



PT BANK UOB INDONESIA

Annual Report 2012



Splendour of Rainforests
Ngiam Kiah Seng

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***Splendour of Rainforests* by Ngiam Kiah Seng**
Ink & Colour on Paper

Ngiam Kiah Seng received the Platinum Award in the 2010 UOB Painting Of The Year Competition for this painting. It is the design inspiration behind this year's Annual Report.

Ngiam used a yin-yang stroke technique to represent the interconnectedness and interdependence of the stability of Singapore's financial system to the nation's growth and development through the idea of rainforests. The rainforest trees symbolise longevity, synonymous with UOB's long-term focus on how it manages and operates its businesses across the region.

Ngiam's piece is now one of the works in the UOB Art Collection. The collection began in the 1970s as a way to support the local art scene in the Singapore and has grown to include more than 1,700 pieces from around the region. Many of these pieces are on display at the Group's offices worldwide.



To be the premier bank in
Indonesia committed
to providing quality product
and excellent
customer services

To provide top quality banking
service required by the retail
market, improve human
resources professionalism
and increase added value
for all stakeholders in a
sustainable manner

PT Bank UOB Indonesia (UOB Indonesia) was founded on 31 August 1956 under the name of PT Bank Buana Indonesia. In May 2011, the Bank changed its name to PT Bank UOB Indonesia.

UOB Indonesia's service network comprises 41 branch offices, 172 sub-branch offices and 173 ATMs across 30 cities in 18 provinces in Indonesia. UOB Indonesia's banking services are also accessible through the ATM Prima and Bersama network, Visa network and UOB's regional ATM network.

UOB Indonesia is rated AAA (idn) by the independent rating agency Fitch Ratings. The Bank has also won the Platinum Award for Exceptional Financial Performance from Infobank Magazine for 10 consecutive years.

UOB Indonesia is well known for its focus on small and medium enterprises, besides its strong retail customer base and corporate banking business which offers treasury and cash management products and services.

With its extensive service network, information technology systems, sound capital structure and qualified people, UOB Indonesia aims to create sustainable long term value for its stakeholders.

UOB Indonesia's focus remains on transforming UOB Indonesia into a Premier Bank through disciplined growth and stability.

UOB Indonesia understands the importance of corporate social responsibility through its focus on promoting arts, cultivating education and helping children. For the past two years, UOB Indonesia has organised the prestigious Painting Of The Year Competition and Exhibition. UOB Indonesia also encourages active participation from all of its employees in its corporate social responsibility programmes through regular volunteer activities. This includes the annual UOB Heartbeat Run which is held simultaneously in Indonesia, Singapore, Malaysia, Thailand and China.

For more information about PT Bank UOB Indonesia, please visit www.uob.co.id

2012 Key Highlights

RESULTS

Interest Income

18.29%

from IDR4.11 trillion to IDR4.87 trillion

FINANCIAL POSITION

Loans

14.43%

from IDR38.87 trillion to IDR44.48 trillion

PROFITABILITY

Return on Assets

2.60%

from 2.30% to 2.60%

Net Profit

40.09%

from IDR0.79 trillion to IDR1.11 trillion

Equities

14.91%

from IDR7.47 trillion to IDR8.58 trillion

Return on Equities

14.97%

from 11.43% to 14.97%

Financial & Operational Highlights

Balance Sheets

Items (in IDR billion)	31 December				
	2008	2009	2010	2011	2012
Assets					
Cash	601	352	377	377	418
Current Accounts with Bank Indonesia	1,089	1,056	1,798	3,553	4,047
Current Accounts with Other Banks	505	1,122	608	666	897
Placements with Bank Indonesia and other Banks	1,609	1,313	2,123	3,090	2,750
Trading Securities and Financial Investments - Net	5,116	5,332	4,703	4,688	3,964
Securities sold under repurchased agreement	-	-	-	1,164	-
Derivatives Receivable	32	5	41	83	113
Loans - Net	23,221	22,980	27,044	38,866	44,476
Acceptances Receivable	237	232	367	1,457	1,407
Investments - Net	-	-	-	-	-
Deferred Tax Assets - Net	51	11	31	13	-
Fixed Assets - Net book value	393	707	798	817	882
Others Assets - Net	483	334	412	474	419
Total Assets	33,337	33,444	38,302	55,248	59,373
Liabilities and Equity					
Current Liabilities	117	90	88	80	218
Demand Deposits	5,164	5,227	3,203	4,841	4,987
Savings Deposits	4,442	4,047	7,309	7,805	8,165
Time Deposits	15,825	16,881	17,751	30,257	33,387
Deposits from Other Banks	1,372	436	1,976	1,317	1,682
Taxes Payable	111	54	59	70	85
Derivatives Payable	40	20	47	82	116
Obligation on securities sold under repurchased agreements	-	-	-	1,190	-
Interests Payable	45	40	53	174	151
Acceptances Liabilities	240	234	371	1,472	1,390
Fund Borrowing	11	5	-	-	-
Subordinated Bonds	218	-	-	-	-
Estimated Losses on Commitments and Contingencies	9	10	11	-	-
Deferred Tax Liability - Net	-	-	-	-	40
Liabilities for Employees' Benefits	20	25	38	52	70
Other Liabilities	274	275	490	440	500
Total Liabilities	27,888	27,344	31,396	47,780	50,791
Total Equity	5,449	6,100	6,906	7,468	8,582
Total Liabilities and Equity	33,337	33,444	38,302	55,248	59,373

