</li> <li>5. Internal Audit report.</li> <li>6. Productivity and PMO Update.</li> <li>7. Financial performance report.</li> <li>8. Other businesses.</li> </ol>

## JOINT MEETING OF BOC AND BOD

### A. Number of Meetings and Attendance

No.	Name	Joint Meeting of BOD and BOC		
		Number of meetings	Attendance	% Attendance
1.	Parwati Surjaudaja	3	3	100%
2.	Yogadharna Ratnapalasari	3	2	67%
3.	Rama Pranata Kusumaputra	3	3	100%
4.	Hartati	3	3	100%
5.	Emilya Tjahjadi	3	2	67%
6.	Martin Widjaja	3	3	100%
7.	Andrae Krishnawan W.	3	3	100%
8.	Johannes Husin	3	3	100%
9.	Low Seh Kiat	3	1	33%
10.	Joseph Chan Fook Onn	3	3	100%

### B. Meeting Agenda

No.	Date	Meeting Agenda
1.	24 March 2017	1. Feb 2017 Financial Performance. 2. Three Lines of Defense. 3. Private Banking. 4. Transformation 2.0.
2.	25 August 2017	1. July 2017 Financial Performance. 2. Service. 3. Operational Transformation. 4. Review on AML-CFT Policy.
3.	12 December 2017	1. November 2017 Financial Performance. 2. 2018 KPI. 3. Integrated Customer Touchpoints. 4. Network Transformation. 5. Compliance and AML-CFT. 6. Bonus shares and Authorized Capital.

## IMPLEMENTATION OF BOD DUTIES

### A. Induction Program for New Member of BOD

In 2017, there was no new member of BOD. Therefore, there was also no induction program for new Director.

### B. Competencies Improvement Program for BOD Members in 2017

In favor of duties and responsibilities implementation, throughout 2017, the BOD has participated in the following trainings:

Name	Training/Workshop/Seminar	Date	Organizer	Venue
Parwati Surjaudaja	Mega Seminar Lessons - Disney University	17-18 May 2017	Lutan Edukasi	Jakarta
	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Regional Financial Services Digital Competition Landscape	15 August 2017	Deloitte	Singapore
	Global Trends in Big Data & AI & Impact on Financial Sector	15 August 2017	Deloitte	Singapore
	Workshop CFS	28 September 2017	OCBC Singapore	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	Brainstorm Tech International 2017	5-6 December 2017	Fortune	Guangzhou
	Fortune Global Forum	6-8 December 2017	Fortune	Guangzhou
Yogadharna Ratnapalasari	Integration Lab	14 December 2017	Deloitte	Jakarta
	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	Tech Lab	29 November 2017	Deloitte	Jakarta
Rama Pranata Kusumaputra	Integration Lab	14 December 2017	Deloitte	Jakarta
	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
Hartati	Integration Lab	14 December 2017	Deloitte	Jakarta
	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
Emilya Tjahjadi	Integration Lab	14 December 2017	Deloitte	Jakarta
	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
Emilya Tjahjadi	Integration Lab	14 December 2017	Deloitte	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta

Name	Training/Workshop/Seminar	Date	Organizer	Venue
Martin Widjaja	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Leading Strategy Growth and Change	16-20 October 2017	Columbia Business School, Executive Education.	New York
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	Collaboration Lab	6 December 2017	Deloitte	Jakarta
	Integration Lab	14 December 2017	Deloitte	Jakarta
Andrae Krishnawan W.	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	Integration Lab	14 December 2017	Deloitte	Jakarta
Johannes Husin	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	Integration Lab	14 December 2017	Deloitte	Jakarta
Low Seh Kiat	ASEAN Strategy Forum	17-18 March 2017	Ernst & Young	Singapore
	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	Integration Lab	14 December 2017	Deloitte	Jakarta
Joseph Chan Fook Onn	OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	Integration Lab	14 December 2017	Deloitte	Jakarta

## ASSESSMENT OF BOD PERFORMANCE

### Procedures for Implementation of Assessment of BOD Performance

The Bank conducted an evaluation process regarding the BOD's performance individually and in group in relation to the Bank's plans and strategies which have been implemented previously.

- **Criteria Used in Assessment of BOD Performance**

#### Individual Assessment of BOD Members

In carrying out the assessment of the BOD performance, the Bank used the Balance Score Card (BSC) which is stipulated in the form of goal setting and a more detailed Key Performance Indicators (KPI) that has been collectively agreed upon in reference to the Bank's strategies. The assessment of the KPIs of BOD refers to the following five aspects, which are:

- Finance.
- Customers.
- Products.
- Service and Process.
- People.

The weighting criteria for the assessment is different between one Director and another, depending on each individual's duties and functions. The individual performance assessment is done by the President Director.

#### Collective assessment of performance in group or collegial

- Assessment of BOD duties and responsibilities in group is delivered by BOC Report on page 15-18 in this Integrated Annual Report. In carrying out its duties to conduct assessment on BOD performance, the BOC is assisted by Remuneration and Nomination Committee.
- Assessment of the GCG Implementation (Self-Assessment) in terms of the assessment of BOD performance is also conducted through self assessment by filling out the Self Assessment Working Sheet, as stipulated in the circular letter of Bank Indonesia No. 15/15/DPNP dated April 29, 2013 on GCG implementation for Commercial Banks.

#### The indicators used cover the following assessment aspects:

- Assessment of the governance structure assesses the adequacy of the Bank's governance structure and infrastructure to ensure that GCG implementation delivers the outcome that meets the expectations of stakeholders.
- Assess the effectiveness of the implementation process of GCG principles which is supported by the adequacy of Bank's governance structure and infrastructure.
- The assessment of governance outcome to assess the outcome quality that meets the expectation of stakeholders.

### The Assessor Party

The performance assessment of BOD was individually conducted by the President Director, while the collegial performance assessment was conducted by the BOC and assisted by Remuneration and Nomination Committee.

## DISCLOSURE OF AFFILIATION RELATIONSHIP BETWEEN MEMBERS OF BOD, BOC, AND MAJORITY AND/OR CONTROLLING SHAREHOLDERS

Majority of BOD members of Bank OCBC NISP have no affiliation in terms of both financial and family relations with BOC members, other BOD members and/or Controlling Shareholders of the Bank. Parwati Surjaudaja is the only BOD member who has family relationship with BOC members.

No.	Name	Financial Relationship			Family Relationship		
		Controlling Shareholder	BOC	BOD	Controlling Shareholder	BOC	BOD
1.	Parwati Surjaudaja	-	-	-	-	√	-
2.	Yogadharma Ratnapalasar	-	-	-	-	-	-
3.	Rama Pranata Kusumaputra	-	-	-	-	-	-
4.	Hartati	-	-	-	-	-	-
5.	Emilya Tjahjadi	-	-	-	-	-	-
6.	Martin Widjaja	-	-	-	-	-	-
7.	Andrae Krishnawan W.	-	-	-	-	-	-
8.	Johannes Husin	-	-	-	-	-	-
9.	Low Seh Kiat	√	-	-	-	-	-
10.	Joseph Chan Fook Onn	√	-	-	-	-	-

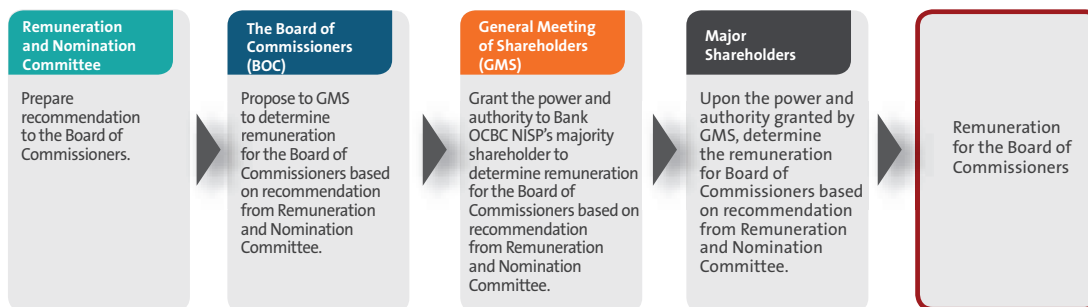
√ : there is - : there is no

## REMUNERATION POLICY OF BOC AND BOD

### a. Remuneration Policy for BOC

GMS granted the authority to majority shareholders to determine salary/honorarium and allowances for BOC based on recommendation from Remunerartion and Nomination Committee.

- Procedure of Determining the Remuneration of BOC**



- Remuneration Structure for BOC Members**

Remuneration package for BOC as of 31 December 2017 was as follows:

Total Remuneration and Other Facilities	BOC	
	Person	Amount (Rp Million)
Remuneration		
a. Salary, routine allowances and other facilities.	8	22,529
b. Bonus.	-	-
Other facilities (transportation, health, etc):		
a. Could be owned.	8	615
b. Could not be owned.		
Total	8	23,144

Total Remuneration and Other Facilities	Number of Commissioners
> Rp2 billion	4
≤ Rp2 billion	4

- **Disclosure of Performance and Non-Performance Bonuses, and/or stock option received by members of BOC**  
In order to maintain the independence in carrying out its duties, since 2008 the Bank's BOC did not receive remuneration in the form of bonuses on the Bank's performance achievement.

**b. Remuneration Policy for BOD**

- **Procedure of Determining the Remuneration of BOD**



- **Remuneration Structure for BOD Members**  
Remuneration package for BOD as of 31 December 2017 was as follows:

Total Remuneration and Other Facilities	BOD	
	Person	Amount (Rp Million)
Remuneration	9	101,760
a. Salary, routine allowances and other facilities.		
b. Bonus.		
Other facilities (transportation, health, etc):	9	2,031
a. Could be owned.		
b. Could not be owned.		
<b>Total</b>	<b>9</b>	<b>103,791</b>

\*) one Director does not received remuneration and other facilities from Bank OCBC NISP

Total Remuneration and Other Facilities	Number of Directors
> Rp2 billion	9
≤ Rp2 billion	-

- **Indicator of Determining Remuneration for BOD**  
Determination of BOD remuneration was based on several judgements of appropriateness as well as equitable indicators which included factors of financial performance, target performance, fairness with peer group, strategy objective, balance of fixed and variable allowances.

## COMMITTEES UNDER THE BOC

In order to support the effective execution of duties and responsibilities, BOC has established Audit Committee, Remuneration and Nomination Committee, and Risk Monitoring Committee. The Committee's members are appointed by the BOD based on BOC's decision upon the recommendation of Remuneration and Nomination Committee. Each Committee is chaired by an Independent Commissioner and has a Charter which is updated periodically.

### a. Audit Committee

#### Profile of Audit Committee

**Kwan Chiew Choi** Chairman  
His complete profile can be seen on profile of BOC on page 41 in this Annual Report.



**Kurnia Irwansyah**  
Member  
(Independent Party)

Indonesian Citizen, 59 years old.  
Audit Committee Member of Bank OCBC NISP since July 2014.

Prior to serving as Managing Director at IFFPT Essence Indonesia (1998-2008), Finance Director at IFFPT Essence Indonesia (1993-1998), Finance Manager of PT Djaya Beverage Bottling Company (1985-1988), Accounting Manager of PT Coca Cola Indonesia (1983-1985), Assistant to Audit Manager of Public Accounting Firm Hadi Sutanto & Partner/Pricewaterhouse (1979-1983).

Currently he also serves as Senior Lecturer in Accounting for Faculty of Economics, University of Indonesia since 1985.

He holds a Bachelor's degree in Economics majoring in Accounting from Faculty of Economics, University of Indonesia (1982), Master Degree in Accounting from MAKSI, Faculty of Economics, University of Indonesia (2010), Chartered Accountant from Institute of Indonesian Chartered Accountants (2014) and Certified Lecturer from Ministry of Education (2014).



**Rufina Tinawati**  
**Mariato**  
Member  
(Independent Party)

Indonesian Citizen, 58 years old  
Audit Committee Member of Bank OCBC NISP since June 2016.

Currently serving as Independent Commissioner of PT Bank Mayora since June 2016.

Previously, she served at the Bank OCBC NISP as Commercial Business Division Head, Executive Commercial Business Unit as a Member of the Commercial Credit Committee and Commercial Sales & Marketing Support Head (2007-2014), Jatabeka Commercial General Manager at Permata Bank (2003-2006) and has held various positions at Bali Bank since 1987 with the last position of General Manager of Large Commercial Banking - Jakarta Business Unit (2001-2003).

She holds a Bachelor's degree in Technical Architecture and Economic Management, Catholic University of Parahyangan, Bandung.

Audit Committee refers to the following regulations in force:

1. FSA Regulation Number 13/POJK.03/2017 on The Use of Public Accountant and Auditing Firm in Financial Services Activities.
2. FSA Regulation No. 55/POJK.03/2016 dated December 7, 2016 concerning GCG Implementation for Commercial Banks.
3. FSA Regulation No. 55/POJK.04/2015 dated December 23, 2015 concerning the Establishment and Work Guidelines of Audit Committee.
4. Indonesia Stock Exchange Regulation No. I-A dated January 20, 2014 regarding Listing of Shares and Equity-Type Securities other than Shares as issued by Listed Companies.

#### Legal Basis of Establishment

The Audit Committee is established and is directly responsible to the BOC in assisting the BOC in performing its duties and oversight responsibilities based on BOC Decree No. KPTS/DEKOM/015/2001 dated October 22, 2001.

#### Membership and Expertise

Audit Committee consists of one Independent Commissioner as Chairman, one Independent Party with an expertise in finance/accounting as a member, and one Independent Party with an expertise in law or banking as member.

#### Period and Terms of Office of Audit Committee Members

Position in Committee	Position in Bank OCBC NISP	Name	Legal Basis of Appointment		Period and Term of Office	
			BOD Decree	Effective Date	End of Term	
Chairman	Independent Commissioner	Kwan Chiew Choi	KPTS/DIR/HK.02.02/CORPSECR/020/2017 dated 17 March 2017	30 March 2017	AGMS 2020	
Member	Independent Party	Kurnia Irwansyah	KPTS/DIR/HK.02.02/CORPSECR/022/2017 dated 17 March 2017	30 March 2017	AGMS 2020	
Member	Independent Party	Rufina Tinawati Mariato	KPTS/DIR/HK.02.02/CORPSECR/021/2017 dated 17 March 2017	30 March 2017	AGMS 2020	



### Audit Committee Charter

Audit Committee has an Audit Committee Charter as guidelines in carrying out its duties and responsibilities professionally and independently which covers:

- a. Composition.
- b. Structure.
- c. Authorities.
- d. Ethics and Working Time.
- e. Organizing Meetings.
- f. Accountability reporting Audit Committee Charter was last updated on October 20, 2017 and is reviewed periodically in accordance with the prevailing rules and regulations. The Charter has been uploaded on the official website of Bank OCBC NISP at [www.ocbcnisp.com](http://www.ocbcnisp.com).

### Duties and Responsibilities of Audit Committee

Audit Committee carries out its function as referred to in the rules and regulations of capital market, banking, and Indonesia Stock Exchange as well as referring to the Audit Committee Charter. In carrying out its duties and responsibilities, the Audit Committee acts independently.

According to the Audit Committee Charter, the duties and responsibilities of the Audit Committee are as follows:

1. Monitoring and evaluating audit planning and execution as well as monitoring the follow up of the audit results in order to assess the adequacy of internal controls, including the adequacy of the financial reporting process.
2. Conducting monitoring and evaluation of implementation of internal audit duties, conformity of financial statements with financial auditing standards, following up by BOD on the finding of internal audit, public accountant, and FSA supervision result in order to provide recommendations to BOC.
3. Reviewing financial information which will be issued by the Bank including the financial statements, projections and other statements related to the financial information of the Bank.
4. Reviewing compliance with laws and regulations relating to the Bank activities.
5. Providing an independent opinion in the event of disagreements between management and the independent auditors.
6. Evaluating the audit services for annual historical financial information conducted by Public Accountant and / or Public Accounting Firm by conducting conformity of audit implementation by Public Accountant and / or Public Accounting Firm with applicable audit standards.
7. Making recommendations to the BOC on the appointment of Public Accountant and/or Public Accounting Firm based on independence, scope of audit and proposed honorarium to be submitted at GMS.

More detailed duties and responsibilities of Audit Committee can be seen on Audit Committee Charter which is available on official website of the Bank at [www.ocbcnisp.com](http://www.ocbcnisp.com).

### Independence of Audit Committee Members

The Audit Committee have shall act independently in carrying out its duties and responsibilities, among others providing an independent opinion in the event of disagreements between management and the independent auditors.

### Audit Committee Meeting, Meeting Agenda and Level of Attendance

As stipulated in the Audit Committee Charter, the Committee may hold a meeting any time, but not less than four times in a year. The Audit Committee meeting may be held when it is attended by 51% of members and meeting resolutions shall based on deliberation and consensus.

During 2017, Audit Committee has held 23 (twenty three) meetings, consisting of:

- a. Four meetings with the Public Accountant to review on independence, focus and audit scope, evaluation results of the internal control, significant audit findings, accounting and financial reporting aspect and other audit aspects.
- b. Four meetings with Director of Finance to review and discuss matters related to accounting and financial reporting aspects.
- c. Five meetings with the Internal Audit to review on the adequacy of internal controls system, governance process, audit findings, follow-up of audit findings and improvement of Audit Methodology.
- d. Four meetings with Director of Compliance, to review the Bank's compliance to the prevailing rules and regulations.
- e. Three meetings with the BOC to submit regular report on the Audit Committee activities and provide relevant inputs and recommendations to the BOC and consult on matters related to the implementation of duties and responsibilities of the Committee.
- f. Three meetings of Ad Hoc Special Audit Committee.

