

Compliance Working Units

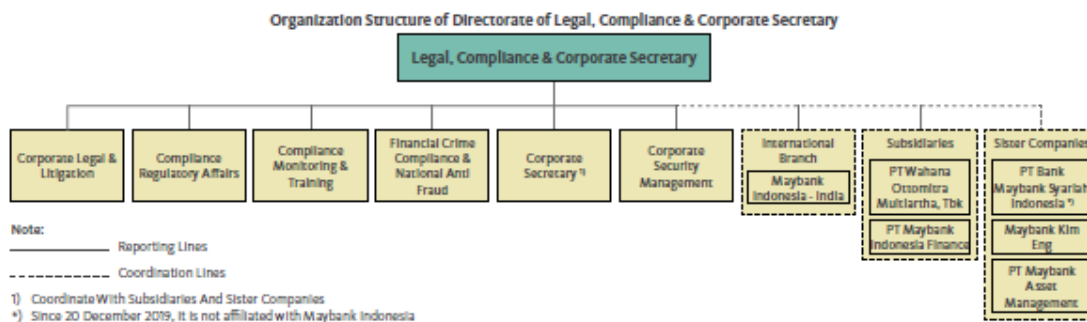
The Compliance Work Unit (SKK) functions to assist the Compliance Director in effectively managing the compliance risks faced by the Bank, in carrying out the implementation of Compliance Culture at all levels of the organization and business activities of the Bank, and in monitoring the fulfillment of commitments made to various respective authority.

PROFILE OF HEAD OF COMPLIANCE WORKING UNIT

Harris P. Simanjuntak and Tenang Sitepu

Profiles have been included on the Executive Officers Profiles

COMPLIANCE UNIT ORGANISATIONAL STRUCTURE





COMPLIANCE PRINCIPLES BASED ON OJK'S REGULATIONS

Based on the OJK Regulation No.46/POJK.03/2017 on the Implementation of the Compliance Function of Commercial Banks, Maybank Indonesia runs compliance risk management and ensures a compliance culture across Bank's activities. Compliance risk management has become vital due to the increasingly complex banking business in line with rapid information technology development, globalization and financial market integration.

In addition, the compliance function is one of the indicators in the implementation of Good Corporate Governance (GCG) and is also one important factor in the Bank's health assessment. The Bank is well committed to implement compliance risk management on an on-going basis based on the following compliance principles:

- a. Compliance is top down
- b. Compliance is a shared responsibility
- c. Compliance is carried out to comply with prevailing laws and regulations
- d. Compliance is carried out with competence, integrity and responsibility
- e. Stakeholders-oriented
- f. Dedication to the Bank, and
- g. Problem solving-oriented.

COMPLIANCE FUNCTION

The Compliance Working Unit (SKK) is established separately, independent of the operational working unit; is free from the influence of other working units; and has direct access to the Director in charge of the Compliance Function. The Compliance Work Unit is established at the Bank's head office, but its coverage encompasses the entire branch office network and work units owned by the Bank.

In implementing the compliance program at PT Bank Maybank Indonesia Tbk, the Compliance Director is assisted by the Compliance Regulatory Affairs ("CRA") and Compliance Monitoring & Training ("CMT") Unit to ensure the Bank's compliance with Bank Indonesia and Financial Services Authority regulations, and compliance with other applicable laws and regulations, as well as to monitor compliance with commitments made by the Bank to competent authorities.

In the case of the implementation of the Compliance Director's duties related to the application of Anti Money Laundering ("APU") and Prevention of Terrorism Funding ("PPT"), the Compliance Director is assisted by the Financial Crime Compliance Work Unit ("FCC").

The organizational structure of the Legal, Compliance and Corporate Secretary Directorate has been updated through STO 2019.005 dated 15 July 2019 on the Organizational Structure of the Legal, Compliance and Corporate Secretary Directorate, which includes:

1. The merging of the National Anti Fraud Work Unit, formerly under the President Director, with the Financial Crime Compliance Work Unit, to form the Financial Crime Compliance & National Anti Fraud Work Unit.
2. The restructuring of the Compliance Regulatory Affairs work unit on the basis of the respective compliance segment/focus area served, to consist of the following:
 - a. GB, SME & Risk Management Compliance Advisory
 - b. Retail, Shariah & Governance Compliance Advisory
 - c. Branch & Support Functions Compliance Advisory
 - d. IT Compliance Advisory.
3. The merging of the Litigation Work Unit with the General Legal Counsel Work Unit, to become the Corporate Legal & Litigation Work Unit.
4. The repositioning of the Corporate Security Management Work Unit, formerly within the Operations Directorate, to currently reporting direct to the Director for Legal, Compliance & Corporate Secretary.

DUTIES AND RESPONSIBILITIES

SKK serves to assist the Compliance Director in effectively managing the compliance risks faced by the Bank, actualizing the Compliance Culture at all levels of the organization and Bank business activities, and monitoring the fulfillment of commitments made to competent authorities.