Financial & Operational Highlights

Income Statements

Items (in IDR billion)	31 December				
	2008	2009	2010	2011	2012
Interest Income	2,880	3,498	3,234	4,113	4,866
Interest Expense	(1,209)	(1,501)	(1,191)	(1,775)	(2,061)
Interest Income - Net	1,671	1,997	2,043	2,338	2,805
Other Operating Income - Net	297	359	490	473	474
Provision for Impairment Losses on Financial Assets and Estimated Losses on Commitments and Contingencies	(128)	(128)	(127)	(209)	(69)
Provision for Decline in Value of Foreclosed Assets	(2)	(13)	(13)	20	(6)
Other Operating Expenses	(1,056)	(1,205)	(1,221)	(1,568)	(1,788)
Income From Operations	782	1,010	1,172	1,054	1,416
Non Operating Income (Expenses) - Net	12	3	(18)	21	73
Income Before Tax Expense	794	1,013	1,154	1,075	1,489
Tax Expense	(245)	(290)	(289)	(282)	(377)
Income including pre-merger Net Income of ex PT Bank UOB Indonesia	549	723	865	793	1,112
Net Income of merged Bank	227	279	(159)	-	-
Net Income for the year	322	444	706	793	1,112
Other Comprehensive Income (loss) for the year - Net of tax	(28)	82	(63)	16	32
Total Comprehensive Income for the year - Net of tax	294	526	643	809	1,144
Net Income per share (full amount)	48	67	87	83	116

Items	31 December				
	2008	2009	2010	2011	2012
Financial Ratios					
Capital					
Capital Adequacy Ratio (CAR)*	25,36%	26,25%	22,27%	17,61%	16,77%
- Total Capital	5,647,514	5,869,755	6,724,620	7,394,259	8,100,744
a) Core Capital	5,166,841	5,563,447	6,409,273	6,951,746	7,593,355
b) Supplementary Capital	480,673	306,308	315,347	442,513	507,389
- Risk Weighted Assets	22,269,377	22,361,066	30,193,418	41,980,133	44,061,564
a) Credit	21,888,377	21,888,377	27,532,248	37,693,549	43,525,036
b) Market	381,000	117,574	111,407	131,321	60,125
c) Operational	-	-	2,549,763	4,155,263	4,706,403
CAR Tier I	23.20%	24.88%	21.23%	16.56%	15.72%
CAR Tier II	2.16%	1.37%	1.04%	1.05%	1.05%
Fixed Assets to Capital	14.64%	20.55%	20.23%	18.99%	18.28%
- Fixed Assets	826,566	1,206,343	1,360,164	1,404,238	1,480,451
- Capital	5,647,514	5,869,755	6,724,620	7,394,259	8,100,744
Assets Quality					
Non-Performing Earning Assets	1.48%	2.26%	2.27%	1.24%	1.56%
Non-Performing Earning Assets and Non Earning Assets to Total Earning Assets	-	2.13%	2.08%	1.19%	1.41%
Allowance for Impairment Losses for Financial Assets to Earning Assets	-	-	-	1.05%	0.97%
Non-Performing Loans	1.95%	3.02%	2.78%	1.53%	1.81%
Non-Performing Loans - Net	1.48%	2.28%	2.24%	1.17%	1.13%

* Starting 2010 onwards, CAR is calculated for credit risk, market risk and operational risk.