### Attendance level of Audit Committee at meetings is as follows:

No	Position in Committee	Name	Number of meetings	Attendance	% Attendance
1	Chairman	Kwan Chiew Choi **)	23	18	78%
2	Chairman	Jusuf Halim*)	23	5	21%
3	Member (Independent Party)	Made Rugeh Ramia*)	23	5	21%
4	Member (Independent Party)	Kurnia Irwansyah	23	23	100%
5	Member (Independent Party)	Rufina Tinawati Mariano **)	23	18	78%

\*) End of term as Chairman and Member of Audit Committee at AGMS on March 30, 2017

\*\*\*) Effectively served as Chairman and Member of Audit Committee on March 30, 2017

**2017 Audit Committee Activities**

Through the meetings held during 2017, as explained above, the Audit Committee has conducted a review, evaluation and monitoring with regard to its scope of work and responsibilities, as follows:

- a. With Compliance Director, among others:
  - 1) Implementation of prudential banking principles and the compliance with regulations and efforts to improve compliance culture.
  - 2) Follow-ups on recommendation from internal audit, public accountant and supervisory authorities in regards to disobedience findings and corrective actions which have and will be performed by the management.
  - 3) Current development of banking regulations and other relevant regulations and analysis of the impact on the Bank as well as its implementation actions by the management.
  - 4) Effectiveness of monitoring system, compliance with regulations, policies, system, procedures and code of conduct as well as follow-ups of management on disobedience.
  - 5) Implementation of policies, procedures, and Anti Money Laundering Program and Combating the Financing of Terrorism as well as follow-ups on internal audit recommendations.
  
- b. With Financial & Planning Director, among others:
  - 1) Conducted review on the soon-to-be-released financial information and monitored the process of financial reporting to ensure the integrity of financial statements and a healthy and transparent financial reporting process, aside from ensuring that the financial statements have been drawn up and presented in accordance to the financial accounting standards which is applicable in Indonesia.
  - 2) Ensured that the Management has conducted a follow up on the recommendation of internal audits, public accountant, and supervisory authority in relations to the financial reporting aspect, and that the Management regularly follows the Financial accounting standard that will be issued, reviews the impact of changes in accounting standards for the Bank prior to the effective date and conducts early necessary actions in preparation of an accurate implementation.
  - 3) Did a review to ensure that the content and disclosures of financial statements, the application of accounting principles, the use of estimates and significant judgment and the treatment of accounting changes, including the application of new accounting standards effective in the current year, are appropriate and in accordance to the applicable Financial Accounting Standards in Indonesia.
  
- c. With Internal Audit, among others:
  - 1) Monitored the effectiveness of an independent and objective function of internal audit in the attempt to assess the adequacy and effectiveness of governance process, risk management and internal control.
  - 2) Discussed the outcome of risk assessment by internal audit, risk based audit plan, audit scope and focus to ensure the coverage of main risks and main functions in audit scope. In addition, other aspects were also discussed such as improvement of audit methodology, utilization of technology development in audit process to enhance the effectiveness and efficiency of audit as well as the role of Internal Audit in strengthening and empowering Three Lines of Defense.
  
- d. With Public Accountant, among others:
  - 1) Confirmed the independence of public accountant and public accounting firm and ensured real actions were taken to maintain the independence and objectivity during the audit. In addition, there was also discussion about audit strategy and plan, audit scope and focus, auditor response to identified risk in order to ensure that audit was addressed to properly respond against the identified main risks.
  - 2) Discussed the evaluation results on the effectiveness of internal control system, significant audit findings, including audit results on implementation of accounting principle and policy, quality of assumption implementation, significant estimation and consideration by the Management including the adequacy of allowance for impairment losses, other significant financial reporting issues and transparent financial condition of the Bank, disclosure and support of management during the audit as well as if the discrepancies with the management existed, to ensure the integrity of financial statements. In addition, there was also a discussion with Public Accountant on the development of financial accounting standards to understand the impact of new accounting standards implementation which have and will be released, including PSAK 71 (IFRS 9) and its impact on the Bank's financial statements as well as the actions of preparing the implementation by the Management.


- 3) Supervised the effectiveness of an independent and objective external audit function in accordance with audit standards.
- 4) Held a meeting with the Public Accountant in a separate session without Management's presence to discuss any important matter to be conveyed by Public Accountant.
- e. With BOC, among others:  
Reported the quarterly activities of Audit Committee, submitted key issues and recommendation of Audit Committee to the BOC
- on governance aspect, accounting, audit, compliance and internal control which included submitting the evaluation results of Audit Committee on the audit conducted by public accountant on the previous year financial statements, as well as the Audit Committee recommendation on the appointment of Public Accountant for the current year and the recommendation to update the Audit Committee Charter.
- Moreover, the Audit Committee has also performed self-assessment on its performance.

#### Training Program for Audit Committee in 2017

Name	Training/Workshop/Seminar	Date	Organizer	Venue
Kwan Chiew Choi	Please refer to table of training for BOC on page 118.			
Kurnia Irwansyah	Workshop - Financial Investigation and Forensic Accounting.	13 – 14 July 2017	Indonesian Institute of Accountants	Jakarta
	OCBC NISP BOD/BOC Insight. Session - Trend of Indonesian Economic and Politic.	17 July 2017	Castle Asia Business Management Consultant	Jakarta
	The 6 <sup>th</sup> International Accounting Conference - The Growth Game Changer: Digital Economy, Financial Inclusion, and Accounting Roles.	27–29 August 2017	Department of Accounting, University of Indonesia and Bank Indonesia	Jakarta
	The 2 <sup>nd</sup> Asia-Pacific Research in Social Sciences and Humanities. - Culture and Society for Local and Global Sustainable Development.	27 – 29 September 2017	The Asia-Pacific Research in Social Science and Humanities - Universitas Indonesia Conference	Jakarta
	Experiment Research Method.	11 October 2017	Department of Accounting, Accounting Science Post Graduate, University of Indonesia	Jakarta
	National Seminar – Development of Financial Accounting Standards.	17 October 2017	Economic and Business Faculty, Accounting Science Post Graduate, University of Indonesia	Jakarta
	National Seminar – Development of Audit Standards: The Impact of Technology Development on Accountant Profession.	18 – 19 October 2017	Department of Accounting, University of Indonesia and Indonesian Institute of Accountants	Jakarta
	Workshop: How to Write a Scientific Paper in International Journal.	30 November 2017	Economic and Business Faculty, University of Indonesia	Jakarta
	Design Thinking - 1 day Introductory Workshop.	6 December 2017	SAP Training & Development Institute	Jakarta
	Internasional Seminar - Toward 2030: Transforming Role of Professional Accountants in The New Economy Order.	14–15 December 2017	Indonesian Institute of Accountants	Jakarta
Rufina Tinawati Marianto	Orientation for new Committee members on OCBC NISP.	6 April 2017	Internal Management	Jakarta

## b. Remuneration and Nomination Committee

### Profile of Remuneration and Nomination Committee

<b>Jusuf Halim</b> Chairman	His complete profile can be viewed on profile of BOC on page 40 in this Annual Report.
<b>Pramukti Surjandaja</b> Member	His complete profile can be viewed on profile of BOC on page 40 in this Annual Report.
<b>Peter Eko Sutioso</b> Member	His complete profile can be viewed on profile of BOC on page 40 in this Annual Report.
<b>Samuel Nag Tsien</b> Member	His complete profile can be viewed on profile of BOC on page 40 in this Annual Report.
 <b>Julie Anwar</b> Member	<p>Indonesian Citizen, 42 years old.</p> <p>Member of Remuneration and Nomination Committee of Bank OCBC NISP since AGMS on March 30, 2017.</p> <p>Head of Human Capital, Bank OCBC NISP (July 2014–present).</p> <p>Previously served as Head of Human Resources of PT Bank QNB Kesawan Tbk. (2013-2014), held various positions at Citibank N.A. Jakarta with her last position as the Head of ICG Human Resources (2008-2013), Associate at Mercer Human Resources Consulting, Jakarta (2001-2004) and Analyst at HSBC Securities Indonesia, Jakarta (1998-2001).</p> <p>She obtained her Bachelor degree in Commerce from Deakin University, Victoria, Australia.</p>

Remuneration and Nomination Committee refers to FSA Regulation Number 55/POJK.03/2016 dated December 7, 2016 on Implementation of Governance for Commercial Banks and FSA Regulation Number 45/POJK.03/2015 dated December 23, 2015 on Implementation for the Provision of Remuneration for Commercial Banks.

### Legal Basis of Establishment

The Remuneration and Nomination Committee is established by and is responsible directly to BOC based on the BOC Decree No.KPTS/DEKOM/010/2006 dated December 7, 2006 to support the implementation of function and duties of the BOC related to the policy implementation of the Remuneration and Nomination of BOC and BOD as well as the Bank's employment system.

### Membership and Expertise

The membership of Remuneration and Nomination Committee consists of:

- One Independent Commissioner as Chairman.
- One Independent Commissioner as member.
- Two Non-Independent Commissioners as members.
- One Executive Officer who is incharge of human capital.

### Period and Term of Office of Members of Remuneration and Nomination Committee

Position in the Committee	Position in Bank OCBC NISP	Name	Legal Basis of Appointment	Period and Term of Office	
			BOD Decree	Effective Date	End of Term
Chairman	Independent Commissioner	Jusuf Halim	KPTS/DIR/HK.02.02/CORPSECR/027/2017 dated 17 March 2017	30 March 2017	AGMS 2020
Member	Commissioner	Pramukti Surjandaja	KPTS/DIR/HK.02.02/CORPSECR/028/2017 dated 17 March 2017	30 March 2017	AGMS 2020
Member	Independent Commissioner	Peter Eko Sutioso	KPTS/DIR/HK.02.02/CORPSECR/029/2017 dated 17 March 2017	30 March 2017	AGMS 2020
Member	Commissioner	Samuel Nag Tsien	KPTS/DIR/HK.02.02/CORPSECR/012/2015 dated 13 February 2015	9 April 2015	AGMS 2018
Member	Executive who supervises Human Capital	Julie Anwar	KPTS/DIR/HK.02.02/CORPSECR/029/2017 dated 17 March 2017	30 March 2017	AGMS 2020

### The Remuneration and Nomination Committee Charter

The Remuneration and Nomination Committee has a Charter that functions as binding guidelines for the members, which cover:

- a. Composition.
- b. Duties and responsibilities.
- c. Work procedure.
- d. Ethics and Working Time.
- e. Working Time.
- f. Meeting.
- g. Disclosure and reporting.

The Remuneration and Nomination Committee Charter was last updated on October 20, 2017 and will be reviewed periodically in accordance with the prevailing rules and regulations. For further information, please visit the official website of Bank OCBC NISP at [www.ocbcnisp.com](http://www.ocbcnisp.com).

### Duties and Responsibilities of Remuneration and Nomination Committee

The Remuneration and Nomination Committee carries out duties and responsibilities in accordance to the Bank Indonesia Regulation and Banking Regulations as well as referring to the Charter of Committee which covers, among other things:

#### The Scope of Remuneration

1. Evaluates the remuneration policy and provide recommendation to the BOC regarding:
  - a. Remuneration structure, policy, and amount for BOC, BOD and SSB to be submitted to General Meeting of Shareholders.
  - b. Remuneration structure, policy, and amount for Executive Officers and employees as a whole to be submitted to the BOD.
  - c. Remuneration structure, policy, and amount for the Committee members of the BOC.
2. Assists the BOC to assess the performance in accordance to the suitability of remuneration received by each member of the BOD, the BOC, and/or SSB.
3. The Committee shall make recommendations to the BOC on compensation for members of BOC, BOD, SSB and Committee after their appointment periodically.

#### The Scope of Nomination

1. Giving recommendation to the BOC on:
  - a. The composition of members of the BOD, BOC, and/or SSB.
  - b. Policy and criteria which are needed in Nomination process.
  - c. Performance evaluation policy for the members of the BOD, BOC, and/or SSB.
  - d. The system and procedures of appointment, termination and/or replacement of the members of the BOC, BOD and SSB to be proposed to the General Meeting of Shareholders.

- e. Nomination of the BOC, BOD and SSB members to be proposed to the General Meeting of Shareholders.
  - f. Candidate who is qualified as Independent Party who shall be a member of Committee.
2. Assisting the BOC in assessing the performance of the members of the BOD, BOC, and/or SSB based on the benchmark that has been prepared for consideration.
  3. Providing recommendations to the BOC regarding the capability building program for members of the BOD and / or members of the BOC.
  4. In performing its task, the Committee is responsible to the BOC and shall act independently.

Further information on the duties and responsibilities of Remuneration and Nomination Committee can be viewed on the Charter of Remuneration and Nomination Committee through the Bank's official website at [www.ocbcnisp.com](http://www.ocbcnisp.com)

### The Independence of Remuneration and Nomination Committee Members

Remuneration and Nomination Committee acts independently in carrying out its duties and responsibilities in accordance with the company's purpose and needs professionally and independently, and not influenced by intervention from other party.

### Meeting, Agenda, and Level of Attendance of Remuneration and Nomination Committee

#### Meeting Policy

In regards to the Charter, the meeting mechanism of Remuneration and Nomination Committee are as follows:

1. The Committee meeting is held periodically at least once in four months.
2. The meeting only could be implemented if:
  - a. It is attended by at least 51 percent of total members including an Independent Commissioners and Executive Officer who are in charge of human resources or an employee representative.
  - b. One of the 51 percent members as mentioned in point a. is the Committee Chairman.
3. The Committee has the right to acquire information about remuneration of Executive Officer or the Bank's employees.
4. The Committee is entitled to request the presence of related parties that have relevant experience and skills in the meeting, if deemed necessary.
5. In case of other party is being invited by the Committee, during the decision making, the Committee shall act independently.
6. Meeting decisions are made based on deliberation and consensus. In the event of no deliberation and consensus, the decision making is conducted based on the majority of votes with the principle of one person for one vote.

7. Dissenting opinions that occurred in the meeting shall be stated in the minutes of meeting along with the reasons.
8. All decisions in writing, signed or approved by majority of the Committee will be in force as a decision taken in a meeting and may consist of several documents, each signed by one or more members of the Committee. The majority members who sign or approve must be independent members and Executive Officers. The terms “in writing” and “signed” includes an agreement that has been conveyed through email or facsimile by Committee members.
9. The result of Committee meeting must be well documented and stipulated in the minutes of the meeting.
10. A copy of the minutes of the meeting signed by all of the members of the Committee who attended must be distributed to all members of the Committee and BOC.

**Throughout 2017, the Remuneration and Nomination Committee has held four meetings with the following level of attendance:**

No	Position in the Committee	Name	Number of Meetings	Attendance	% Attendance
1	Ketua	Jusuf Halim **)	4	3	75%
2	Ketua	Roy Athanas Karaoglan*)	4	1	25%
3	Anggota	Pramukti Surjaudaja	4	4	100%
4	Anggota	Peter Eko Sutioso	4	4	100%
5	Anggota	Samuel Nag Tsien	4	4	100%
6	Anggota	Mustika Atmanari*)	4	1	25%
7	Anggota	Julie Anwar**)	4	3	75%

\*) End of term as Chairman and Member of Remuneration and Nomination Committee at AGMS on March 30, 2017.

\*\*) Effectively served as Chairman and Member of Remuneration and Nomination Committee since AGMS on March 30, 2017.

**2017 Remuneration and Nomination Committee Activities**

During 2017, Remuneration and Nomination Committee has conducted its tasks and responsibilities, such as:

1. Remuneration Function
  - a. Evaluated the remuneration policies taking into consideration the Bank’s performance, risk, fairness, objectives and strategies, the adequacy of provision and Bank’s potential revenues.
  - b. Submitted the results of evaluation and recommendation to BOC regarding the remuneration for BOC, BOD, Sharia Supervisory Board (SSB) and Committees under BOC.
  - c. Submitted the results of evaluation of remuneration for executives and employees to BOC.

- d. Evaluated the impact of 2017 Regional Minimum Wage adjustment on Bank’s remuneration policies.
- e. Ensured that the remuneration policies comply with the prevailing regulations and discussed the implementation of new regulation on remuneration.
2. Nomination Function
  - a. Evaluated the proposed appointment or re-appointment of members of BOC, BOD, SSB and Committees under BOC.
  - b. Submitted the results of evaluation and recommendation to BOC on the appointment of members BOC, BOD, and SSB to be proposed for the GMS approval.
  - c. Submitted to the BOC the evaluation and recommendation on the appointment of members of Committee under BOC.
  - d. Evaluated the Nomination policies for members of BOC, BOD, SSB and Committees under BOC.

**Policy on BOD Successor**

In accordance with Charter of Remuneration and Nomination Committee which was last updated on October 20, 2017, stating that one of the Remuneration and Nomination Committee’s duties is to provide recommendation to BOC on criteria of candidates who meet the requirements as BOC, BOD and/or Sharia Supervisory Board to be submitted at GMS.

The Committee is responsible to determine the criteria to be implemented and identified the candidates, review and approve the nomination which meets the criteria, and for that reason, the Committee shall be convinced that each candidate is able and appropriate for the related post or position, considered as the best candidate who most qualified for the post or position with due observance of the candidate’s track record, age, experience, capabilities, and other relevant factors. The procedure and flow of the determination of BOC, BOD and/or SSB members are as follows:

- a. Remuneration and Nomination Committee provides recommendation on candidates of BOC and/or BOD members to BOC for being submitted at GMS.
- b. BOC submits the nomination proposal of BOC and/or BOD members to GMS based on recommendation of Remuneration and Nomination Committee.
- c. GMS reviews the nomination proposal submitted by BOC and releases the decision to refuse or receive such nomination proposal.