In general, the tasks and responsibilities of SKK are as follows:

1. Compliance Regulatory Affairs

Accountability
<ul style="list-style-type: none"> • Establish measures that support the creation of a Compliance Culture in all Bank business activities at all levels of the organization. • Identify, measure, monitor and control the Compliance Risk. • Review and/or evaluate the adequacy and suitability of policies, regulations, systems and procedures held by Banks against BI and/or OJK regulations, prevailing laws and regulations and recommend updating and improving policies, rules, systems and procedures. • Act as contact person for Bank compliance issues for internal or external parties and fulfilling commitments to BI and/or OJK. • Responsible for providing advice to business and support work units in an effort to meet requirements and compliance with regulations. • Be the coordinator of the functions/tasks of the Integrated Compliance Work Unit (SKKT) at the Maybank Indonesia Financial Conglomerate. • Responsible for making Compliance Function Implementation Reports and other reports needed for management to understand the Bank's position in the regulatory environment.

2. Compliance Monitoring dan Training

Accountability
<ul style="list-style-type: none"> • Ensuring that the Bank's policy, regulation, system and procedure, as well as business activities are complied with the provisions from OJK and the prevailing laws and regulations. • Ensuring the Bank's compliance with the commitment made by the Bank with OJK and/or other regulators. • Perform monitoring and inspection process to identify potential compliance risks at work units and branch offices in order to improve the culture of compliance. • Improving the culture of compliance throughout the Bank's operational activities by conducting focus group discussions and organizing training / refreshment programs against applicable regulations.

COMPLIANCE ACTIVITIES CARRIED OUT IN 2019

The Bank's SKK throughout 2019 implemented a number of activities to support and enhance Bank-wide Compliance Culture, including the following: :

1. The CRA and CMT Work Unit established compliance strategies and programs to improve compliance awareness and further strengthen compliance culture through Bank-wide socialization, training and monitoring.
2. Identify, measure, monitor and control Compliance Risk through:
 - a. Compliance risk profile self-assessment for the purpose of establishing Bank's risk profile.
 - b. GCG implementation self-assessment either individually or consolidated with subsidiaries.
 - c. Monitor follow-up on compliance risks shown in the compliance status report.
3. Conduct on-going communication with the Shariah Supervisory Board (DPS) in the implementation of the Bank's Shariah Business Unit compliance function.
4. Monitor the fulfillment of prudential banking ratios as part of the implementation of the regulatory compliance function.
5. Review the submission and reporting of new products and activities to obtain approval from regulators and to ensure that the new products and activities comply with regulations and cooperate with work units in monitoring the submission of new products and activities until their realization.
6. Review and/or recommend updating and refining the Bank's policies, regulations, systems and procedures to comply with applicable regulatory requirements, including Syariah principles, including:
 - a. To socialize changes in regulatory provisions as well as new regulatory provisions to relevant work units, including making a gap analysis of the current condition of the Bank.



- b. Updating the Bank's internal provisions.
- 7. Carry out assessment and evaluation on the effectiveness, adequacy, and conformity of Bank policies/procedures and making efforts to ensure its policies, rules, systems, procedures and implementation are in compliance with prevailing regulatory provisions, including through:
 - a. Compliance tests on the Bank's internal policies/procedures as well as the Bank's business operations.
 - b. Provide recommendations and opinions on the application of compliance to the Bank.
- 8. Deliver periodic reports on regulatory compliance to regulators in accord with applicable regulations or ad hoc terms based on request.
- 9. Coordinate audit activities and supervision by regulators of the Bank.
- 10. Adequately monitor Bank's commitment fulfillment to the regulators including the follow-up and settlement of the regulator's findings/results on the Bank.
- 11. Conduct ongoing coordination and communication with relevant working units and members of the Bank's financial conglomerate in the case of implementation of integrated compliance functions and related reports.
- 12. Participate actively in Director of Banking Compliance Communication Forums (FKDKP).

2019 COMPLIANCE INDICATORS

1. Capital Adequacy Ratio (CAR) ratio - credit risk, market and operational risk was ...%, above the minimum requirement stipulated by regulators.
2. There was no exceeding or violation of the provisions of the Legal Lending Limit (BMPK) during 2019.
3. Non Performing Loan (NPL) was ...%, fulfilling regulator provision set at the maximum of 5%.
4. Minimum Reserve Requirement (GWM) fulfilling minimum 6.5% provision.
5. Statutory Reserve Requirement (GWM) of foreign exchange fulfilling provision of a minimum limit of 8%.
6. Net Open Position (on and off balance sheet) fulfilling the maximum limit of 20%.
7. The Bank's Soundness position in June 2019 was the Composite Rating 2, which reflects the condition of the Bank that is generally healthy so that it is considered capable of facing significant negative effects from changes in business conditions and other external factors.
8. Commitments to external parties in general can be well fulfilled.

Compliance Activities In 2019

No	Compliance Activities	2019
1.	Compliance Review	346
2.	<ul style="list-style-type: none"> • Compliance test (on site) • Off-site Reviews 	51 34
3.	Training/Socialization carried out by CRA	62
4.	Training/Socialization carried out by CMT	55