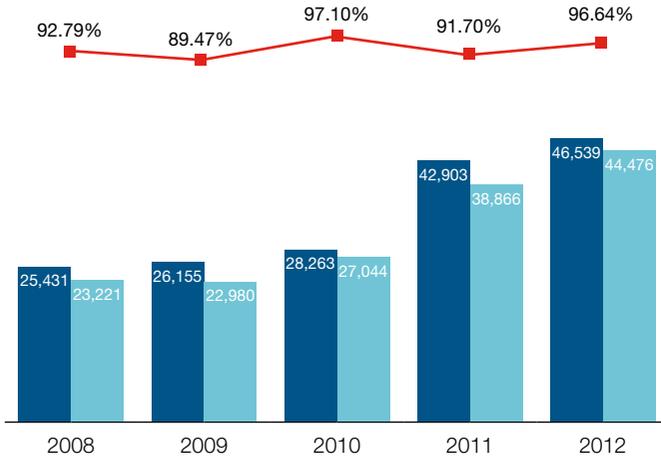
Financial & Operational Highlights

Items	31 December				
	2008	2009	2010	2011	2012
Rentability					
Return on Assets (ROA)	2.71%	3.03%	3.31%	2.30%	2.60%
Return on Equity (ROE)	10.92%	12.97%	14.48%	11.43%	14.97%
Debt to Equity	511.80	448.98	454.62	639.81	591.86
Debt to Assets	83.65	81.78	81.97	86.48	85.55
Net Interest Margin (NIM)	6.21%	5.85%	6.17%	5.14%	5.07%
Fee Income Ratio	20.16%	21.45%	23.02%	27.68%	24.72%
Cost to Income	57.81%	53.41%	50.89%	56.90%	55.93%
Operating Expense to Operating Income	77.31%	75.51%	70.85%	77.55%	74.61%
Liquidity					
Loans to Deposits Ratio (LDR)	92.79%	89.47%	97.10%	91.70%	96.64%
Low Cost Fund (CASA) Ratio	37.77%	35.46%	37.19%	29.48%	28.26%
Compliance					
Violation of the Legal Lending Limit	-	-	-	-	-
Lending in excess of the Legal Lending Limit	-	-	-	-	-
Statutory Reserves - IDR					
Primary	5.23%	5.08%	8.11%	8.10%	8.10%
Secondary	-	24.50%	16.66%	13.74%	7.75%
Statutory Reserves - Foreign Currency	1.02%	1.03%	1.03%	8.31%	8.10%
Net Open Position	0.72%	0.54%	1.22%	0.58%	0.26%
Growth Ratios					
Net Interest Income	13.36%	19.51%	2.30%	14.44%	19.95%
Operating Income	(10.63%)	29.16%	12.38%	(10.07%)	34.30%
Net Income	(10.00%)	31.69%	19.64%	(8.21%)	40.09%
Total Assets	28.28%	0.29%	14.56%	44.24%	7.47%
Total Liabilities	32.62%	(1.95%)	14.82%	52.18%	6.30%
Total Equity	9.90%	11.76%	13.40%	8.14%	14.91%
Others Ratios					
Loans Receivable to net Earning Assets	75.59%	74.24%	77.52%	77.71%	87.95%
Loans Receivable to Third Party Funds	92.79%	89.47%	97.10%	91.70%	96.64%
Allowances for Possible Losses to Total Loans Receivable	1.58%	1.76%	1.48%	1.25%	1.12%
Capital Adequacy Ratio (CAR) for Credit Risk*	25.80%	26.39%	24.42%	19.62%	18.61%
Capital Adequacy Ratio (CAR) for Credit Risk and Market Risk*	25.36%	26.25%	24.33%	19.55%	18.59%
Capital Adequacy Ratio (CAR) for Credit Risk, Market Risk and Operational Risk*	25.36%	26.25%	22.27%	17.61%	16.77%
Others					
Total Employees	5,297	4,761	4,974	5,291	5,314
Total Office Network	214	213	213	213	213
Total ATMs	129	129	132	137	173
Total Cost of Fund (IDR billion)	908	1,379	1,070	1,677	1,950
Total Share Issued (share)	6,653,357,004	6,653,357,004	9,553,885,804	9,553,885,804	9,553,885,804

* Calculated in accordance with Bank Indonesia Regulations.

Financial & Operational Highlights

Net loans	IDR44,476 billion	▲ 14.43%
Deposits	IDR46,539 billion	▲ 8.47%
LDR	96.64%	▲ 4.94%

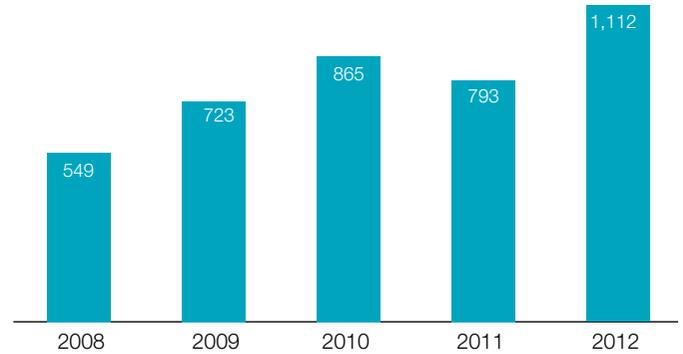


Net loans grew by 14.43% in 2012, partly driven by the growth in loans for investment and working capital.

Deposits grew by 8.47% to IDR46,539 billion, mainly derived from the increase in Time Deposit by 10.34%.

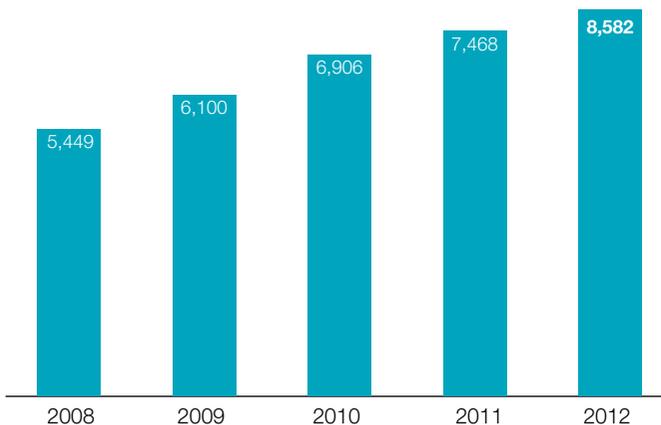
The growth of LDR to 96.64% was due to the higher net loans' growth than deposits.

Net Profit	IDR1,112 billion	▲ 40.09%
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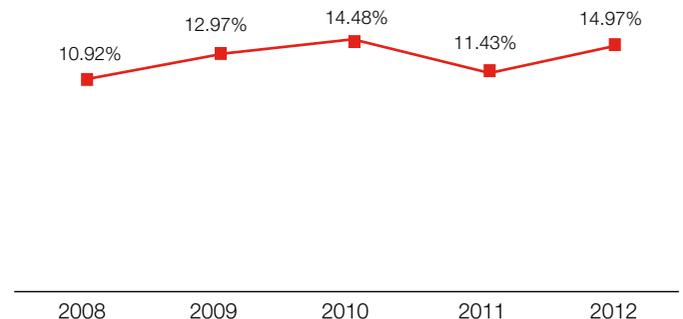
Net Profit rose by 40.09% in 2012 to IDR1,112 billion. The increase was mainly due to the increase of interest income in line with the loans growth.