### Training Program for Remuneration and Nomination Committee in 2017

In order to improve upon the competence and comprehension of their duties and responsibilities, throughout 2017 the members of Remuneration and Nomination Committee have participated in trainings, seminars or Workshops as follows:

Name	Training/Workshop/Seminar	Date	Organizer	Venue
Jusuf Halim	Please refer to the training table for BOC on page 118.			
Pramukti Surjaudaja	Please refer to the training table for BOC on page 116.			
Peter Eko Sutioso	Please refer to the training table for BOC on page 116.			
Samuel Nag Tsien	Please refer to the training table for BOC on page 116-117.			
Julie Anwar	Mega Seminar Lessons - Disney University	18 May 2017	Lutan Edukasi	Jakarta
	OCBC NISP BOD/ BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT OCBC NISP Tbk	Jakarta
	Imagine Lab	1-2 November 2017	Deloitte	Jakarta
	HR Lab	22 November 2017	Deloitte	Jakarta
	Integration Lab	14 December 2017	Deloitte	Jakarta

### c. Risk Monitoring Committee

#### Profile of Risk Monitoring Committee

<b>Kwan Chiew Choi</b> Chairman	His complete profile can be viewed in profile of BOC on page 41 in this Annual Report.
<b>Pramukti Surjaudaja</b> Member	His complete profile can be viewed in profile of BOC on page 40 in this Annual Report.
<b>Samuel Nag Tsien</b> Member	His complete profile can be viewed in profile of BOC on page 40 in this Annual Report.
<b>Lai Teck Poh (Dua Teck Poh)</b> Member	His complete profile can be viewed in profile of BOC on page 41 in this Annual Report.
<b>Jusuf Halim</b> Member	His complete profile can be viewed in profile of BOC on page 40 in this Annual Report.



**Willy Prayogo**  
Member  
(Independent Party)

Indonesian Nationality, 63 years old.

Member of Risk Monitoring Committee of Bank OCBC NISP since April 2014.

Previously, he served as a member of the Audit Committee of Bank OCBC NISP (2010-2013), President Commissioner at Bank Resona Perdania (2000-2007), Deputy President Director at Bank OCBC NISP (1997-2000) and Director at Bank NISP (1993-1997).

He holds a Bachelor's Degree in Economics from Catholic University of Parahyangan (1979), MBA from Institut Manajemen Prasetya Mulya, Jakarta (1990) and Master in Management from Sekolah Tinggi Manajemen Prasetya Mulya, Jakarta (1995).



**Natalia Budiarto**  
Member  
(Independent Party)

Indonesian Nationality, 63 years old.

Member of Risk Monitoring Committee in Bank OCBC NISP since April 2015.

Previously served as Vice President Director for PT Surya Semesta Internusa (2013-2014), Commissioner for PT Sasana Artha Finance (2011-2012), President Director for PT Sasana Artha Finance (1995-2011) and worked for a few years in Universal Bank with last position held as Head of Remedial Management Unit (1993-1995).

Received her Master of Business Administration degree in 1981 and Bachelor of Business Administration in 1978 from Chaminade University of Honolulu, Hawaii.

The Risk Monitoring Committee is in accordance to the FSA Regulation No.55/POJK.03/2016 dated December 7, 2016 concerning the GCG Implementation for Commercial Banks.

#### Legal Basis of Establishment

Risk Monitoring Committee is established by and is responsible to the BOC based on BOC Decree No. KPTS/DEKOM/011/2006 dated December 7, 2006 to assist the BOC in carrying out the functions and duties related to the monitoring of the implementation of risk management.

#### Membership and Expertise

Risk Monitoring Committee membership consists of:

- One Independent Commissioner as Chairman and Member
- One Independent Commissioner as member.
- Three Non-Independent Commissioners as members.
- One Independent Party who has expertise in finance as a member.
- One Independent Party who has expertise in risk management as a member.



**Period and Term of Office of Risk Monitoring Committee Members**

Position in the Committee Name	Position in Bank OCBC NISP	Name	Legal Basis of Establishment	Period and Term of Office	
			BOD Decree	Effective Date	End of Term
Chairman	Commissioner (Independent Commissioner)	Kwan Chiew Choi	KPTS/DIR/HK.02.02/CORP.SECR/023/2017 dated 17 March 2017	30 March 2017	AGMS 2020
Member	Commissioner	Pramukti Surjandaja	KPTS/DIR/HK.02.02/CORP.SECR/024/2017 dated 17 March 2017	30 March 2017	AGMS 2020
Member	Commissioner	Samuel Nag Tsien	KPTS/DIR/HK.02.02/CORP.SECR/010/2015 dated 13 February 2015	9 April 2015	AGMS 2018
Member	Commissioner	Lai Teck Poh (Dua Teck Poh)	KPTS/DIR/HK.02.02/CORP.SECR/025/2017 dated 17 March 2017	30 March 2017	AGMS 2020
Member	Commissioner (Independent Commissioner)	Jusuf Halim	KPTS/DIR/HK.02.02/CORP.SECR/026/2017 dated 17 March 2017	30 March 2017	AGMS 2020
Member	Independent Party	Willy Prayogo	KPTS/DIR/HK.02.02/CORP.SECR/063/2016 dated 31 March 2016	7 April 2016	AGMS 2019
Member	Independent Party	Natalia Budiarto	KPTS/DIR/HK.02.02/CORP.SECR/012A/2015 dated 13 February 2015	9 April 2015	AGMS 2018

**The Risk Monitoring Committee Charter**

The Risk Monitoring Committee has a Charter that consists of the following:

- a. Membership.
- b. Duties, responsibilities and authorities.
- c. Values and work ethics.
- d. Working hours.
- e. Meeting.
- f. Financial Conglomeration.
- g. Disclosure and reporting.

The Risk Monitoring Committee Charter was last updated on September 27, 2017 and is reviewed on a regular basis every two years, or if deemed necessary by BOC and in accordance to the latest legislation. For more details, go to [www.ocbcnisp.com](http://www.ocbcnisp.com)

**Duties and Responsibilities of Risk Monitoring Committee**

The Risk Monitoring Committee carries out duties and responsibilities based on the Charter of Risk Monitoring Committee, which are among others:

1. To monitor and evaluate the conformity between the risk management policy and its implementation of policy.
2. To monitor and evaluate the duties implementation of Risk Monitoring Committee and Risk Management Work Unit.
3. To review the risk management philosophy as a whole in order to ensure its alignment with the company strategy in general as set forth by BOD and approved by BOC.
4. To review the Risk Appetite Statement of the Bank, a key policy in order to achieve an effective Risk Management, risk management system, and risk based capital allocation methodology, scope, effectiveness and objectivity of risk management as well as conducting a review and necessary actions in terms of the risk management in regards to the prudent banking principle.

5. To monitor the credit risk, operational risk, market risk, liquidity risk and other categories of risks that may be delegated by BOC or deemed necessary by the Committee.

Further information about responsibilities of Risk Monitoring Committee can be seen on the Bank's official website at [www.ocbcnisp.com](http://www.ocbcnisp.com)

**The Independence of Risk Monitoring Committee**

Risk Monitoring Committee acts independently in carrying out its duties and responsibilities, among others overseeing the risk management policies and implementation of business.

**Meeting, Agenda, and Level of Attendance of Risk Monitoring Committee**

**Meeting Policy**

In accordance with the Charter, the mechanism of Risk Monitoring Committee meeting is as follows:

1. The Committee meeting is held periodically, at least four times within a year.
2. The meeting could only be held if it is attended by at least 51 percent of total members including an Independent Commissioner and an Independent Party.
3. The Committee is entitled to request the presence of related parties that have relevant experience and skills in the meeting, if deemed necessary.
4. The meeting is led by the Committee Chairman. If the Chairman could not attend the meeting, other members who attended will appoint someone to lead the meeting.
5. The Committee may set up the meeting's rules of procedure, meeting management, invitation, voting and meeting mechanism, the drafting and saving of the minutes of meeting, as well as reviewing of the minutes themselves.
6. Meeting decisions are made based on a consensus. When a deliberation cannot be achieved, the decision will be done by a majority vote.

7. Dissenting opinions that occurred in the meeting shall be stated in the minutes of meeting along with the reasons.
8. All decisions in writing, signed or approved by majority of the Committee will be in force as a decision taken in a meeting and may consist of several documents, each signed by one or more members of the Committee. The majority members who sign or approve must be independent members and Executive Officers. The terms "in writing" and "signed" includes an agreement that has been conveyed through email or facsimile by Committee members.
9. The result of Committee meeting must be well documented and stipulated in the minutes of the meeting.
10. A copy of the minutes of meeting signed by all of the members of Committee who attended must be distributed to all members of Committee and BOC.

Throughout 2017, the Risk Monitoring Committee held six meetings with the following level of attendance:

No	Position in the Committee	Name	Number of Meetings	Attendance	% Attendance
1	Chairman	Kwan Chiew Choi	6	6	100%
2	Member	Pramukti Surjaudaja	6	6	100%
3	Member	Roy Athanas Karaoglan*)	6	1	16%
4	Member	Samuel Nag Tsien	6	5	83%
5	Member	Lai Teck Poh (Dua Teck Poh)	6	6	100%
6	Member	Jusuf Halim	6	5	83%
7	Member (Independent Party)	Willy Prayogo	6	6	100%
8	Member (Independent Party)	Natalia Budiarto	6	6	100%

#### 2017 Risk Monitoring Committee Activities

Throughout 2017, the Risk Monitoring Committee, among others, discussed the following issues:

- a. Conducted a review of the Risk Appetite Statement as one of the key principles which became the guidelines for the overall risk management framework, risk limit and all policies relating to the existing risk management.
- b. Monitored the Bank's risk profile quarterly based on the Risk Based Bank Rating Approach set by the Financial Services Authority.
- c. Reviewed and provided recommendation for BOC approval on policies related to risk management implementation and other policies according to the policy architecture, among others the Recovery Plan Policy, Prime Customer Services Policy, Customer Experience Management Policy, Market Risk Management Framework, Responsible Financing Framework, Risk Monitoring Committee Charter, Credit Risk Management Framework, Bank Credit or Financing Policy, Model Risk Management Framework, Risk Management Policy, Policy Structure, Approval and Standard.
- d. Reviewed and provided recommendation for approval of limits including Market & Liquidity Risk Limit in 2017, Credit Portfolio Concentration & Limit for 2018, and Document on Recovery Plan.
- e. Evaluated the policy and strategy of risk management through the submitted reports, among others in regards to IT Risk Management, Risk Culture Maturity Assessment, Internal Capital Adequacy Assessment Process (ICAAP), Anti Fraud Strategy, and Outsourcing.
- f. Assisted the BOC of Main Entity in conducting oversight on Integrated Risk Management.

#### Training Program for Risk Monitoring Committee in 2017

Nama	Training/ Workshop/ Seminar	Tanggal	Penyelenggara	Tempat
Kwan Chiew Choi	Please refer to the table training of BOC on page 118.			
Pramukti Surjaudaja	Please refer to the table training of BOC on page 116.			
Samuel Nag Tsien	Please refer to the table training of BOC on page 116-117.			
Lai Teck Poh (Dua Teck Poh)	Please refer to the table training of BOC on page 117.			
Jusuf Halim	Please refer to the table training of BOC on page 118.			
Willy Prayogo	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta
Natalia Budiarto	OCBC NISP Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	PT Bank OCBC NISP Tbk	Jakarta

## EXECUTIVE COMMITTEES OF THE BOARD OF DIRECTORS

Committee	Scope of Work and Responsibilities	Composition	Assessment of Committee Performance
Board Risk Committee (BRC)	Assist the Bank's BOD in compiling a risk management policy, supervising the implementation of policies and providing recommendations concerning the matters that need to be carried out by the Bank's BOD in relation to risk management, including within the Sharia Business Unit	Chairman : President Director Deputy Chairman : Risk Management Director Member : All Directors	The Board Risk Committee (BRC) has routinely and actively performed its duties to ensure good implementation of the risk management within the Bank, allowing the Bank to anticipate all changes due to the business development and external conditions. Throughout 2017, BRC has reviewed and approved the framework, policy, limit determination including the Bank's risk appetite in supporting the achievement of Bank Business Plan. BRC also approved the Bank's risk profile conducted on regular basis, including risk profile of Sharia Business Unit.
Credit Risk Management Committee (CRMC)	Assist the BOD in monitoring the loan portfolio developments and conditions, formulating and supervising the implementation of credit policies as well as giving feedback on corrective actions.	Chairman : President Director Deputy Chairman : Risk Management Director Member with voting right : All Directors	The Credit Risk Management Committee (CRMC) had effectively monitored the loan portfolio current state and developments, as well as assisting the BOD in formulating and overseeing the implementation of credit policies and providing them feedbacks for improvements. Throughout 2017, the Credit Risk Management Committee has deeply monitored the Bank's credit quality by conducting analysis related to credit concentration risk, credit stress test both as per portfolio and industry sector as well as determining Target Market and industry cap which will be entered by the Bank for loans granting in 2018.
Market Risk Management Committee (MRMC)	Supporting the Risk Management Committee and President Director in managing risk management function related to market risk management activities. MRMC functions to monitor the implementation of the Bank's market risk and ensure the risk management policy and practices have been executed precisely, effectively in favor of the Bank's business strategy. Bank's business strategy.	Chairman : Risk Management Director Member (Chairman Caretaker I) : Operations & IT Director Member (Chairman Caretaker II) : Financial & Planning Director Member : Treasury Director Member : Treasury Trading Division Head Member : Asset & Liability Management Division Head Member : Market & Liquidity Risk Management Division Head	The Market and Risk Management Committee conducted regular monthly meetings in order to supervise the implementation of market risk management of the Bank. The routine agendas for discussion is the monitoring on market risk exposures on applicable limits and the Bank's risk appetite.
Assets and Liabilities Committee (ALCO)	Monitoring the Bank's balance sheet management and taking a role to ensure that the balance sheet has the right and consistent structure, aiming at maximizing net interest income and shareholders' value with tolerance risk approved by the BOC. ALCO is also responsible to determine policies on balance sheet exposure management, including the structural interest risk management, liquidity and financing risk management, and internal mechanism of the Bank's FTP.	Chairman : President Director Deputy Chairman : Risk Management Director Member with voting right : - Operations & IT Director - Financial & Planning Director - Wholesale Banking Director - Commercial and Enterprise Banking Director - Retail Banking Director - Network Director - Treasury Director Member without Voting Right : Compliance Director	ALCO Committee conducted regular monthly meeting to monitor liquidity ratio and Interest Rate Risk in Banking Book (IRBB) as well as direct the strategy to optimize composition of Balance Sheet and Net Interest Margin of the Bank.

Committee	Scope of Work and Responsibilities	Composition	Assessment of Committee Performance
ALCO Sharia Business Unit (SBU) Committee	Providing direction of strategy and actions accurately on the exposures of SBU's balance sheet related to the liquidity risk and investment sensitivity risk as well as ensuring the compliance with the prevailing rules and regulations to meet the applicable sharia principles.	Chairman : Sharia Business Unit Director  Vice Chairman : - Financial & Planning Director - Risk Management Director  Member : - Sharia Business Unit Division Head - Market & Liquidity Risk Management Division Head - Management Reporting & Methodologies Division Head	The ALCO Sharia Business Unit (SBU) Committee conducted regular monthly meeting to monitor the liquidity risk and rate of return risk as well as direct the strategy to optimize financing composition, the use of funds and profit margin.
Operational Risk Management Committee	Carrying out oversight function on implementation of operational risk management (including IT Risk, Legal Risk and Reputational Risk) to ensure the Bank's risk exposure can be maintained properly according to the Bank's risk appetite.	Chairman: Risk Management Director Vice Chairman: Compliance Director Members: - Operations & IT Director - Financial & Planning Director - Head of Human Capital	The Operational Risk Management Committee has actively conducted supervision on implementation of operational risk management to run in accordance with the set corridors and is aligned with the company vision and mission.
Fraud Committee	Conducting supervision in order to ensure that the fraud risk management has been run effectively in accordance with the corridors set forth in the Fraud Risk Management Framework as well as Policy and Procedure of Fraud Handling	Chairman: President Director Vice Chairman: Risk Management Director Members: - Operations & IT Director - Head of Human Capital	The Fraud Committee has actively conducted supervision and provide direction on the fraud risk management process.
Brand Committee	1. Determining the Brand's internal and external strategy. 2. Determining the communication strategy and its budget. 3. Conducting review on implementation of Brand and communication strategy as well as the budget.	Chairman : President Director Member: - Corporate Communication Director - Network Director - Retail Banking Director - Transaction Banking Director - Head of Individual Customer Solution	The Brand Committee has made important contributions to the good Corporate Branding activities that build a positive reputation of the company.  The Brand Committee actively conducts review and and monitoring on significant branding activities, including monitoring the integration of promotional activities in all segments in order to create more impactful branding activities.
Network Committee	1. Decide the strategic investment on networks. 2. Ensure optimalization of network distribution on branches and ATMs 3. Approve the locations for new branches and ATMs. 4. Establish policies on distribution network to achieve the network optimization objective, including the authorization to set geographic distribution and organization structure in the network.	Chairman : President Director Member: - Network Director - Retail Banking Director - Operations & IT Director - Financial & Planning Director	The Network Committee has made several decisions and policies related to the office network, including: determining the office and ATM network strategy, annual Bank Business Plan for office network, performance monitoring, Business Mapping, procurement plan on building /asset and many more.
Human Capital Committee	1. Ensuring the alignment of the Human Capital policies with the Bank's strategies and objectives, including corporate values, code of conduct, as well as the policies and regulations issued by the regulators, and 2. Deciding the refinement of the Human Capital policies and management system, which includes Human Capital planning, recruitment, development, performance management, talent management, as well as competitive remuneration system	Chairman : President Director Member: - Operations & IT Director - Financial & Planning Director - Network Director - Head of Human Capital	The Human Capital Committee contributed in the improvement and alignment of Human Capital policies with strategy and objectives of the company.