Total Equity	IDR8,582 billion	▲ 14.91%
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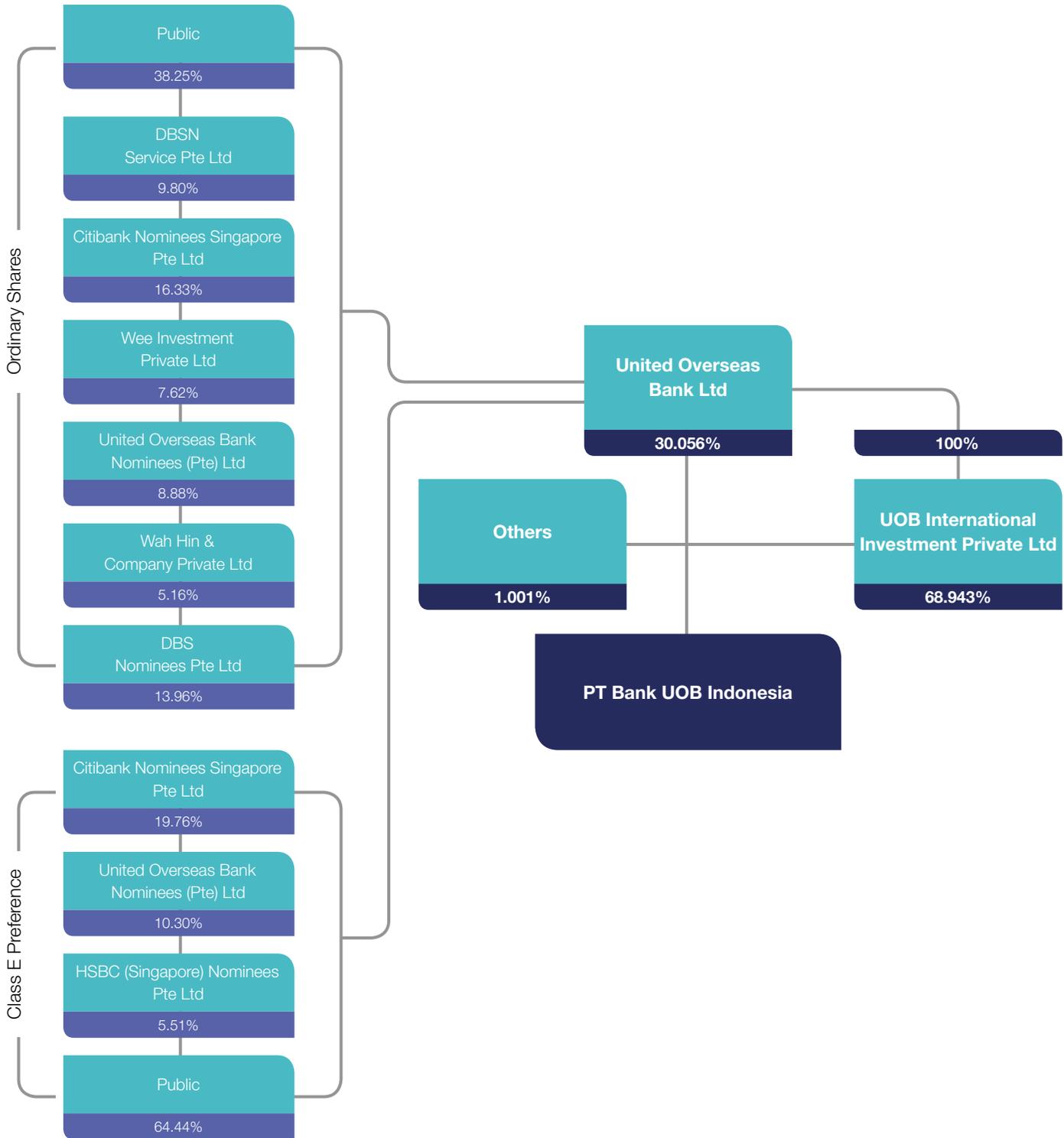
Total Equity increased by 14.91% year on year, mainly due to the increase of net profit.

Return on Equity	14.97%	▲ 3.54%
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Return on Equity increased by 3.54% to 14.97%, mainly due to the increase of profit.

Shareholder Structure



About United Overseas Bank Limited

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown through a series of strategic acquisitions and organic growth. Today, it operates in Asia through its branches and representative offices as well as banking subsidiaries in China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

UOB provides a wide range of financial services including personal financial services, wealth management, private banking, commercial and corporate banking, transaction banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management and insurance. UOB also has diversified interests in travel and property management.

In Singapore, UOB is a market leader in the credit and debit cards business and the private residential home loans business. It is also a key player in loans to small and medium enterprises.

Its fund management arm, UOB Asset Management, is one of Singapore's most awarded fund managers.

UOB is rated among the world's top banks, with a rating of Aa1 by Moody's and AA- by Standard & Poor's and Fitch respectively.

UOB also plays an active role in the community, focusing its corporate responsibility efforts on the arts, promoting education and helping children. For three decades UOB has organised the prestigious Painting Of The Year Competition and Exhibition. In recognition of its contributions to the arts, UOB has been conferred the National Arts Council's Distinguished Patron of the Arts Award for the seventh consecutive year. UOB also encourages its employees across the region to be involved in its corporate responsibility programme through regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in Singapore, Malaysia, Indonesia, Thailand and mainland China.