1. IT Policy Formulation  
To give recommendation to the Director regarding the policy and IT main procedure.

Committee	Scope of Work and Responsibilities	Composition	Assessment of Committee Performance
Information Technology (IT) Steering Committee	<ol style="list-style-type: none"> <li>1. IT Policy Formulation To give recommendation to the Director regarding the policy and IT main procedure.</li> <li>2. IT and business strategy alignment To give recommendation to the Director regarding IT strategic plan which in line with the Bank's strategic business plan, to evaluate and recommend the conformity of the approved projects with the Bank's business plan, to set a priority status on critical IT project with a significant impact to the Bank's operational activities and also to evaluate the conformity of IT with the requirement of IT system management in supporting the Bank's business management.</li> <li>3. IT Risk Management To give recommendation to the Director regarding the implementation of risk management on Bank's IT, to ensure the effectivity of steps to minimize risk and the Bank's investment on IT sector in order to give contribution to the Bank's business accomplishment and also to facilitate the relationship among division/squad/unit in solving the IT-related problems.</li> <li>4. IT Performance Measurement and Evaluation To analyze and recommend regarding the conformity of OT projects implementation with project charter in SLA and control the IT performance for improvement.</li> </ol>	Chairman : President Director Member: - Operations & IT Director - Financial & Planning Director - Network Director - Head of Human Capital	The Information Technology Steering Committee contributed in the implementation of all activities related to information technology, including direction and approval of the strategy in Information Technology, approval of the budget for Information Technology, evaluate Information Technology projects developed according to the needs of the business user with reference to the IT Road Map and ensure the investment of Information Technology projects to be executed to deliver optimum results.

## CORPORATE SECRETARY

### Legal Basis of Establishment

The Bank's Corporate Secretary is Ivonne Purnama Chandra effectively since 28 February 2014 up to the present. The appointment was based on the Bank OCBC NISP's BOD Decree Number KPTS/DIR/HCM/HK.02.02/180/2014 dated February 28, 2014.

### Profile of Corporate Secretary



**Ivonne P. Chandra**  
Corporate  
Secretary

Indonesian Citizen, 54-years-old  
Domiciled in Jakarta

#### Work Experience:

- February 28, 2014 - present: Corporate Secretary of Bank OCBC NISP.
- August 2013 - February 2014: Consumer Quality Assurance Division Head.
- 2011-2013: Metropolitan Liabilities & Wealth Distribution Head.
- 2009-2011: Metropolitan Consumer Distribution Head of Bank OCBC NISP.
- 1989-2008: Established a more than 25 years of professional career in the banking and insurance sector, serving in various positions at Citibank (1989-2008), Bank Universal (Bank Permata) (1994-2003), Astra CMG Life (Commonwealth Life) (2003- 2006), and Bank Danamon (2006-2008) with the last position of SVP-Privilege Banking Business Head.

#### Education Background:

MBA from Golden Gate University, San Francisco, USA majoring in Marketing (1988) and Bachelor's Degree from Padjadjaran University, Bandung, Faculty of Communication, majoring in Public Relations (1986).

### Corporate Secretary Activities Report

In carrying out its duties and responsibilities, throughout 2017, Corporate Secretary and its work unit have conducted the following activities:

1. Followed the applicable laws and regulations related to Corporate Governance.
2. Ensured the guidelines and procedures related to BOC and BOD have been made and implemented in accordance with the prevailing regulations, among which included updating the Charter of BOD, BOC, Audit Committee, Risk Monitoring Committee, and Remuneration and Nomination Committee.
3. Information disclosure to the public through IDX e-Reporting and Bank OCBC NISP website.
4. Prepared and submitted reports related to Capital Market regulations, both periodic and incidental reports to FSA and IDX in a timely manner.
5. Conducted GCG Implementation Self-Assessment related to the duties of BOC, BOD and Committees under BOC as well as Conflict of Interest for the first and second half of 2017.
6. Conducted Self-Assessment on Integrated Corporate Governance Implementation of Financial Conglomeration in relations to the duties implementation of BOC and BOD of the Main Entity as well as Integrated Corporate Governance Committee for the first and second half of 2017.
7. Prepared GCG Implementation Report in 2017 Annual Report related to BOC, BOD, Committees under the BOC and Corporate Secretary.
8. Aligned the GCG practice implementation with ASEAN CG Scorecard assessment. In 2017, the Bank OCBC NISP was included in the "Top 50 Public Listed Companies" and retained the award of "The Best Responsibility of the Board" from Indonesia Institute of Corporate Directorship (IICD) for four consecutive years. Bank OCBC NISP was also awarded the "Indonesia Most Trusted Company 2017" from Indonesian Institute for Corporate Governance (IICG) for six consecutive years.
9. Coordinated the implementation of Annual General Meeting of Shareholders (AGMS), Public Expose, and Extraordinary General Meeting of Shareholders (EGMS) in collaboration with Corporate Communication Division, Compliance Division, and Investor Relation Unit.
10. Ensured the frequency and organized the meetings of BOC and BOD including committees under the BOC in accordance with the prevailing rules and regulations in the capital market and Banking, including in terms of availability of meeting agenda and material.
11. Attended the meetings of BOC, BOC and BOD, Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee, BOD, as well as joint meetings of BOD and BOC.
12. Coordinated and attended the meetings of BOD Main Entity, BOC Main Entity, and Integrated Governance Committee in order to implement Financial Conglomeration in Indonesia.
13. Prepared BOC, BOD, BOC and BOD Main Entity, Committees under BOC and Integrated Governance Committee, as well as documented them along with other company documents, among others GMS deeds, Articles of Association, Shareholders List, BOD/BOC Decree of and Company Registration Certificate.
14. Prepared BOC Decree for actions/transactions/conditions that require BOC approval as stipulated in the Articles of Association with regard to Law on Limited Liability Company, among others: the Bank's Business Plan, Corporate Actions, the appointment of Committees under the BOC, BOC meeting resolutions.
15. Prepared the BOC Proposal to GMS in terms of appointment Independent Commissioners.
16. Produced BOD Decree on the appointment and/or re-appointment of BOC's Committee Members.
17. Prepared Recommendation Letters from the Remuneration Committee in terms of appointment of BOC members and Committees under the BOC.
18. Prepared Recommendation Letters from Audit Committee in terms of Evaluation on the Audit Service performance by Public Accountant and Public Accounting Firm in 2016 and the appointment of Public Accountant and Public Accounting Firm for 2017.
19. Prepared Fit and Proper Test documents for Independent Commissioner candidates in accordance with FSA regulations.



20. As a liaison between the Bank as the Issuer and shareholders, in coordination with the Investor Relation Unit, in the case of lost shares, request for information related to the Bank's shares performance, and etc.
21. Accompanied BOC on branch visit and monitored the matters arising.
22. Administered BOC and BOD Decrees and Circular Letters.
23. Administered and distributed all incoming letters to the related Division/Unit to be followed-up.

### Training Programs of Corporate Secretary Working Unit in order to develop Competence in 2017

Training/Workshop/Seminar	Date	Organizer	Venue
ASEAN Corporate Governance Workshop	8 March 2017	FSA	Jakarta
Socialization of ASEAN CG Scorecard 2017 assessment	21 March 2017	FSA	Jakarta
Socialization of Annual Report Award and PFSA 10 & 11/POJK.04/2017	13 April 2017	FSA-IDX-ICSA	Jakarta
OCBC NISP BOD/BOC Insight Session - Trend of Indonesian Economic and Politic by Castle Asia Business Management Consultant	17 July 2017	Bank OCBC NISP	Jakarta
Expert Forum on Corporate Governance in Indonesia	20 July 2017	FSA	Jakarta
Workshop Corporate Governance Officer	30-31 August 2017	ICSA	Jakarta
	13-14 December 2017		
The First International Conference on GCG	2-3 November 2017	ICSA	Jakarta
Socialization of FSA Regulations No. 13/POJK.03/2017 and FSA No.51/POJK.03/2017	6 September 2017	IDX	Jakarta
CEO Focus 2017: Business world challenge and Capital Market Development	6 November 2017	IDX	Jakarta
Annual Report Training	30 November 2017	Talk Asia	

In addition to the above, the Corporate Secretary Working Unit also monitors/attends the socialization of new regulations issued by the Financial Services Authority and IDX.

### INTERNAL AUDIT UNIT

The Bank's Internal Audit function is carried out by the Internal Audit Division led by the Division Head with the title of Head of Internal Audit Division. The functions of Internal Audit Division are:

- To provide assurance to BOD and BOC (through Audit Committee) that governance, risk management and the Bank's internal control process have been designed and conducted

adequately and effectively.

- To carry out a consultation function for the Bank's internal party especially in cases included in the Internal Audit scope. However, the consultation function is not conducted if such a thing may reduce the independence and/or objectivity of Internal Audit.

### The Profile and Legal Basis for the Appointment of Internal Audit Division Head



**Sani Effendy**  
Internal Audit  
Division Head

Internal Audit Division is led by Sani Effendy, an Indonesian Citizen, 52 years old, living in Jakarta, Indonesia. He was appointed as Head of Internal Audit Division by the President Director upon the BOC approval in December 1, 2015. The appointment of Head of Internal Audit Division has been reported to Financial Services Authority based on Letter Number 4752/HCS-JKT/OR.08.03/NA/XII/2015 dated December 1, 2015 on the Appointment and Dismissal of Head of Internal Audit Division of PT Bank OCBC NISP Tbk. He previously served as Head of Wholesale Banking of Bank OCBC NISP (2008-2015) and Head of Corporate Finance at RaboBank International Indonesia (1998-2008).

He obtained his Bachelor's degree in Accounting from University of Indonesia in 1988 and Master of Business Administration from Bandung Institute of Technology in 2008 as well as Certified Internal Auditor (CIA) in 2016.

In order to enhance competence, the Head of Internal Audit Division has participated in trainings of Market Risk Modelling, Managing Across Generation, IFRS 9 Workshop, and Data Analytics Workshop throughout 2017.

### Number of Internal Audit Employees

As of December 31, 2017, the Internal Audit Division has 48 employees including the Head of Internal Audit Division. The Internal Audit Division staffs have the following qualifications of Internal Auditor:

- Having integrity and professional behavior, independent, honest, and objective in carrying out their duties.
- Having knowledge and experience of technical audit and other knowledge relevant to the scope of work (operational, credit, treasury, and information technology), understanding the GCG principle and risk management.
- Having knowledge of banking and capital market regulations as well as other related regulations.
- Having the capability of interaction and communication both verbal and written effectively.
- Complying with Internal Audit code of conduct and profession standards issued by Internal Audit Association.
- Maintaining the confidentiality of information and/or company data relating to the duties and responsibilities implementation of Internal Audit.



### Training Program in order to Develop the Competence of Auditors in 2017

In order to enhance the auditors' competence, the Internal Audit Division has arranged the training road map and conducted an auditor's development program. Throughout 2017, the Internal Audit Division has participated in 43 training programs, among which are training Executing Audit Engagement, Workshop IFRS 9, Basic Sharia Banking, Commercial Credit Policy, Trade Finance, Presentation & Communication Skill, Leading for Result, Managing Across Generation. In addition, the Bank's Internal Auditors are required to obtain certifications requested by FSA as well as other profession certifications.

### Certification as Internal Audit Profession

Currently, the Bank's Internal Auditors that have obtained professional certification consist of: Certified Internal Auditor (1 person), Certified Information System Auditor (3 persons), Certified Ethical Hacker (2 persons), Qualified Internal Auditor (3 persons), Certified Information Systems Security Professional (1 person), Certified Bank Internal Auditor (2 persons).

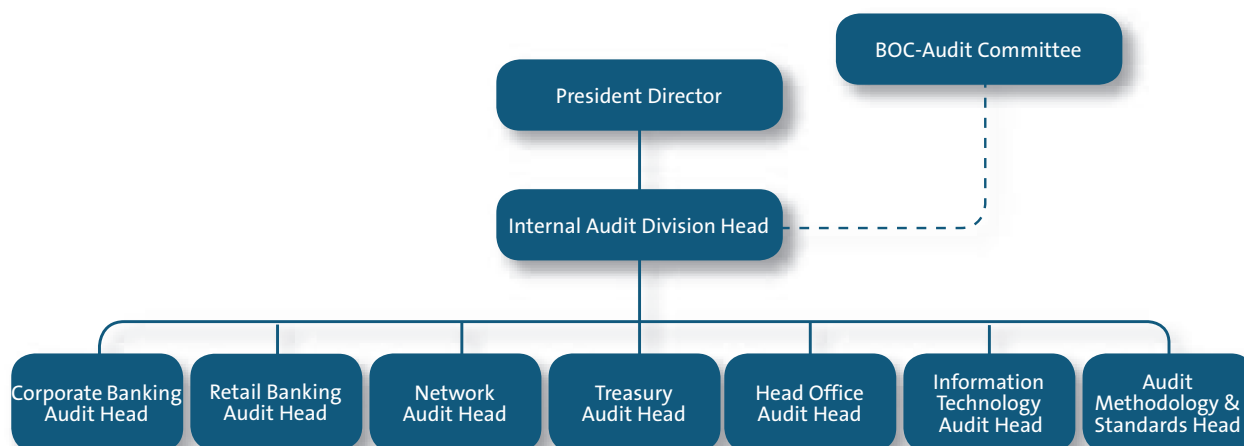
### Internal Audit Charter

The Internal Audit Division activities refer to the Internal Audit Charter and Manual which are based on the FSA Regulation Number 56/POJK.04/2015 dated December 23, 2015 on the Establishment and Guidelines for Internal Audit Charter and BI Regulation Number 1/6/BI/1999 dated September 20, 1999 on the Assignment of Compliance Director and Implementation of Bank Internal Audit Function. Internal Audit Charter is reviewed on regular basis every year or when deemed necessary. The review was last time conducted on May 19, 2017. As a reference towards the global best practices, the Internal Audit Division also uses standards and code of conducts issued by The Institute of Internal Auditors (IIA).

The effectiveness of Internal Audit function and its compliance with the Bank's Internal Audit Function Implementation Standards is reviewed by Internal Audit once a year, and by an independent external party at least once every three years.

### Position of Internal Audit in the Company Structure

The Head of Internal Audit Division is responsible directly to the President Director and functionally to the BOC through Audit Committee. The Internal Auditors are responsible directly to the Head of Internal Audit Division.



### Duties and Responsibilities of Internal Audit

In accordance with Internal Audit Charter, the main duties and responsibilities of Internal Audit Division are as follows:

- Developing an Annual Audit Plan, using an appropriate risk-based audit methodology.
- Maintaining Auditors’ professionalism with sufficient knowledge, skills, experience and qualification.
- Ensuring the Internal Audit adheres to the SPFAIB and as a reference towards global best practices, using standards and code of conducts issued by The Institute of Internal Auditors (IIA).
- Issuing regular reports on Audit activities to the President Director and BOC (through the Audit Committee).
- Liaising with External Auditors and Regulators for the purpose of providing optimal audit coverage for the Bank.
- Providing information to the President Director and BOC (through Audit Committee) on the development of Internal Auditing practices and providing recommendations for revision of Internal Audit Charter and Manual as necessary.
- Performing consultancy or advisory service for internal parties of the Bank within the scope of Internal Audit. However, the consultancy or advisory service will not be provided if it impedes on the Internal Audit’s independence and/or objectivity.
- Conducting Integrated Internal Audit Work Unit function as Main Entity in Financial Conglomeration with duties and responsibilities that cover:
  - Monitoring and evaluation of Internal Audit results in each Financial Services Institution.
  - Team-up with Internal Audit in each Financial Services Institution through routine meetings and other communications.
  - Integrated Internal Audit Work Unit submits the Integrated Internal Audit Report to the appointed Director to conduct oversight function on Financial Services Institution, BOC of Main Entity and Compliance Director of Main Entity.

### The Appointment and Dismissal of Head of Internal Audit Division

In order to maintain the independence of Internal Audit, the Internal Audit staff report directly to the Head of Internal Audit who is directly responsible to the President Director and indirectly to the BOC (through Audit Committee).

The Head of Internal Audit Division is appointed and dismissed by the President Director upon the BOC approval (through Audit Committee). The appointment and dismissal shall be reported to the regulators.

### Implementation of the Head of Internal Audit Division Activities in 2017

Throughout 2017, the Internal Audit Division has conducted the following work plan:

- Conducted the audit assignment which cover the area of business and operational of branch offices, credit activities and funding, treasury, technology and information system, support and operational function of head office. Throughout 2017, Internal Audit Division has settled 65 audit assignments.
- Conducted Quality Assurance Review by independent external party
- Implementation of three lines of defense of Internal Audit project to identify the gap of the Internal Audit function against the expected standard.
- Developed data analytics to improve the effectiveness and efficiency of audit process.
- Improvement of auditors’ competencies through a series of auditor development programs.

### COMPLIANCE FUNCTION

The increasing complexity of the Bank’s business activities along with the development in information technology, globalization and financial market integration has caused the risk challenges and exposure that the Bank faces to become even greater, thus requiring certain efforts to mitigate the risks that come from the Bank’s business activities. Therefore, both preventive (ex-ante) and curative (ex-post) efforts are needed. The increase role and function of Compliance is needed to be able to anticipate the risk potential of the Bank’s business activities early. Hence, there is an increasing demand for the role of the Compliance Division as a compliance work unit to be able to manage the Compliance Risk in line with the implementation of the Bank’s risk management as a whole.

### Structure of Compliance Function



## Compliance Activities in 2017

Director of Compliance who is assisted by Compliance Division and AML-CFT has conducted the following activities:

1. Conducted socialization on the importance of the compliance function and roles in Bank's activities based on prudent banking principles and placed the compliance function as an integral part of the Bank activities in order to promote Compliance Culture.
2. Ensured that the Bank's policies, regulations, systems, procedures and business activities were in line with Bank Indonesia, FSA, and other prevailing laws and regulations, including Sharia Principles for the Sharia Business Unit.
3. Established and reviewed the procedure of compliance activities, among others the Drafting of Compliance Risk Profile Report, Affiliate Transactions and Conflict of Interest Transactions Handling and Execution of Assurance and RRSA Monitoring.
4. Ensured that the Bank's business activities did not stray from prevailing regulations.
5. Taking preventive actions if required, so that policies and/or decisions made by the Bank's BOD did not deviate from Bank Indonesia, FSA and other prevailing regulations, including Sharia Principles for the Bank's Sharia Business Unit.
6. Distributed letters/circulars from Bank Indonesia, and/or FSA and other institutions to relevant Divisions/Functions for follow-up.
7. Prepared summary of regulations, analyzed the impacts to the Bank, and disseminated information on the banking regulations issued by Bank Indonesia and/or FSA to the entire BOD and related Division/ Function Head in order to facilitate the performance of compliance function.
8. Served as liaison officer in the Bank's working relations with Regulators.
9. Conducted evaluation on the implementation of prudential banking within the Bank, covering:
  - a. Capital.
  - b. Ratio of Earning Assets Quality, Non Performing Loan (NPL), Allowance for Impairment Losses.
  - c. Legal Lending Limit.
  - d. Net Open Position.
  - e. Short Term Offshore Credit Facility.
  - f. Statutory Reserves.
  - g. The Bank's Risk Profile.
10. Conducted socialization and training for all staff of the Bank on the Policy and Procedure of Anti Money Laundering Program and Combating the Financing of Terrorism. The Bank has had an internal policy that each new employee, within 3 months of joining the Bank, is required to participate in primary training on Anti Money Laundering and Combating the Financing of Terrorism. All employees are also required to take a refreshment course after 2 years.
11. This policy is taken to ensure the responsibility and awareness on the importance of Anti Money Laundering and Combating the Financing of Terrorism as well as to keep abreast of such programs development.
12. Conducted monitoring on the implementation of Anti Money Laundering and Terrorist Financing Prevention program.
13. Monitored suspicious Financial Transaction reporting from branch offices and submitted it to Indonesian Financial Transaction Reports and Analysis Center (if any). Monitored Cash Financial Transactions reporting, and Funds Transaction from and to Overseas and Integrated Information System of Financial Service Users.

## Compliance Indicator

The Bank's compliance indicator in 2017 indicates the following condition:

- a. The Bank's compliance indicator in 2017 indicates that the following condition Capital Adequacy Ratio (CAR) of 17.51% was the above requirement of 8% (CAR base on the Bank's risk profile, which was first rank)
- b. NPL Ratio (Net) of 0.72% was still within the range of requirement, maximum 5%.
- c. There was no excess or violation on Legal Lending Limit, both to related parties and business group as well.
- d. Statutory Reserves in Rupiah, Primary of 6.5% and Secondary of 22.44% have met the requirements.
- e. Statutory Reserves in Foreign Exchange of 8.01% has met the requirements.
- f. Net Open Position of 4.94% was still within the range of requirement, maximum 20% of the capital.
- g. Short Term Offshore Credit Facility of 22% was still within the range of requirement, maximum 30% of the capital.
- h. Commitment to the Regulators has been met properly.

## PUBLIC ACCOUNTANT

### Appointment of Public Accounting Firm

The Annual GMS held on March 30, 2017 has approved the granting of authority to the Bank's BOD based on the BOC approval of at least 3 (three) members of the Bank's BOC appointed by BOC to appoint a Public Accountant for the period of 2017 and determine the honorarium and other requirements for the appointed Public Accountant to conduct an independent audit on the Bank's Financial Statements for financial year 2017. The appointment of Public Accounting Firm and Public Accountant refers to the Audit Committee recommendation. Furthermore, the BOD has appointed Public Accounting Firm Tanudiredja, Wibisana, Rintis & Partner (a member firm of PricewaterhouseCoopers Global Network) registered in Bank Indonesia to conduct an independent audit on 2017 Financial Statements of Bank OCBC NISP. The appointed Public Accountant has no conflict of interest with the Bank.

### Public Accounting Firms and Public Accountants Which Have Conducted Audit on Annual Financial Statements for the Past 5 years.

Following are the Public Accounting Firms and Public Accountants which have Conducted Audit on Annual Financial Statements for the Past 5 years.

Year	Public Accounting Firm	Accountant's Name
2013	KAP Tanudiredja, Wibisana & Partner	Drs. Muhammad Jusuf Wibisana, M.Ec.,CPA
2014	KAP Tanudiredja, Wibisana & Partner	Drs. Muhammad Jusuf Wibisana, M.Ec.,CPA
2015	KAP Tanudiredja, Wibisana, Rintis & Partner	Lucy Luciana Suhenda, SE, AK, CPA
2016	KAP Tanudiredja, Wibisana, Rintis & Partner	Lucy Luciana Suhenda, SE, AK, CPA
2017	KAP Tanudiredja, Wibisana, Rintis & Partner	Lucy Luciana Suhenda, SE, AK, CPA

### Fee for Each Service Provided by the Public Accounting Firm

Total honorarium paid to KAP Tanudiredja, Wibisana, Rintis and Partner (a member firm of PricewaterhouseCoopers Global Network) related to audit service on the annual financial statements and interim financial statements in 2017 was Rp3,575 million (excluded VAT).

### Other service provided by the Public Accounting Firm and Public Accountant aside from Audit Service on Annual Financial Statements.

There was no fee paid to KAP Tanudiredja, Wibisana, Rintis & Partner for non-audit service in 2017.

### Effectiveness of External Audit Implementation and the Bank's Compliance to the Regulations

In order to meet the implementation of External Audit function according to FSA Regulation No. 55/POJK.03/2016 on Implementation of GCG for Commercial Banks, the effectiveness of external audit implementation and the Bank's compliance to the regulations are as follows:

1. The appointed Public Accountant and the Public Accounting Firm are registered in the FSA according to the effective regulations. The appointment had been approved by the GMS and based on the Audit Committee's recommendations
2. The Public Accountant and the Public Accounting Firm had worked independently and professionally according to the SPAP, the working agreement and the determined scope of work
3. The Public Accountant had been objective in its audit according to the scope of work established in the regulations. The audit result and the management letter had been submitted to the FSA in time.

### RISK MANAGEMENT (G4-14)

The detailed information of the Bank's Risk Management Implementation has been disclosed separately in Risk Management Section on page 164-194.

### Internal Control System

The Bank has established an effective and efficient Internal Control Policy within the Bank as a supervision mechanism set by the Management continuously. The Internal Control System covers five main components, which are:

1. Management supervision and control supporting environment (Control Environment).
2. Risk identification and measurement process (Risk Assessment).
3. Activation of control and segregation of duties and responsibilities (Control Activities).
4. Reliability of information system and effective communication (Information and Communication).
5. Monitoring and improvement of weakness (Monitoring).

In order to implement an effective Internal Control System within the Bank in all lines of business, the Bank constantly engages an active role of all parties/levels, positions such as BOC, BOD, Audit Committee, Internal Audit Division, Operational Risk management Division, Compliance Division, Operation Monitoring Division, Quality Assurance, Business Unit Division Head, Operational Unit and support units as well as all the Bank's staff stationed at both the Head Office and Branch Offices.

The Internal Control is implemented on three aspects of main controlling, which are:

1. Operational Control
  - a) Daily operational processes supported by policies, procedures, transaction limit provisions, approval authorities, authorization, verification, reconciliation, four-eyes principle, and roles and responsibilities segregation.
  - b) A complete risk review must be conducted on new products and activities. Every risk attached to new products and activities must have proper mitigation and control prior to implementation.
  - c) The Bank implements the Risk and Control Self-Assessment (RCSA) for early identification of control weakness in operational process. Therefore, the Bank formulates the corrective plan to avoid or minimize the losses potential. Furthermore, the RCSA results are reported to the Operational Risk Management Division on a regular basis.
  - d) The Bank also implemented Key Risk Indicator (KRI) to identify weakness trend or risk exposures based on quantitative analysis which affect the Bank's risk exposures. The result is reported to the Operational Risk Management Division on a regular basis.
  - e) Routine review and updates on the policies and procedures to ensure that the adequacy of control activities is in line with the Bank's internal and external environment.
  - f) The Bank has prepared a Business Continuity Plan which is routinely updated and tested in order to ensure that the

Bank's operational and business activities may still run in a crisis situation due to the internal factor and external factor as well.

- g) The Bank produces monthly and quarterly regular report on the Bank's performance as well as issues and risks, along with their handling, which are submitted to BOD and BOC.
2. Control of Compliance with Regulations and Legislations
- a) The commitment of the Bank's management and employees to comply with the regulations issued by the Regulator while running the Bank's business and operational activities.
- b) The Bank has a Compliance Division which is not involved in any businesses or operational activities. This division supports the Bank's compliance to the prevailing regulations.
- c) The Regulatory Requirement Self-Assessment (RRSA) by Work Units and assurance process on RRSA conducted by the Compliance Division, in order to give an assurance to the Bank's management on compliance with the prevailing regulations.
- d) The monitoring conducted among others by the Quality Assurance unit, Operation Monitoring unit and Internal Audit unit.
3. Financial Control
- a) The Bank has strategies stipulated in the Bank's Business Plan, for both short-term and long-term achievement.
- b) The Business Plan made by considering the Bank's capital ability, not merely to support its business growth, but also to strengthen an effective control, including:
- The segregation of duties and responsibilities supported by prominent system and human resources.
  - The formation of Control Unit and Quality Assurance which supervise the process of each related work unit.
  - Risk Management Work Unit, Compliance Division and Internal Audit which are independent from any businesses and operational activities.
  - Information system and communication channel which observe the information security principle protected by an excellent encryption system protection and employee education for data and information security.

### Alignment with COSO International System and Regulations

In designing the Internal Control System, the Bank uses several references, including the regulations issued by the Regulator and Committee of Sponsoring Organizations of the Treadway Commission (COSO), with the aim to ensure:

- a) The Bank's compliance with the prevailing rules and regulations.
- b) Availability of correct, complete and timely financial information and management.
- c) Efficiency and effectiveness of the Bank's business activities.
- d) Improvement of the risk culture effectiveness within the organization.

### Evaluation on the Effectiveness of Internal Control System in 2017

Management has submitted statements of internal control adequacy to the Board of Commissioners stating that the internal control and risk management throughout 2017 have been conducted adequately and effectively.

### SIGNIFICANT AND LEGAL CASES FACED BY THE COMPANY/SUBSIDIARIES/ BOD MEMBERS/BOC MEMBERS

Following is the data of legal cases faced by the Bank during 2017:

CASE	CIVIL	CRIMINAL
Resolved (final & binding)	24	0
Ongoing process	32	5
<b>TOTAL</b>	<b>56</b>	<b>5</b>

Civil case faced by the Bank in 2017 was due to:

1. Objection to the auction value of a collateral.
2. Debtor disputes between third parties who claim to be the original owner of the collateral in the Bank.
3. Objections to the Bank on calculation of Debtor's outstanding liabilities.

### Legal Cases Faced by the BOC and the BOD

Throughout 2017, there is no Important Case faced by the Bank involving the members of BOC and BOD.

### Case Facts/Lawsuit and Settlement Status

The followings are three civil cases with the biggest amount faced by the Bank until December 31, 2017:

No	Case Facts	Parties	Case Value	Settlement status
1	Lawsuit on cancellation of the Debtor's certificate issued by Indonesian National Land Office. The certificate was a guarantee on Debtor's loan in Bank OCBC NISP.	Plaintiff: S Bank as Defendant in intervention	54,500,000,000	On progress in High Court
2	Plaintiff as Debtor objected the Execution of Mortgage Auction at Yogyakarta Distric Court	Plaintiff: RKS Bank as Defendant	7,500,000,000	On judicial review
3	Debtor objected the Execution of Mortgage Auction proposed by the Bank	Plaintiff: AUHM Bank as Defendant	3,890,000,000	On cassation process

### Risk Faced by the Company on the Lawsuit

From all the important cases encountered by the Bank during 2017, there was no legal case that will give a negative impact on the financial condition and business continuity of the Bank.

### ADMINISTRATIVE SANCTION

In addition to the above activities, the monitoring is also conducted to administrative sanction imposed by the regulators. Most of the breaches are transactional, among others Head Office Reports of Commercial Banks (LKPBU), Commercial Bank Daily Report (LHBU), Centralized Trading Platform, Sharia Monetary Stability Report and Financial System (LSMK), Tax, National Blacklist (DHN), Commercial Bank Periodic Report (LBBU), and SID. In general, the violations are due to system error and human error factors that can be followed-up immediately.

### ACCESS OF INFORMATION

The Bank has provided various communication channels for all stakeholders to access the company data, such as company performance, corporate action, product and promotion, customer services, etc.

To obtain more detailed information about the Bank, all stakeholders may contact the following channels:

1. Customers may contact Call OCBC NISP (021) 1500-999 or email to [callcenter@ocbcnisp.com](mailto:callcenter@ocbcnisp.com).
2. Regulators may contact Corporate Secretary at [corporate.secretary@ocbcnisp.com](mailto:corporate.secretary@ocbcnisp.com).
3. Shareholders and investors may contact Investor Relations at [ir@ocbcnisp.com](mailto:ir@ocbcnisp.com).
4. Media and public may contact Corporate Communication at [corporate.communication@ocbcnisp.com](mailto:corporate.communication@ocbcnisp.com).

### Corporate Communication Activities

#### Website and Social Media

Along with the development in information technology, the Bank has also utilized various digital communication channels to relay information to the public in order to receive feedback or aspiration from various digital activities carried out by The Bank.

In regards to this, the Bank's official website [www.ocbcnisp.com](http://www.ocbcnisp.com) has provided various comprehensive and updated information on the many products and services that the Bank provides as well as other company information such as Annual Reports, Financial Statements, GCG Implementation Reports, Press Releases, and others. The information in the website is available both in Indonesian and English to facilitate the public in accessing the information according to their needs. The public can also make use of the website as a means to give feedback, ask questions or submit their complaints that will be followed up according to applicable terms.

In addition to website, the Bank also manages several digital communication platforms through its social media accounts such as:

- Facebook : Bank OCBC NISP
- Twitter : @bankocbcnisp
- Instagram : ocbc\_nisp
- Youtube : Bank OCBC NISP
- LinkedIn : Bank OCBC NISP

Through these digital communication media, the Bank, aside from increasing their brand awareness, also attempts to enhance its engagement with the Customers and non-Customers through the presentation of various information and programs or activities such as interactive quizzes, live chat, competitions and others.

Social media is also used as a means to provide financial education and various banking information, among others in the form of Market Update Series Videos that contain information on the latest update in the financial market and provide insight to the investors as well as beginners. The sources on this video are Investment Managers as partners' of Bank OCBC NISP.

Additionally, the Bank also regularly and optimally uses new features from various social media platform such as Facebook Live, in the form of a Live Chat that discusses various topics around banking products and services that can provide financial solutions for the Customers as well as non-Customers. The sources of the Live Chat work from the Bank internally, those who are deemed as experts in their related fields and according to the topics that are discussed. At the end of the session, the fans/Facebook followers can ask questions to be answered immediately by the sources.

Aside from providing general update information and banking education, all of the Bank's social media also function as customer service that can answer the questions or complaints of the Customers.





**Topic:** Market Reaction Ahead : Risk or Opportunity

**Interviewee:** Teddy Oetomo – Head of Intermediary Business – Schroder Investment Management Indonesia



**Topic:** Market Update Indonesia

**Interviewee:** Alihyadin Saugi – Director, Head of Equity PT BNP Paribas Investment Partners, Indonesia

**Mass Media**

The Bank realizes that mass media is a key communication channel for broadcasting important messages and information to the public. Therefore, the Bank constantly maintains good relations and builds cooperation in delivering corporate information on a regular basis. These activities are implemented consistently and continuously through an effective two-way communication.