For more information about UOB, visit www.UOBGroup.com

GLOBAL NETWORK

Asia Pacific

Australia	4
Brunei.....	3
China.....	15
Hong Kong.....	3
India	1
Indonesia.....	214
Japan	2

Malaysia	47
Myanmar	2
Philippines	1
Singapore.....	74
South Korea	1
Taiwan	3
Thailand.....	164
Vietnam	1

North America

Canada	2
USA.....	3

Western Europe

France.....	1
United Kingdom	1

UOB Financial Statements

Consolidated Income Statement (Audited)

in SGD million

	2012	2011
Interest Income	6,202	5,641
Less: Interest expense	2,285	1,963
Net Interest Income	3,917	3,678
Fee and commission income	1,508	1,318
Dividend income	135	75
Rental income	110	112
Other operating income	825	515
Non Interest Income	2,578	2,021
Total Operating Income	6,495	5,699
Less: Staff costs	1,597	1,403
Other operating expenses	1,151	1,047
Total Operating Expenses	2,747	2,450
Operating profit before charges	3,748	3,248
Less: Amortisation/impairment charges		
Intangible assets	7	10
Loans and other assets	476	523
Operating profit after charges	3,264	2,715
Share of profit of associates and joint ventures	87	93
Profit before tax	3,351	2,808
Less: Tax	531	467
Profit for the financial period	2,821	2,341
Attributable to:		
Equity holders of the Bank	2,803	2,327
Non-controlling interests	17	14
	2,821	2,341
Total operating income		
First Half	3,239	2,860
Second Half	3,256	2,839
Profit for the financial year attributed to equity holders of the Bank		
First Half	1,401	1,248
Second Half	1,402	1,079

Consolidated Balance Sheet (Audited)

in SGD million

	Dec 2012	Dec 2011
Equity		
Share capital	5,272	5,253
Retained earnings	10,222	8,499
Other reserves	9,586	9,215
Equity attributable to equity holders of the bank	25,080	22,967
Non-controlling interests	192	177
Total	25,272	23,144
Liabilities		
Deposits and balances of banks	21,538	19,750
Deposits and balances of non-banks customers	182,029	169,460
Bills and drafts payable	1,572	1,730
Other liabilities	9,689	11,087
Debts issued	12,800	11,786
Total	227,628	213,814
Total equity and liabilities	252,900	236,958
Assets		
Cash, balances and placements with central banks	33,056	26,786
Singapore Government treasury bills and securities	11,999	9,710
Other government treasury bills and securities	10,681	8,253
Trading securities	260	271
Placements and balances with banks	15,991	18,770
Loans to non-banks customers	152,930	141,191
Investment securities	11,129	14,354
Other assets	9,334	10,157
Investment in associates and joint ventures	1,102	1,092
Investment properties	1,016	1,126
Fixed Assets	1,234	1,050
Intangible assets	4,168	4,196
Total	252,900	236,958
Off balance sheet items		
Contingent liabilities	18,437	15,821
Financial derivatives	349,452	351,224
Commitments	60,911	54,022
Net asset value per ordinary share (\$)	14.56	13.23

Consolidated Statement of Changes in Equity (Audited)

in SGD million

	Attributable to equity holders of the Bank					Total equity
	Share capital	Retained earnings	Other reserves	Non-Controlling Total	Interests	
Balance at 1 January 2012	5,253	8,499	9,215	22,967	177	23,144
Profit for the financial year	-	2,803	-	2,803	17	2,821
Other comprehensive income for the financial year	-	-	345	345	4	350
Total comprehensive income for the financial year	-	2,803	345	3,148	22	3,170
Transfers	-	(33)	33	-	-	-
Dividends	-	(1,047)	-	(1,047)	(6)	(1,053)
Share buyback - held in treasury	(11)	-	-	(11)	-	(11)
Share-based compensation	-	-	22	22	-	22
Issue of treasury shares under share-based compensation plans	29	-	(29)	-	-	-
Balance at 31 December 2012	5,272	10,222	9,586	25,080	192	25,272
Balance at 1 January 2011	4,685	7,687	9,101	21,473	180	21,654
Profit for the financial year	-	2,327	-	2,327	14	2,341
Other comprehensive income for the financial year	-	-	(215)	(215)	(8)	(223)
Total comprehensive income for the financial year	-	2,327	(215)	2,112	5	2,118
Transfers	-	(326)	326	-	-	-
Change in non-controlling interests	-	-	-	-	(1)	(1)
Dividends	-	(1,189)	-	(1,189)	(7)	(1,196)
Share buyback - held in treasury	(9)	-	-	(9)	-	(9)
Issue of shares under scrip dividend scheme	547	-	-	547	-	547
Share-based compensation	-	-	32	32	-	32
Increase in statutory reserves	-	-	1	1	-	1
Issue of treasury shares under share-based compensation plans	30	-	(30)	-	-	-
Balance at 31 December 2011	5,253	8,499	9,215	22,967	177	23,144

Consolidated Statement of Comprehensive Income (Audited)

	2012	2011
Profit for the financial period	2,821	2,341
Currency translation adjustments	(329)	(36)
Change in available-for-sale reserve		
Change in fair value	1,014	(211)
Transfer to income statement on disposal/impairment	(301)	60
Tax relating to available-for-sale reserve	(67)	36
Change in share of other comprehensive income of associates and joint ventures	32	(72)
Other comprehensive income for the financial period, net of tax	350	(223)
Total comprehensive income for the financial period, net of tax	3,170	2,118
Attributable to:		
Equity holders of the Bank	3,148	2,112
Non-controlling interests	22	5
	3,170	2,118

Significant Events in 2012



Feb



Mar



May



Jun



Sep



Oct

Feb

29 February 2012

The launch of UOB Front Liners new uniform demonstrates our commitment in providing excellent customer service.