As a public bank, the Bank actively invites mass media representatives through conferences, special interviews, one on one meeting and media visits. Accordingly, this mechanism ensures that the public constantly obtains of the Bank’s development information through balanced reviews on mass media. Throughout 2017, the Bank has published numerous activities, among others:

Month	No	Title	Date
January	1	OCBC NISP VOYAGE Credit Card - The First Metal Credit Card in Indonesia with Premium Concierge Service	19 January 2017
	2	Bank OCBC NISP to open Branch Office in Kupang	21 January 2017
February	3	Bank OCBC NISP Performance - Q4 2016	8 February 2017
March	4	Strategic Partnership Bank OCBC NISP & Mastercard	1 March 2017
	5	2017 AGMS Resolutions	30 March 2017

Month	No	Title	Date
April	6	Relocation of Krakatau Supporting Branch Office - Medan	13 April 2017
	7	One Wealth - Financial Bazaar & Market Outlook 2017	20 April 2017
	8	Launching of Tanda 360 Plus	25 April 2017
	9	Bank OCBC NISP Performance - Q1 2017	27 April 2017
May	10	Becoming Administrator Bank for Customer Fund Account	17 May 2017
	11	Launching of OCBC NISP Private Banking	22 May 2017
June	12	Team Leader OCBC NISP Private Banking	6 June 2017
	13	Mudik Asyik Syariah Bank OCBC NISP	19 June 2017
July	14	ABF Award 2017	18 July 2017
	15	Bank OCBC NISP Performance - Q2 2017	26 Juli 2017
August	16	Launching of Poin Seru 2017	2 August 2017
	17	Bank OCBC NISP Issued Bonds of Rp2 trillion	22 August 2017
	18	Relocation of Kartini Supporting Branch Office - Lampung	29 August 2017
October	19	Bank OCBC NISP Performance - Q3 2017	25 October 2017
	20	CSR - Providing Lighting for Girimukti Village	26 October 2017
November	21	AGMS 2017 Result	1 November 2017
December	22	Bank OCBC NISP was awarded “The Most Trusted Company” in Corporate Governance Perception Index Award	20 December 2017





**OCBC Bidik Rp 5 Triliun dari Private Banking**

OCBC NISP menargetkan pendapatan Rp 5 triliun dari layanan private banking pada 2017. Target ini akan dicapai dengan meningkatkan jumlah nasabah private banking hingga 100 ribu orang. Untuk mencapai target tersebut, OCBC NISP akan meluncurkan produk asuransi baru, yaitu Legacy Protector. Produk asuransi ini akan memberikan manfaat berupa pembayaran tunai sebesar Rp 1 miliar kepada ahli waris nasabah yang meninggal dunia. Selain itu, produk asuransi ini juga akan memberikan manfaat berupa pembayaran tunai sebesar Rp 500 juta kepada ahli waris nasabah yang meninggal dunia. OCBC NISP juga akan meluncurkan layanan private banking baru, yaitu OCBC Private Banking. Layanan ini akan memberikan manfaat berupa konsultasi keuangan, manajemen investasi, dan manajemen aset. OCBC NISP juga akan meluncurkan layanan private banking baru, yaitu OCBC Private Banking. Layanan ini akan memberikan manfaat berupa konsultasi keuangan, manajemen investasi, dan manajemen aset.

**Great Eastern Life Gandeng OCBC NISP Rilis Produk Asuransi**

PERUSAHAAN asuransi kelas internasional Indonesia menggandeng Bank OCBC NISP dalam meluncurkan produk asuransi terbaru yaitu Legacy Protector. Dengan produk ini, nasabah asuransi akan menikmati manfaat berupa pembayaran tunai sebesar Rp 1 miliar kepada ahli waris nasabah yang meninggal dunia. Selain itu, produk asuransi ini juga akan memberikan manfaat berupa pembayaran tunai sebesar Rp 500 juta kepada ahli waris nasabah yang meninggal dunia. OCBC NISP juga akan meluncurkan layanan private banking baru, yaitu OCBC Private Banking. Layanan ini akan memberikan manfaat berupa konsultasi keuangan, manajemen investasi, dan manajemen aset.



**OCBC NISP Targetkan 100 Nasabah**

OCBC NISP menargetkan jumlah nasabah private banking mencapai 100 ribu orang pada 2017. Target ini akan dicapai dengan meningkatkan jumlah nasabah private banking hingga 100 ribu orang. Untuk mencapai target tersebut, OCBC NISP akan meluncurkan produk asuransi baru, yaitu Legacy Protector. Produk asuransi ini akan memberikan manfaat berupa pembayaran tunai sebesar Rp 1 miliar kepada ahli waris nasabah yang meninggal dunia. Selain itu, produk asuransi ini juga akan memberikan manfaat berupa pembayaran tunai sebesar Rp 500 juta kepada ahli waris nasabah yang meninggal dunia. OCBC NISP juga akan meluncurkan layanan private banking baru, yaitu OCBC Private Banking. Layanan ini akan memberikan manfaat berupa konsultasi keuangan, manajemen investasi, dan manajemen aset.

**OCBC NISP Incar Nasabah Super Kaya**

OCBC NISP menargetkan jumlah nasabah private banking mencapai 100 ribu orang pada 2017. Target ini akan dicapai dengan meningkatkan jumlah nasabah private banking hingga 100 ribu orang. Untuk mencapai target tersebut, OCBC NISP akan meluncurkan produk asuransi baru, yaitu Legacy Protector. Produk asuransi ini akan memberikan manfaat berupa pembayaran tunai sebesar Rp 1 miliar kepada ahli waris nasabah yang meninggal dunia. Selain itu, produk asuransi ini juga akan memberikan manfaat berupa pembayaran tunai sebesar Rp 500 juta kepada ahli waris nasabah yang meninggal dunia. OCBC NISP juga akan meluncurkan layanan private banking baru, yaitu OCBC Private Banking. Layanan ini akan memberikan manfaat berupa konsultasi keuangan, manajemen investasi, dan manajemen aset.

**OCBC NISP Cetak Laba Rp1,1 Triliun**

OCBC NISP mencetak laba bersih sebesar Rp1,1 triliun pada 2016. Laba ini akan dicapai dengan meningkatkan jumlah nasabah private banking hingga 100 ribu orang. Untuk mencapai target tersebut, OCBC NISP akan meluncurkan produk asuransi baru, yaitu Legacy Protector. Produk asuransi ini akan memberikan manfaat berupa pembayaran tunai sebesar Rp 1 miliar kepada ahli waris nasabah yang meninggal dunia. Selain itu, produk asuransi ini juga akan memberikan manfaat berupa pembayaran tunai sebesar Rp 500 juta kepada ahli waris nasabah yang meninggal dunia. OCBC NISP juga akan meluncurkan layanan private banking baru, yaitu OCBC Private Banking. Layanan ini akan memberikan manfaat berupa konsultasi keuangan, manajemen investasi, dan manajemen aset.

## INVESTOR RELATIONS

In order to deliver relevant and reliable information for the investors and shareholders, the Bank actively engages all stakeholders in various discussions and information sharing sessions regularly, especially information related to company performance and prospects. These activities are carried out through various means and communication channels, including formal meetings in groups or individually, conference calls and as well as through the publication of annual and quarterly financial statements, disclosure of information and highlighted events, as well as press releases, and website updates on regular basis.

During 2017, the Investor Relations Unit has conducted 17 meetings with analysts.

## CODE OF CONDUCT (G4-56)

The Bank has committed to constantly implement GCG principles within the Bank one of which by upholding the Bank's Code of Conduct containing basic rules which serves as behavior guidelines for all employees, including BOD and BOC.

### Main Content of Code of Conduct

The main content of Bank OCBC NISP Code of Conduct is:

1. We comply with laws and regulations.
2. We avoid conflicts of interest.
3. We maintain the confidentiality of customers and Bank data and information.
4. We do Recording and Reporting correctly.
5. We reject Money Laundering and Financing of Terrorism.
6. We should not conduct "Insider Trading".
7. We may not accept gifts.

### Statement that the Code of Conduct is Applicable at All Levels Within the Organization

The Code of Conduct applied within the Bank shall be complied by all employees, including members of BOD and BOC of the Bank. The company management adheres to the rules which are based on the prevailing law, moral, and ethics.

### Dissemination of Code of Conducts

In order to deliver a strong comprehension and compliance to the Code of Conduct, the Bank strives to disseminate the Code of Conduct through various internal media, such as internal website, ON Us internal magazine and e-learning. Specifically for The code of conduct socialization through e-learning method, all employees are required to give their statement that the concerned has read, acknowledged and promised to comply with the Bank's Code of Conduct contents. In an attempt to uphold it, the Bank determines and regulates the Code of Conduct in Collective Labor Agreement and Sanction Policy.

## Sanction for Each Type of Violation

In the event of code of conduct violation carried out by employees, the Bank may impose minimum sanction in the form of Second Warning Letter with due observance of their mistakes and the reputational and material losses. The sanction imposed on the subject of code of conduct violation along with the responsible parties will be decided based on Disciplinary Committee or Human Capital Committee.

## Total Code of Conduct Violations and Sanctions Imposed in 2017

In 2017, the Bank recorded three cases of Code of Conduct violation. Each sanction imposed was in the form of warning letter.

## BUYBACK SHARES AND/OR BUYBACK BONDS

In 2017, the Bank did not carry out any share or bond buyback transaction.

## RATIO OF HIGHEST AND LOWEST SALARIES

Salary is considered as benefits in the form of money given by the Bank to its employees which is based on their work contracts, agreement or regulations, inclusive of allowances accorded to employees and their dependents. The following details are the ratio of the highest and lowest salaries within Bank OCBC NISP in 2017:

Description	Ratio of the Highest and Lowest
Employees	88.0
Directors	2.1
Commissioners	4.4
Ratio of the Highest Directors' and The Highest Employees' Salaries	2.5

## PROVISION OF FUNDS FOR RELATED PARTY AND PROVISION OF LARGE EXPOSURES

In order to implement fund provision for the related party, the Bank has formulated a policy setting in the form of rules and procedures as part of the prudential banking principle. The policy is always updated to aligned with the applicable laws and regulations.

The BOC takes role on monitoring to ensure that fund provision for related party has been aligned with the applicable laws and regulations.

In 2017, fund provision for related party and large exposure has been implemented according to the applicable laws and regulations and there was no overrun and/or violation of the fund provision, both for unrelated and related party.

No.	Exposures of funds	Amount	
		Debtors	Total In million Rp
1.	To related parties	313	1,765,721
2.	To main debtors		
	a. Individual	2	3,851,121
	b. Group	23	56,314,698

## STRATEGIC PLAN OF THE BANK

In order to keep up with the times, The Bank continues to tailor its brand essence to stay relevant with the business and Customers' needs. The Bank's future Brand Essence is "Mutual Growth Driven by Knowledge" - sharing the knowledge for growing together", which means that the Bank needs to have the capability to deliver a correct solution to be able to grow with the Customers.

The values contained within the Bank's brand is Simple, Modern & Progressive and Duty of Care. Such values will become the Bank's foundation to work and interact with the Customers. This is stated in the Bank's Brand Line which is Bank OCBC NISP – With You. More than just a tagline, "With You" is interpreted as The Bank's commitment to simultaneously grow together side by side with its Customers as well as being a reliable partner for them.

### Short Term Plan

The management has formulated strategic moves that will be taken by the Bank in order to achieve their vision and mission, among others:

1. Strengthening the Bank's business model.
2. Optimizing synergy with OCBC Group through strategic collaboration and sharing best practices.
3. Continuing transformation in the field of Network, IT & Operations, Integrated Customer Touchpoints, Analytics and Services.
4. Strengthening new brand platform and aligning the internal and external communications.
5. Effectively executing the three lines of defense.
6. Implementing digital strategy to face a rapid growth of financial technology.

### Medium and Long-Term Plan

The Bank has set medium and long term strategic moves (3 to 5 years) with the following details:

1. The Bank will endeavor to increase the loan disbursement with due observance of the direction of credit growth and maintain non-performing loan ratio in accordance with the regulations.
2. The Bank will constantly support the loan disbursement to strategic economic sectors, such as the maritime, food, business world and tourism sectors as well as infrastructure which includes technology.

3. The Bank will continue to collect funds by keeping the focus on products with low interest rate in order for the expected funding structure to be better and the cost will be more efficient.
4. The Bank will increase the contribution of fee-based income, aside from intensifying product bundling and cross selling, the Bank OCBC NISP will roll out various products, services, and current features tailored to the customers' needs that include building/increasing capability in private banking.
5. The Bank will improve efficiency and productivity, among others through daily operational cost control, end-to-end improvement process in the form of Quality Project as well as increasing productivity of office and ATM networks.

## ANTI-CORRUPTION POLICY

In order to prevent corruption, the Bank has had several policies, among others:

1. Activities of Anti-Money Laundering and Combating the Financing of Terrorism.
2. Gratification Policy.
3. Procurement of Products and Services Policy.
4. Whistleblowing System Policy.
5. Anti Fraud Policy.

### Activities Related to Implementation of Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT)

The Bank is committed to run the Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) program to mitigate the various risks that might arise such as, among others, legal risk, reputational risk, operational risk and compliance risk.

Implementation of AML-CFT program is based on the regulations issued by the Government and the Banking Supervisory Authority such as FSA (previously Bank Indonesia) and the Center for Financial Transaction Reporting and Analysis (PPATK). The regulations are the Legislation on Prevention and Eradication of Money Laundering Crime, Financing of Terrorism Crime, BI Regulation, BI Circular Letter AML-CFT, and PPATK Regulation.

In early 2017, Financial Services Authority issued Regulation Number 12/POJK.01/2017 on Implementation of Anti-Money Laundering and Terrorist Financing Prevention in Financial Services Sector. In order to implement this new regulation, the Bank promotes a risk based approach implementation in accordance with the prevailing local regulations as well as international standards as recommended by The Financial Action Task Force on Money Laundering (FATF).

The development of products, activities, and information technology used by the Bank is getting more complex. This may potentially increase the risk of the Bank being used as a means of Money Laundering and/or Terrorist Financing with various and advanced modus operandi.

The Bank has tailored the organization structure of Special Work Unit in accordance with the new FSA Regulation on AML-CFT as the Person in Charge of implementing AML-CFT program, AML-CFT at Head Office and Highly Complexity Branch Offices as well as Supervisor level Officer for Non-Highly Complexity. AML-CFT Division determined the branch offices with high business complexity based on criteria set forth by the prevailing regulations.

The increasing risk of AML-CFT faced by the Bank is balanced with the increasing quality of AML-CFT program implementation of the Bank which consists of:

1. Implementation of Governance Policy and Procedure;
2. Implementation of Risk Based AML-CFT;
3. Technology infrastructure & Information System;
4. Human Resources Training Program
5. Cooperation of the Money Laundering and Combating the Financing of Terrorism.
6. Reporting.

### Implementation of AML-CFT Program in 2017

The implementations of the Bank's AML-CFT program throughout 2017 are as follows:

1. Implementation of Governance Policy and Procedure  
The AML-CFT division regularly conducted periodic review on AML-CFT Policies and Procedures to ensure that the Bank's business activities were carried out in accordance with the development of AML-CFT regulations applicable locally and internationally.  
  
In 2017, in regards to the new FSA Regulation Number 12/POJK.01/2017 concerning the Implementation of Anti-Money Laundering and Combating the Financing of Terrorism Program in Financial Services sector, the Bank has updated the AML-CFT policy drawn up in accordance with the risk based approach and submitted it to FSA on September 15, 2017.  
  
In addition, several internal procedures of the Bank have also been reviewed to meet the new regulations and the Bank's business activities development, among others:
  - a. Procedure of Due Diligence on Private Banking Service;
  - b. Procedure of AML-CFT Screening;
  - c. Procedure of Identification of Cash Transaction & WIC;
  - d. Procedure of Due Diligence on Bank and Non-Bank Financial Institutions.
2. Implementation of Risk
  - a. Based AML-CFT Monitoring on Customers' Financial Transactions, in 2017, AML-CFT Division has implemented monitoring pattern on suspicious financial transactions by

determining transaction parameter, that resulted in the grouping of customers' suspicious transaction into High Risk, Medium Risk, and Low Risk red flag transactions. The analysis applied on each transaction risk category may vary according to the complexity of transactions and customers' profile in order to generate a more comprehensive and accurate review on the suspicious financial transactions.

#### b. Data Updating

The Bank automatically conducts data updating of customers based on the customers' risk profile set forth at initial business relationship. The AML-CFT provides a method of updating customers' data used by all branch offices. The monitoring and advisory function were also conducted to ensure that the obstacles faced by the branch offices were on process of updating data optimally in accordance with the commitment which has been submitted by the Bank to the regulators every year. The 2017 data updating program has had priority of customers' data updating as follows:

- High Risk Level of Customers.
- Customers' Transactions which deviate from profile of transactions or Customers.
- The Customers exposed by Red Flag Parameter.

Up to the end of December 2017, the Bank has followed up the updating data of customers that reached 100%, meeting the designated target. The updating data was conducted by several ways, among others:

- Conducted direct visit to Customers whose documents need to be updated.
- Reached the customers through telephone and notification by sms blast, ATM screen, and Internet Banking for coming to the branch offices or contact the Call Center.

#### 3. Infrastructure of AML-CFT Information Technology

The Technology of financial services industry that is getting more complex in terms of products, services, and the use of information technology is followed up by AML-CFT Division through the improvement of quality of the Bank's AML-CFT infrastructure, consisting of customers' information technology, financial transaction monitoring system, screening and database application as well as management information system.

In 2017, the AML-CFT Division has made AML-CFT Centrix Platform which is aimed at integrating database of AML-CFT implementation program into one platform. The platform making was divided into three phases which commenced in 2017 and would last until 2020. The benefits gotten were the provision of an accurate and more integrated data quality, simplification of work process, and acceleration of data management process for the interest of information management for relevant parties, mainly the regulators and law enforcement officials.



4. Human Resources Training Program

The training and quality improvement of human resources were conducted on a regular basis and tiered with regards to the training program established by AML-CFT Division and HC Learning & Development Division. The training aimed at enhancing prudential banking principle to all employees of the Bank on the AML-CFT risk and delivering the updated information on latest mode and typology of money laundering and terrorist financing.

The material includes:

- a. Introduction of AML-CFT.
- b. The process of CDD and EDD.
- c. Determination of High Risk Area.
- d. Walk-In Customer and Beneficial Owner.
- e. Analysis of Customer Financial Transactions.
- f. AML-CFT Sanction Implementation.
- g. Implementation of International Taxation Regulation (FATCA and CRS).

The Bank implemented training programs such as New Employee Orientation as well as training for existing employees. Employees who have recently joined must attend AML-CFT training and testing through e-learning program as part of the requirements to be permanent employees. As for existing employees, trainings were scheduled every two years starting from the first training and testing of AML-CFT through e-learning.