Mar

27 March, 8 May, 11 December 2012

UOB premier talk, media to engage with customers through a creative sharing best practice talk show format.

May

13 May 2012

UOB Heartbeat, simultaneously held in 4 countries (Indonesia, Singapore, Malaysia and Thailand) as part of UOB's effort in giving back to the community.

25 May 2012

The Annual General Meeting of Shareholders.

Jun

28 June 2012

UOB Painting of The Year, held to promote and encourage the work of local aspiring artists in 4 countries (Indonesia, Singapore, Malaysia and Thailand).

Sep

19 September 2012

Customer Workshops and Training to share market updates and the latest development on international trade practices.

30 September 2012

Halal Bihalal event, enhancing staff engagement level in the spirit of Eid Fitri.

Oct

12 October 2012

UOB Golf Invitational event to share moment of friendship and sportsmanship with UOB Indonesia customers.

23 October 2012

2013 Indonesia's Economic Outlook with theme "Finding the truth behind the myths of the Southeast Asian Tiger: the prolonged global crisis and its impact on Indonesia and the region".

Awards



BNY Mellon Elite Quality Recognition Award 2011

Category: Bank with a successful STP rate above 98%



Indonesia Brand Champion

Category: Conventional Banking (Asset < IDR75 Trillion)



Infobank Platinum Trophy 2012

Category: "Very Good" Financial Performance 2002-2011



JP Morgan Elite Quality Recognition Award 2012

Category: Bank with a successful STP rate above 99.7%

Corporate Milestones

1956

The Bank was founded as PT Bank Buana Indonesia and commenced operations.

1972

Acquired PT Bank Pembinaan Nasional, Bandung.

1974

Acquired PT Bank Kesejahteraan Masyarakat, Semarang.

1975

Acquired PT Bank Aman Makmur, Jakarta.

1976

Became a foreign-exchange bank.

1998

Received a predicate category "A" from Bank Indonesia.

2000

Initial Public Offering and listing on the Jakarta Stock Exchange and Surabaya Stock Exchange.

2003

International Finance Corporation (IFC), a subsidiary of World Bank, became the first foreign shareholder of the Bank through Limited Public Offering II.

2004

- UOB International Investment Private Limited (UOBII) became the second largest shareholder after PT Sari Dasa Karsa.
- Issued Subordinated Bond I.

2005

- IFC divested its stake in the Bank.
- UOBII increased its ownership to 61.11% and became the majority shareholder.



**Indonesian Bank Loyalty Award
(IBLA)**

Category: Saving Account, Conventional
Banking (Asset < IDR75 Trillion)



Annual Report Award 2011 (ARA)

Category: Private Financial Institution
Non-Listed



**The Asset Triple A Transaction
Banking Awards 2013**

Best Service Provider, Trade Finance in Indonesia
Best Solutions, Structured Trade Finance in Indonesia

Corporate Milestones

2007

- The Bank officially changed its name from PT Bank Buana Indonesia Tbk to PT Bank UOB Buana Tbk.
- United Overseas Bank Limited (UOB), through UOBII, became the majority shareholder.

2008

- Extraordinary General Meeting of Shareholders approved the Bank's privatisation plan.
- UOBII increased its share ownership to 98.997% through a tender offer.
- Bank delisted its shares from Indonesia Stock Exchange.

2009

Early redemption (call option) of Subordinated Bond I.

2010

Ex PT Bank UOB Indonesia merged with PT Bank UOB Buana.

2011

- Bank changed its name to PT Bank UOB Indonesia.

2012

Bank together with UOB Group launched a new uniform for front liners, which represents professionalism and confidence.

Report from the President Commissioner



The global economy struggled to recover from prolonged economic uncertainties in 2012. In contrast, the Indonesian economy performed well and closed the year with a solid growth of 6.23%, propelled by domestic consumption and investment.

Riding on this economic growth, PT Bank UOB Indonesia (UOBI) delivered stable and sustainable results in 2012. The Bank achieved a profit growth of 40% and a net profit after tax profit of IDR1.11trillion. The Bank remained responsive to the ever-changing market environment and to customer needs. Above all, UOBI remained prudent in its delivery of new business and growth.

During the year, the Bank upgraded its infrastructure through the Core Banking standardisation project which will drive lower costs, facilitate a faster time to market for new products, provide consistent customer service standards and strengthen risk controls.

Corporate Governance Measures to Comply with New Banking Rules

In 2012, Bank Indonesia imposed a set of regulations and policies to strengthen the Indonesian banking industry. UOBI's business approach has always been to be disciplined in all that what it does and to ensure that the Bank has the right management, supervision and processes in place to manage risk. This can be seen in the Bank's Good Corporate Governance (GCG) framework.

Further, the Board of Commissioners, with the support of all committees at UOBI, provides guidance and advice to the Board of Directors on all key aspects of business performance and bank operations, including corporate governance and risk management.

"Increasing intra-regional and the region's growing middle class will continue to drive business and economic growth across Asia"

2013 Outlook

Increasing intra-regional trade and the region's growing middle class will continue to drive business and economic growth across Asia in 2013. The Bank is confident that Indonesia has the capacity to grow its gross domestic product by at least 6.3% in 2013.

UOBI is well-positioned to help customers seize the opportunities such a growth rate will create. The Bank will continue to leverage UOB Group's best practices to offer the right products and services to our consumer and business customers as they take advantage of Indonesia's economic growth.

Acknowledgement

In 2012, the Bank said a fond farewell to Deputy President Director Wang Lian Khee and Director Suhaimin Djohan. The Board of Commissioners would like to thank them for years of dedication and invaluable service to the Bank.

On behalf of the Board, I would like to thank Management and staff for their dedication and hard work and our shareholders and our customers for their continued support in 2012.



Wee Cho Yaw

President Commissioner

March 2013

Report from the President Director



In 2012, Indonesia stood out for its economic resilience during a period of protracted global economic uncertainty. The country's strong macroeconomic fundamentals, growing base of middle class consumers and the rise of intra-regional trade provided many opportunities for businesses to grow.

The year also marked key milestones for PT Bank UOB Indonesia. We are on the right track with an increase of 40% in net income to IDR1.11 trillion as at 31 December 2012, up from IDR793 billion in 2011. We improved our business in key areas such as financial strength, infrastructure, branding, customer satisfaction and people as well as organisational development.

Sound Financials

We grew our assets to IDR59.37 trillion as of 31 December 2012 and our loans grew by 14% to IDR44.47 trillion, up from IDR38.87 trillion in 2011. Meanwhile, we recorded an 8% increase in our total third-party funds to reach IDR46.54 trillion, up from IDR42.90 trillion year-on-year.

Our Capital Adequacy Ratio of 16.77% at the end of 2012 was lower compared with the previous year's level of 17.61%, due to the increase in lending activities, yet was well above the minimum requirement set by Bank Indonesia. We maintained our loan quality with a non-performing loan (NPL) ratio of 1.81%, below Bank Indonesia's NPL standard of 5%.

Net interest income rose by 20% from IDR2.34 trillion in 2011 to IDR2.80 trillion in 2012. The net interest margin remained stable at 5.07%. Looking forward, we will continue to focus on disciplined growth and on ensuring that our business is managed prudently.

Stronger Customer Service. Efficiencies Enabled By Technology

We are aware that our business success requires the support of a strong and reliable information technology system and network. As part of this, in 2012, we set up a behavioral and collection scorecard to better assess the creditworthiness of customers. In 2012, we also entered the final stage of Core Banking standardisation project which will enable business to develop more sophisticated product features and to diversify our banking channels.

The Bank's Main Asset: its People

The bedrock of our business lies in the quality of our people. They are our greatest asset and we will continue to invest in them. In 2012, we implemented group-wide leadership competency framework consists of four key leadership competencies, namely: Strategise, Engage, Execute and Develop, also known as SEED.

"We grew our assets to IDR59.37 trillion as at 31 December 2012 and our loans grew by 14% to IDR44.47 trillion, up from IDR38.87 trillion in 2011"

SEED helps employees understand more clearly what is expected of them, guides each person towards being more effective in what they do and is also the basis from which employee recruitment, performance and development will be driven.

Prudent Risk Management Practice

Throughout 2012, various units in the Bank made progress on preparation to comply with the Basel II Internal Ratings-Based requirements in 2017. The requirements are aimed at providing a better risk management practice through alignment of view on risks, a more accurate risk information, facilitation of risk adjusted profitability evaluation and prudent capital management.

Corporate Social Responsibility

Corporate Social Responsibility (CSR), an integral part of our business, focuses on three key areas: arts, children and education. In 2012, UOBI organised the UOB Painting of The Year Competition and the UOB Heartbeat Run/Walk Family Day.

Both initiatives were held simultaneously across UOB's network in Malaysia, Singapore and Thailand. Of the more than 1,000 paintings submitted by approximately 500 artists and aspiring artists, an Indonesian artist won the regional grand prize. As part of UOB Heartbeat Run/Walk Family Day we raised IDR250 million for various foundations that support the education of special needs children.

Marching Towards Excellence

2012 was a good year for our Bank. Our focus on long-term, sustainable business results positions us well for the future. On behalf of the Board of Directors, I would like to offer my most sincere appreciation to our customers, shareholders and employees.



Armand Bachtiar Arief

President Director

March 2013

Management Discussion and Analysis

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THE NATIONAL BANKING INDUSTRY

In the midst of the fragile global financial conditions, the Indonesian banking industry recorded good performance throughout 2012. Indonesian banking industry has strong fundamentals as indicated by all main indicators and increase in financial ratios, indicating the country's banking industry success in maintaining asset quality and improving efficiency.

Such a good performance is a reflection of the economic conditions in Indonesia during 2012 – which recorded a good performance with a growth of 6.23% – and high business confidence on economic prospects in Indonesia. In addition, the macroeconomic fundamental stability is maintained with an inflation rate at 4.3% and BI rate remains at 5.75%. International Monetary Fund (IMF) reported on 2012 that the prudent macroeconomic policy and structural reforms over the last decade, on top of solid fundamentals, have placed Indonesia in a strong position to deal with continuing uncertainty in the global economy.