In order to improve the AML-CFT knowledge and understanding of the frontliners and business work unit at the Branch Office, The AML-CFT Division teamed up with Operation Services Division to conduct socialization through face-to-face methods in class. Socializations done throughout 2017 took place at the branch offices in several provinces in Indonesia. The socialization material was focused on the provision of risk mitigation that needs to be done by work units, on AML-CFT cases that occurs in the branch office. The AML-CFT Training Program was also included in the special program or classes organized by HC Learning and Development Division, among others Banking Academy, Management Associate, and Workshop Frontliners.

5. Cooperation of Money Laundering Prevention

In order to support the government's program in preventing and combating money laundering and terrorist financing, the Bank has teamed up with the banking regulators (Financial Services Authority and Indonesian Financial Transaction Reports and Analysis Center) and law enforcement officials (Indonesian National Police, the Corruption Eradication Commission (KPK), the National Narcotics Agency (BNN), and the Indonesian Judiciary).

The scope of the cooperation was supporting the need for information and data that indicated the incidences of money laundering or terrorist financing that is being examined by law enforcement officials.

The Bank was also actively involved in activities held by the regulators or law enforcement officials such as seminar, workshop, focus group discussion with the topic of implementation and current development around the regime of anti money laundering or Combating the Financing of Terrorism.

6. Reporting

The Bank has the obligation set by the Law to conduct reporting to the Indonesian Financial Transaction Reports and Analysis Center (PPATK). The reporting obligations include Cash Transaction Reports (LTKT), Suspicious Transaction Reports (LTKM), International Fund Transfer Instructions, and Integrated Customer Data Reports (SIPESAT).

The report was submitted periodically in accordance with the deadline that has been set for each type of report. For the reporting period as of December 2017, the Bank OCBC NISP has conducted the reporting obligations consistently, continuously and there were no sanctions nor penalties imposed in regards to the entire reporting obligations.

**POLICY OF GOODS AND/OR SERVICES PROCUREMENT WITHIN THE BANK**

All management activities on the procurement process of goods and/or services within the Bank are constantly based on the User and corporate needs with a national distribution scale. In order to achieve a proper coordination in implementing procurement of goods and/or services, the Bank has several policies as guidance for the related parties, among others:

- 1. Policy of Goods and/or Services Procurement.
- 2. Procedure of Planning and Goods and/or Services Procurement Budget Making.
- 3. Procedure of Vendor Management.

In conducting its operation/business, the Bank does not completely use the internal resources. The Bank capitalizes on the vendors' services in relation to the procurement of office stationaries, information technology, consultant services, security recruitment services, office boy, etc, meanwhile the Bank does not use the external vendors' services to run its main business. (G4-12)

**Competition and Vendor Selection Process**

The Unit Central Procurement Function which manages the procurement up to the Fulfillment of Goods and/or Services at Bank OCBC NISP conducts process of competition transparently and avoiding conflict of interests. 4 (four) main pillars focused on vendor selection process are including Quality-Service-Delivery-Price aspects. In order to obtain vendors with good quality, the vendors will be invited to join the selection process prioritized on vendors with equal qualifications of one type of industry, having the finest quality of products/services in their fields, having experience and reputation in their fields, having a wide range of services and distribution, competitive price, a business entity with business license in accordance with the prevailing provisions.

## Risk Controlling (G4-14)

One of the risk controlling efforts to goods and/or services procurement process, the Central Procurement Unit engages the related work units at Bank OCBC NISP such as Legal, Risk, Corporate Communication, Finance & Control in accordance with the needs. In order to ensure the rights and obligations of all parties in cooperation process with time period, the Vendors and the Bank enter into agreement which contains the key aspects as the basis of all parties to conduct the fulfillment of goods and/or services at Bank OCBC NISP.

## Supervision

To implement control function in operational process, Central Procurement Function Unit divides its Work Team into four different functions but connected to each other in implementation of goods and/or services procurement process, which are Vendor Management-Purchasing-Monitoring & Acceptance.

Meanwhile, to ensure the supervision function in Central Procurement Unit runs well, there is one independent function established whose task specially to ensure that the risk factor is thoroughly controlled: Quality Assurance & Development.

In an attempt to minimize the operational risk and work effectiveness, therefore:

1. Authority management for officials who receive delegation in important functions is done.
2. The Planning and Budget proposed on goods and/or services procurement request are documented on the integrated system so the process of procurement up to payment can be monitored.
3. The supervision on cooperation with vendors is conducted by a function separate from the operator of operational procurement.
4. Development of work supporting system is also aligned with the control on User Access from all operators of operational procurement.
5. Evaluation on the Vendor's performance to meet the Bank's needs is conducted consistently for inputs in future selection process.

## Quality Improvement of Vendors throughout 2017, among others:

1. The need and quality specification of goods expected by Bank OCBC NISP is communicated to vendor at Pre-Qualification in order to receive an effective offering that meets the Bank's needs.
2. Prior to the selection result of the Tender winner, the Vendor Management Team ensures the work quality of vendor by conducting on-site visit to the work location of vendor, assessing the company's capacity and reputation, legality, organization structure composition (applied for service companies), supporting equipment, production quality, expertise and others.

3. Particularly for goods as the gifts which represent the Corporate Branding to the Bank's promotional activities as well as product gifts for the customers, and printed material which represents the Corporate Branding to the Bank's promotion, accordingly the Monitoring & Acceptance Team would conduct Quality Control process at least twice (at initial production phase to ensure that the gift quality has met the set specification, and at packaging stage prior to goods distribution process).
4. Conducting assessment on vendor performance after the procurement of product gift project completed so as can be a consideration for the next projects.

## GRATIFICATION POLICY

The Bank realizes that assertive attitudes on gratification by Officers and Employees of the Bank and/or their nuclear families are important in carrying out the business in accordance with the CG principles. Therefore, the Bank issues a policy of the Gratification Management that has been aligned with the Code of Conduct and the Bank's applicable values.

The Gratification Management Policy stipulated by the Bank consists of the following:

1. All Officers/Employees of the Bank and/or their nuclear families are not allowed to accept or demand gifts or souvenirs and/or other types of presents from External Parties, directly or indirectly.
2. All Officers/Employees of the Bank and/or their nuclear families are required to refuse or return the gifts or souvenirs and/or other types of presents from External Parties politely and accompanied by an explanation of the Policy to the External Parties.
3. All Officers/Employees of the Bank are required to openly declare and hand over all Gifts and/or Presents from External Parties to the Bank specifically gifts that can not be returned.

By applying the Policy of Gratification Management within the Bank, all employees and/or their nuclear families are expected to constantly notice the prevailing bank governance principles in order to maintain a harmonious work relationship among all parties.

## WHISTLEBLOWING SYSTEM

Whistleblowing is a means to report abuses of authority, acts of fraud or employee violations of the Bank's code of conduct which may cause potential losses for the Bank. The Bank has developed a whistleblowing program in order to make employees feel safe and unafraid to report abuses on authorities, frauds or violations on code of conducts performed by employees from the lowest to the highest level.

### Submission of Abuse Report

- a. The employees are able to report by:
  - Verbal or written report
    - The report is submitted to the appointed officer which are Head of Internal Audit Division or Head of Human Capital Services Division or Fraud Handling Team. The reporting by email can be sent to each email of such officers of the Bank or to the following email: whistleblowing@ocbcnisp.com.
    - The whistleblower may submit a report to the President Director or President Commissioner if the whistleblower feels uncomfortable to report to the appointed officers.
- b. The Customers or External Parties may submit their reports through the nearest Branch Offices, Call Center or official website of the Bank at www.ocbcnisp.com.

### Protection for Whistleblower

In order to protect the informer from dismissal, demotion, isolation, harassment, threat, discrimination, or unfair actions due to the report therefore, the Bank's Management has appointed whistleblowing protection officer the informer won't get those disservice.

### Handling Complaints

- a. Fraud Handling Team, to investigate all complaint reports.
- b. Human Capital Services, to assign whistleblowing protection officer to protect the informer.
- c. Discipliner Committee, to give sanction to the guilty doer.
- d. Operational Risk Management, to file the investigation reports received from Fraud Handling Team (without mentioning the informer's identity) and preparing control improvement steps or mitigation.

### Complaints Management

- a. Investigation  
All complaints received will be investigated. The investigation process conducted by independent working unit namely Fraud Handling Team.
- b. Reporting  
Whistleblowing statistic report is presented in Fraud and Risk Monitoring Committee (with Board of Commissioners as the member). For whistleblowing report with significant impact will be reported to the President Director.
- c. Sanction  
The Bank's Management give strict sanction to the guilty employees. The sanction will be given by Discipliner Committee.

### Number of Incoming and Processed Complaints

In 2017 there were 4 whistleblowing reports on authority misapplications or violation on code of conduct which indicated as fraud, as stated on table below:

Whistleblowing (WB) Status Report	2017
<b>Total Whistleblowing (WB) Report Received</b>	<b>4</b>
a. Total WB report from internal source	2
b. Total WB report from external source	2
c. Total WB report which already being investigated	3
d. Total WB report which on the process of investigation	1
e. Total WB report which including complaints	0
f. Total WB report which including violations	4

### Sanction or Follow-up on Complaints Solved in 2017

From 3 complaint reports that have been investigated and the offender was found guilty. the Discipliner Committee has given sanction as warning letter and working dismissal to the offenders according to their respective engagement.

### INTERNAL FRAUD

Internal fraud is an offense or omission deliberately done to deceive, defraud or manipulate the Bank, customers or other parties, which occurred within the Bank and/or using the Bank's facilities that causes the Bank, its customers or other parties to suffer losses and/or provide financial benefit for the perpetrators, both directly or indirectly, that is done by the Bank's employee.

The Bank's Management implements anti fraud strategy which consists of four main pillars:

- 1. Prevention**  
A prevention action for minimizing the chance of fraud, among others:
  - a. Conduct dissemination of anti fraud awareness.
  - b. Conduct improvement on identified control weakness.
  - c. Implement Know Your Employee (KYE).



Communication and Training on Anti-Corruption Policies and Procedures*	2017	
	Number of Participants	Percentage of Total
Communication on Anti-Corruption Policies and Procedures at the highest organ of the company**	17	100%
Communication of Anti-Corruption Policies and Procedures to Employees***	6,477	100%
Anti-Corruption Training for the BOD and BOC	0	0%
Anti-Corruption Training for the employees****	6,330	97.73%

\* Anti-Corruption including: AML-CFT and Anti-Fraud Campaign

\*\* Communication of fraud policies and procedures conducted through Committees meeting related to risk

\*\*\* Communication of fraud policies and procedures to employees made through the Bank's internal web publication that can be accessed by all employees.

\*\*\*\* Training on Fraud Awareness and Risk both through classroom or e-Learning

## 2. Detection

Detection is conducted to minimize the impact that possibly occurs as early as possible on the fraud activities, among others:

- Whistleblowing program to encourage the employee to report when they know or suspect a fraud.
- Continuous and regular reconciliation process and audit process.
- Monitoring of suspicious transaction or surveillance.
- Monitoring of work process on employees who conduct block leave.

## 3. Investigation, reporting & sanction, among others by:

- Investigation of fraud conducted by an independent officer.
- Reporting of fraud to Fraud Committee and Risk Monitoring Committee (with BOC as members).
- Reporting to Regulators.
- Sanction imposed on the perpetrators or the involved parties.

## 4. Monitoring, Evaluation & Follow-Up

Monitoring on follow-up of fraud handling and improvement development is monitored by Fraud Committee and tracked by Internal Audit.

In 2017, there was one internal fraud conducted by the employee the loss exposure of more than Rp100,000,000 (one hundred million Rupiah).

Internal Fraud within 1 year	2017		
	Number of Cases Conducted by		
	Management	Permanent employee	Non-Permanent Employee
Total Fraud	0	1	0
Settled	0	0	0
Internal Settlement process	0	0	0
No submission for settlement	0	0	0
Followed-up through legal process	0	1	0

## BAD CORPORATE GOVERNANCE PRACTICE

Throughout 2017, there was no activity or indication towards a bad corporate governance practice within the Bank which may affect the GCG implementation system, leading to reputation risk or other risks for the Bank in the future. In light of this, in 2017, the Bank did not perform any action or establish policy related to the bad corporate governance as shown by the below table:

No.	Description	Practice
1.	Indication of environmental pollution performed by the company	None
2.	Significant cases faced by the company, subsidiaries, members of BOD and/or BOC who are currently at their service are not disclosed	None
3.	Disobedience in meeting the taxation obligations	None
4.	Incompatibility of presentation of annual report and financial statement with the prevailing rules and Financial Accounting Standards	None
5.	Cases related to labors and employees	None
6.	No disclosure of operational segments in public company	None
7.	Incompatibility between hard copy and soft copy of Annual Report	None

## IMPLEMENTATION OF CORPORATE GOVERNANCE GUIDELINE FOR PUBLIC COMPANIES

As a banking institution which complies with the law and applicable regulations, the Bank discloses the information as referred to in the FSA Regulation Number 21/POJK.04/2015 dated November 16, 2015 on Implementation of Governance Guidelines for Publicly Listed Companies. In relation to that, the Bank has conducted various activities in order to meet the recommendation as described in the following table:

No.	Recommendation	Description
<b>Aspect 1. Relationship Between Public Company and Stakeholders in Guaranteeing Their Rights</b>		
<b>Principle 1. Enhance GMS Value</b>		
1.1	Public Company has voting procedure either publicly or confidentially which promotes independence and interest of stakeholders.	<b>Complied.</b> The Bank has an open voting system done through the raising of hands following the selected option offered by the chairman of the GMS that prioritizes the independence and interests of the shareholders as stated in the Rules of GMS which being read in the AGM and available at website <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> before the AGM.
1.2.	All members of BOD and BOC in Public Company attend in Annual GMS.	<b>Complied.</b> All members of the Board of Directors and 4 (four) members of the Board of Commissioners have attended the 2017 Annual GMS and have fulfilled the objectives of the recommendations namely to observe, explain and answer directly the issues/questions raised by the shareholders related to the agenda of the GMS.
1.3	GMS Summary is available in the company's website for at least one year.	<b>Complied.</b> The summary of GMS Conclusion for the 3 (three) consecutive years can be obtained on the website at <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> .
<b>Principle 2. Improve Communication Quality with Stakeholders or Investors</b>		
2.1	Public Company has communication policies with stakeholders or investors.	<b>Complied.</b> The Bank has already had a Policy on Information Disclosure and Performance Report to the Investors and Analysts since 2015. Communication with shareholders and investors is conducted through the implementation of GMS, Public Expose, Analyst Meeting, and distribution of financial performance on regular basis.
2.2	Public Company discloses communication policies with stakeholders or investors on website.	<b>Complied.</b> The Policy on Information Disclosure and Performance Report for the Investors can be obtained at the website <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> .
<b>Aspect 2: BOC Functions and Roles</b>		
<b>Principle 3: Strengthen Members and Composition</b>		
3.1	Determining the number of BOC members considering the company's condition.	<b>Complied.</b> The Bank has 8 (eight) members of the Board of Commissioners, with the 5 (five) members as Independent Commissioners by considering the need, condition, and company capability.
3.2	Determining the composition of BOC members that paid attention on various skills, knowledge, and experiences.	<b>Complied.</b> The Bank's Board of Commissioners have the skills, knowledge and experience as shown in the Board of Commissioners Profiles on page 40-41 to support company development.
<b>Principle 4: Improve Quality of Tasks and Roles</b>		
4.1	BOC has self-assessment policy for its performance.	<b>Complied.</b> The Bank has self assessment policy to assess the performance of the Board of Commissioners.
4.2.	The self-assessment policy was disclosed through the Annual Report.	<b>Complied.</b> The self-assessment policy was disclosed through the Annual Report on page 118.
4.3	BOC has policies relating to the resignation of BOC members if they are involved in financial crimes.	<b>Complied.</b> The Guidelines and Code of Conduct of the Board of Commissioners require that any member of the Board has never been convicted of a crime or sentenced under the criminal law that harms public finance and/or related to the financial sector within a period of 5 (five) years prior to the appointment and while serving in the office. Thus, if any member of the Board of Commissioners are involved in a financial crime, then it is deemed as a failure in criteria and the member must resign.  The policy related to the resignation of the Board of Commissioners were regulated on the Bank's article of association and on Board of Commissioners' Charter.
4.4	BOC or Committee that conducted Nomination and Remuneration function compiled policies on the succession of BOD members nomination.	<b>Complied.</b> The Remuneration and Nomination Committee has implemented Talent and Successor identification process including for the position of BOD members.

No.	Recommendation	Description
Aspect 3: BOD Functions and Roles		
<b>Principle 5: Strengthen Members and Composition of BOD</b>		
5.1	Determining number of BOD members that considered the company's condition and effectiveness in decision making.	<b>Complied.</b> Currently the Bank has 10 (ten) members of BOD.
5.2	Determining the composition of BOD members that paid attention on various skills, knowledge, and experiences.	<b>Complied.</b> The Bank's Board of Directors have the skills, knowledge and experience as shown in the Board of Directors Profiles on page 43-45.
5.3	BOD members who are in charge of accounting or financial have expertise and/or knowledge in accounting.	<b>Complied.</b> Please refer to the Profile of the Directors on page 44 in this Integrated Annual Report.
<b>Principle 6: Improve Quality of BOD Task and Roles</b>		
6.1	BOD has self-assessment policy for its performance.	<b>Complied.</b> The Bank has a GCG guideline that regulates the Directors' performance assessment by means of completing the GCG Self Assessment paper for the Directors' duties and responsibilities assessment.  In addition, the Bank also assesses the Directors' performance based on Balance Score Card collegially and individually.
6.2	The self-assessment policy was disclosed through Annual Report.	<b>Complied.</b> The policy is shown on page 125 in this Integrated Annual Report.
6.3	BOD has policies relating to the resignation of BOD members if involved in financial crimes.	<b>The Board of Directors' Guidelines and Code of Conduct</b> The Guidelines and Code of Conduct of the Board of Directors require that any member of the Board has never been convicted of a crime or sentenced under criminal law that harms public finance and/or related to the financial sector within a period of 5 (five) years prior to the appointment and while serving in the office. Thus, if any member of the Board of Directors are involved in a financial crime, then it is deemed as a failure in criteria and the member must resign.
Aspect 4: Stakeholder Participation		
<b>Principle 7: Enhance the Aspects of Good Corporate Governance through Stakeholder Participation</b>		
7.1	Public Company has policy to prevent insider trading.	<b>Complied.</b> The Bank has a Code of Conduct prohibiting insider trading. The Bank also has an Information Wall policy that regulates confidential/for-limited-audience-only information flow (also referred to as "inside information") and to avoid any conflict of interest that might arise. The information obtained from the inside and known only by one party or more does not have to be disclosed to all parties in the organization (public).
7.2	Public Company has anti corruption and anti fraud policies.	<b>Complied.</b> The Bank has a Policy to Regulate Gratifications that includes anti corruption, Whistleblowing System Policy, and Anti Fraud Policy. It is also regulated in the Code of Conduct that prohibits gratifications and requires accurate and valid documentation and reporting.
7.3	Public Company has a policy regarding the selection and increase in ability of supplier or vendor.	<b>Complied.</b> The Bank has a Policy on vendor selection process through the implementation of transparency and principles of fairness. The Policy also regulates vendor performance evaluation that can be used as a means to make vendor improvements.
7.4	Public Company has a policy regarding the fulfillment of creditor rights.	<b>Complied.</b> The Bank has a GCG Policy/ Guidelines that also regulates the Bank's liabilities in order to protect and fulfill the creditors' rights. In addition, the creditors' rights are also included in the creditors' loan agreement.
7.5	Public Company has whistleblowing system policy,	<b>Complied.</b> The Bank has a policy on whistleblowing system that can be obtained on the website at <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> .
7.6	Public Company has a policy related to long-term incentives to BOD and employees.	<b>Complied.</b> The Bank has a policy on Remuneration that includes, among others, granting long term benefits to the Directors and employees.
Aspect 5: Information Disclosure		
<b>Principle 8: Develop Information Disclosure</b>		
8.1	Public Company benefits information technology widely besides a website as a form of media in information disclosure.	<b>Complied.</b> The Bank has utilized information technology development as seen in the company's website <a href="http://www.ocbcnisp.com">www.ocbcnisp.com</a> and a number of social media accounts such as facebook, twitter, instagram and youtube.
8.2	The Annual Report discloses the beneficial owner in the final shareholding of Public Company by at least five percent, in addition to the disclosure of the final beneficial owner in the company's ownership through the main shareholder and the controller	<b>Complied.</b> The Bank has disclosed it in this Integrated Annual Report on page 47.

## SHARIA BUSINESS UNIT (SBU) CORPORATE GOVERNANCE REPORT

OCBC NISP Sharia Business Unit (SBU) considers the implementation of Good Corporate Governance (GCG) as one of elements to increase the trust and deliver satisfaction to all stakeholders with reference to the Sharia Principles based on Edicts of National Sharia Board - Indonesian Council of Ulama as well as GCG as referred to in Bank Indonesia Regulation.

In implementing the Corporate Governance, the Bank OCBC NISP SBU constantly upholds the commitment in favor of GCG implementation of Bank OCBC NISP in a holistic manner.

Currently the SBU of Bank OCBC NISP has had ten Sharia Branch Offices in Jakarta, Bandung, Surabaya, Semarang, Makassar, Medan, Balikpapan, Palembang, Pontianak and Batam. There are also 282 Channeling Offices spread across Greater Jakarta (Jakarta, Bogor, Tangerang, and Bekasi), Banten, West Java, Yogyakarta, Central Java, East Java, Bali, West Nusa Tenggara, North Sumatera, West Sumatera, South Sumatera, Jambi, Riau, Lampung, North Sulawesi, Souteast Sulawesi, South Sulawesi, East Kalimantan, West Kalimantan, and South Kalimantan.

The implementation of Corporate Governance at SBU of Bank OCBC NISP is conducted in accordance with the prevailing rules and regulations by referring to Indonesian Regulation Number 11/33/PBI/2009, dated December 7, 2009 on Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Unit, as well as Law Number 40 of 2007 dated August 16, 2007 on Limited Liability Companies with due observance of prevailing rules and regulations, sharia principles and prudential banking principle.

### Corporate Governance Principles

In its GCG implementation, SBU of Bank OCBC NISP always pays attention and applies the principles:

- Transparency: disclosure in delivering material and relevant information as well as disclosure in decision making process.
- Accountability: clarity and correctness of presenting information on the current management of the Bank effectively in accordance with the objective.
- Responsibility: the Bank's management is aligned with the prevailing rules and regulations and a sound SBU management principles.
- Professional: having competency, able to act objectively and free from influence/pressure of any party as well as having high commitment to develop sharia business.
- Fairness: fairness and equality in fulfilling the rights and interest of stakeholders based on the prevailing regulations.

In the GCG implementation, a Charter for SBU Director and Sharia Supervisory Board has been established.

### SBU Director

Based on the resolution of General Meeting of Shareholders dated April 3, 2013, the Bank has appointed SBU Director, Mr. Andrae Krishnawan W. as a person who is fully responsible on the Bank's SBU management based on prudential banking and Sharia principles.

#### Duties and Responsibilities of SBU Director, among others:

1. SBU Director is fully responsible for the management of business activities based on Sharia and the prudential banking principles.
2. Shall follow up the recommendations of the Sharia Supervisory Board.
3. Shall provide accurate, relevant and timely data and information about the Islamic principle to the Sharia Supervisory Board.
4. Shall follow up the audit findings and recommendations from the Internal Audit Unit of the Bank, External Auditor, results of Bank Indonesia/ Indonesia Financial Services Authority (FSA) supervision and/or the results of other authorities related to the business management based on Sharia principles.
5. In relation to the implementation of risk management, the SBU Director's authority and responsibility shall include:
  - a. Formulating policies and strategies for risk management in writing and comprehensive.
  - b. Responsibility in the implementation of risk management policies and risk exposure taken entirely by the Bank.
  - c. Evaluating and determining which transactions require approval from the Board of Directors.
  - d. Developing risk management culture at all levels of SBU organization.
  - e. Ensuring the enhancement of human resources competency in relation to the risk management.
  - f. Ensuring that the risk management function has operated independently.
  - g. Conducting regular review to ensure:
    - The accuracy of risk assessment methodologies.
    - The adequacy of risk management information system implementation.
    - The accuracy of policies, procedures and risk limits.

### Sharia Supervisory Board

The Sharia Supervisory Board (SSB) is a representative of National Sharia Board - Indonesian Council of Ulama which plays a role as SBU Bank controller so as all activities carried out are in accordance with the sharia principles.

The Bank's SBU has 2 (two) members of Sharia Supervisory Board:

1. Chairman : Muhammad Anwar Ibrahim
2. Member : Mohammad Bagus Teguh Perwira

## Duties and Responsibilities

The Sharia Supervisory Board performs their duties and responsibilities by providing advice and suggestions to the SBU's Director and by overseeing the activities of the SBU which are conducted based on Sharia principles, including:

1. Assessing and ensuring SBU products' compliance with Sharia Principles.
2. Overseeing the developmental stages of new SBU products from the beginning until the product is released.
3. Providing Sharia-related opinions on new products of SBU and/or restructured financing.
4. Requesting the National Sharia Board to issue an edict about a new SBU product where no decision on their sharia status has been made.
5. Regularly reviewing the sharia compliance status of fund collecting and channeling mechanisms, as well as the SBU's services.
6. Requesting data and information related to the sharia aspect of the SBU in order to support the board's duties.
7. Reporting its supervision results to the BOD, BOC, the National Sharia Board – the Indonesian Ulama Council (Majelis Ulama Indonesia) and Bank Indonesia in line with the prevailing regulations.

## Criteria and Independence

The composition, criteria and independence of the Sharia Supervisory Board (SSB) throughout 2017 has complied with the following Bank Indonesia regulations:

1. Board members must display integrity, which at least includes:
  - a. Good character and morals.
  - b. Committed to obey Sharia Banking's requirements and other existing regulations.
2. Committed in developing healthy and sustainable Sharia Banking.
3. Not included in fit and proper test list as regulated under FSA's fit and proper test requirements.
4. Board members must be a competent professional, and possess knowledge and experiences in the field of sharia mu'amalah in the Banking and/or financial sector in general.
5. Board members must have good financial reputation with:
  - a. Not included in Non Performing Loan.
  - b. Never having been declared bankrupt nor serving as a shareholder, a member of BOC, BOD and/or an executive of a company which was declared guilty and resulted in bankruptcy of the company and/or institutional, in the five years before their nomination as a member of the board.
6. Board members are not allowed to serve as SSB members in more than 4 (four) other sharia financial institutions. (BI Regulation Number 11/10/PBI/2009 on Sharia Business Unit, Chapter III, Article 11, Clause (3).

## SBU Terms of Office

No	SSB Name	Position	GMS Approval	Period
1	Muhammad Anwar Ibrahim	Chairman	30 March 2017	2017-2020
2	Mohammad Bagus Teguh Perwira	Member	30 March 2017	2017-2020

## SSB Internal Meeting

Sharia Supervisory Board Meeting must be held at least once in one month. Throughout 2017, the Board conducted fifteen meetings which were attended by each member of SSB, making the frequency of meetings attended by the Board during 2017 compliant with the applicable regulations.

## Outcomes and Important

Decisions of SSB Meetings from January 2017 until December 2017 were:

1. 20 March 2017 : "Notary Fee"
2. 11 April 2017 : "Review on Ujrah"
3. 12 June 2017 : "Reposessed Assets"

In addition, the SSB meeting also discussed about:

1. Financing Products:
  - a. Collateral File Management.
  - b. Changes in Ujrah.
  - c. Unnotariel Musyarakah Mutanaqisah Financing.
  - d. Distribution of Interest-Free Loan.
  - e. Reposessed Assets.
  - f. MMQ and Murahabah Offering Letter.
  - g. Top Up.
  - h. Developer Subsidy.
2. Third Party Fund Products:
  - a. Poin Tanda iB Wadiah.
  - b. Voucher.
  - c. Shared Accounts.
  - d. Shared Points.
  - e. Customer Account.
3. Treasury Products:
  - a. Inter-office Accounts.
  - b. Sharia Liquidity Management.

## 2017 SSB Monitoring Report

In the first semester of 2017, SSB reported:

1. Report on the implementation of compliance of the Bank's products and services to the provisions of the National Sharia Council – Indonesian Ulama Council (Majelis Ulama Indonesia):
  - a. Financing (Home Mortgage iB).
  - b. Third Party Funds: Tanda iB, iB Savings, Taka iB, iB Current Accounts, iB Deposit, Community Savings, Mudharabah iB Savings and Simpel iB Savings.

- c. Treasury activities (Government Sukuk and Fasbis).
  - d. Banking services (transfer, overbooking and Electronic Banking).
  - e. There were no new product activities in 2017.
2. Supervision on the SBU's activities was conducted by taking sample: 47 (forty-seven) samples of Mortgage iB financing, 726 (seven hundred twenty six) samples of Third Party Funds, 41 (forty one) samples of treasury transactions, and 512 (five hundred twelve) samples of Services given.
  3. There were no products and services conducted by the Bank which were not/have not yet regulated in edict of National Sharia Board - Indonesian Council of Ulama. There were no activities conducted by the Bank which have not/were not complied with the Bank's SOP.

Supervisory report of SSB 2<sup>nd</sup> semester period of 2017 will be submitted on the third week on February 2018.

#### SSB Remuneration

The supervisory report of SSB for the second semester of 2017 will be submitted in the third week of February 2019. The formulation of the remuneration generated through recommendation from the Nomination and Remuneration Committee which was subsequently submitted to the BOC. The remuneration package for the Sharia Supervisory Board on December 31, 2017 was:

Type of Remuneration and other facilities	Sharia Supervisory Board (SSB)	
	Person	Amount (In Million Rp)
Remuneration (Salary, bonus, other routine allowances and other facilities).	2	840
Other facilities (housing, transportation, insurance, health, etc):	-	-
a. Could be owned.		
b. Could not be owned.		
<b>Total</b>	<b>2</b>	<b>840</b>

#### List of Sharia Business Unit Consultants

In 2017, Sharia Business Unit (SBU) did not hire any consultant to support its activities.

#### Distribution of Interest-Free Loans for Social Activities

In 2017, SBU of Bank OCBC NISP has distributed the interest-free loans for social activities amounted to Rp512,373,936 (five hundred twelve million three hundred and seventy-three thousand nine hundred thirty six Rupiah) whose source of funds came from the Bank's SBU. The distribution of the interest-rate free loans was conducted through several social activities including:

- Various activities during Ramadhan.
- Mass circumcision at Istiqomah Mosque.
- CSR Mudik bareng event 2017 (Ramadhan activity).
- Zakat Indonesia Festival.
- Takmir of Muhammadiyah Mosque - Semarang.
- ASBISINDO PEDULI Activities.
- Dompot Peduli Daarut Tauhid - Batam.
- Participated in Superqurban program - Rumah Zakat Foundation.

#### Non-Halal Incomes and Uses

In conducting Bank OCBC NISP's SBU activities until December 31, 2017, no activities of the SBU had generated non-halal incomes.

#### SBU's Financial and Non- Financial Transparency

The Bank OCBC NISP's SBU presented and announced its quarterly financial reports through publications on national newspapers and submitted to Bank Indonesia.

- a. Self-Assessment  
In 2017, Bank OCBC NISP's SBU carried out GCG self-assessment by referring to the Bank Indonesia's GCG requirements for Sharia banks and Sharia Business Units, regulated under PBI No. 11/33/PBI/2009 on December 7, 2009 and SEBI No. 12/13/DPbS on April 30, 2010.

The self-assessment activities include ranking of assessments on GCG implementation by Bank OCBC NISP's SBU which referred to the comparing of GCG implementation with the minimum criteria set by Bank Indonesia.

The assessment on GCG implementation for Bank OCBC NISP's SBU were carried out by focusing on five factors:

1. SBU Director's duties and responsibilities.
2. SSB's duties and responsibilities.
3. The implementation of sharia principles in fund raising, channeling and service activities.



4. Fund disbursements for key financing customers and deposits of key clients.
5. Transparency of SBU's financial and non-financial conditions, GCG implementation and internal reports.

#### General Conclusion on the Result of Self- Assessment on the Good Corporate Governance

Based on the Self-Assessment of the Good Corporate Governance in which the comparison of the performance of the GCG in the Bank OCBC NISP's SBU with minimum criteria set by Bank Indonesia, the assessment result is reported as follows:

1. Composite Score and Rating  
Based on the Self-Assessment results on implementation of Corporate Governance, during 2017 the implementation of Governance of Bank OCBC NISP's SBU succeeded to achieve the rank of 1.00 or Very Good.
2. The Weakness and Factors of Self-Assessment Result on GCG in 2017  
There is no significant weakness in the implementation of the GCG in the Bank OCBC NISP's SBU.
3. The Strength of GCG Implementation  
Having an active role of the Directors of the SBU and the Sharia Monitoring Board to ensure the implementation of Sharia principles in all its businesses, as well as a strong commitment from all parties in the SBU structure and related units, then the GCG in SBU has been implemented effectively and efficiently in accordance with the prevailing regulations by upholding the Sharia principles.

#### Follow-Up

In line with the massive growth of business, the Bank OCBC NISP's SBU is committed to improve the quality of GCG implementation within the SBU as well as to consistently improve all the aspects of the GCG for the sustainable future of the governance.

#### Brief Profile of Sharia Supervisory Board



**Muhammad Anwar Ibrahim**  
Chairman

Indonesian Citizen, 77-years-old

Chairman of Sharia Supervisory Board of Bank OCBC NISP since 2009.

He's currently also serving as Plenary Member of Indonesian National Board of Sharia of The Majelis Ulama Indonesia, Founding Member of The International Shari'ah Research Academy for Islamic Finance, Malaysia (ISRA), Chairman of Sharia Supervisory Board of PT Maybank Indonesia - Sharia Business Unit, Chairman of Sharia Supervisory Board PT Prudential Life Assurance, and as Lecturer of Introduction to Islamic Economy at the Faculty of Economics, Universitas Trisakti and National Economics according to Islamic Fiqh at Islamic State University of Jakarta.

Holds a Master degree (1969) and a PhD degree (1978), both in Ushulfiqh (Source and Philosophy of Islamic Laws) from University of Al Azhar, Cairo.



**Mohammad Bagus Teguh Perwira**  
Member

Indonesian citizen, 40-years-old.

Sharia Supervisory Board Member of Bank OCBC NISP since 2009.

He is also currently serving as member of Daily Executive of Indonesian National Board of Sharia of The Majelis Ulama Indonesia (2015-present), Sharia Supervisory Board of PT Schoders Investment Management Indonesia (2008-present), Chairman of Sharia Supervisory Board of PT Aberdeen Asset Management (2015-present).

Bachelor's degree in Islamic Studies and Arabic at Al Azhar University, Cairo (1999) and Post-Master's degree in Islamic Economics at Islamic University Syarif Hidayatullah, Jakarta (2007).