BANK'S BUSINESS SEGMENTS

Based on types and characteristics of the customer needs, UOB Indonesia had classified its business scope into 6 (six) segments:

1. Personal Financial Services
2. Business Banking
3. Commercial Banking
4. Corporate Banking
5. Transaction Banking
6. Global Markets & Investment Management

Personal Financial Services

Personal Financial Services (PFS) business segment contributes to 12.54% of total lending and 45.43% of total fund collection at UOB Indonesia in 2012.

PFS serves personal or individual customers covering Deposit Investment Insurance, Privilege Banking, Mortgage and Credit Card.

Deposit Investment Insurance (DII)

DII is responsible for Bank's deposit products in Rupiah and 10 foreign currencies, Wealth Management, investment products, bancassurance, mutual funds, retail bonds and foreign exchange structured products, with dedicated personal bankers and relationship managers who provide financial advisory function.

In 2012, DII recorded total third party fund of IDR21.14 trillion or an increase by 1.15%, compared to 2011's IDR20.90 trillion.

DII's marketing strategies in 2012 was a combination of pull-and-push promotion, with increasing activities to encourage participation from all Bank staff. In 2012, two new products were launched in partnership with Prudential: PRUProtector Plan and PruLife Cover. DII also rebrands two existing products: UOB Rupiah Saving (from Tabungan Produktif) and UOB Gold Saving Account (from Tabungan UOB Gold).

To grow the Bank's savings account portfolio, a national campaign called "UOB Golden Ticket", was launched in March and August 2012. More than 12,000 customers have participated in this campaign, generating IDR777 billion in saving volumes.

Privilege Banking

UOB Privilege Banking provides banking products and services to meet the needs of customers with total asset under management of IDR500 million and above. Our target customers come from affluent to high net worth segment that reside mostly in big cities of Indonesia. To expand the market base, the Bank is also targeting the younger emerging affluent segments. The Bank offer High Yield Account and some preferential charges for certain types of transactions supported by UOB ATM/Debit Privilege Banking and UOB Platinum credit card with benefits from selected merchants. Customers could also enjoy Regional Overseas Encashment from all of UOB ATM's networks in Singapore, Malaysia, China and Thailand.

In addition, UOB is also constantly finding ways to deliver excellent service, thus in 2012 some key initiatives were implemented, such as Complaint Management System, various service related trainings, premise standardisation reinforcement, including Privilege Banking Centres with all its facilities and the establishment of telebanking team.

As of 31 December 2012, total portfolio of Privilege Banking was recorded at IDR13.3 trillion with 9,436 total customers.

UOB Indonesia believes that the most effective channel in getting potential customers were through word of mouth and referrals from Bank's existing loyal customers. Therefore, Privilege Banking runs Member Get Member program to reward customers for their referrals.

To maintain customers' loyalty, UOB Indonesia runs customized loyalty programs and financial education and insights.

Management Discussion and Analysis

Mortgage

One of the Bank's focuses in consumer banking segment is mortgage, offering credit facility for purchase of houses, shop houses, office houses, apartments, housing construction, including additional credit facilities for existing customers, with various selection of interest rate packages and tenors of up to 20 years.

Bank's mortgage products have advantages such as competitive interest rate, credit limit of up to 80% and loan term up to 20 years. In 2012, Bank's mortgage portfolio stood at IDR4.78 trillion or an increase of 21.01% compared to 2011 which recorded at IDR3.95 trillion.

The mortgage portfolio increase resulting from high demand of residential property still promises much room for business growth. Primary Market becomes the Bank's main focus thanks to lucrative market and healthy portfolio.

In 2012, UOB Indonesia has applied some strategies to improve the mortgage performance, including optimising the branch role as sales channel to support the business and the implementation of nationwide loan origination system for credit process.

Some large and prominent developers such as Alam Sutera, Summarecon, Ciputra Group, a New City Parahyangan, Keppel and Agung Podomoro Group have been working with UOB Indonesia as their partner in providing mortgage facilities for end user.

In 2013, UOB Indonesia will continue with its program innovations and increase cooperation with renowned developers as well as property brokerage in Indonesia.

Credit Card

By the end of 2012, the number of UOB credit card holders stood at 258,567 card holders. UOB Indonesia takes credit card market share of 1.75%.

The Bank improved its credit quality, as shown by the decline in NPL ratio of 3.3% in 2011 to 2.97% in 2012. Delinquency ratio remained stable at to 5.5% by the end of 2012 compared to 5.4% in 2011.

Those quality improvements were partly due to the implementation of Application Scoring method to support the credit analysis process to be more accurate and fraud detection system which helps the Bank to minimise the possibility of credit card fraud so as to minimise credit risk and financial loss to the Bank.

In 2013, the Bank will continue to actively strengthen cooperation with the leading merchants and build acquisition team to further expand Bank's credit card business while continuing other usage programs such as dining, shopping and traveling.

Business Banking

Business Banking business contributes to 22.62% of UOB Indonesia's total lending in 2012.

Business Banking serves customers with loans below IDR15 billion, mostly small to medium scale enterprises, for a maximum term of 10 (ten) years and maximum financing of 70%. The credit is specifically designed for productive activities, such as investment and working capital.

At the end of 2012, Business Banking credit portfolio stood at IDR10.17 trillion.

Business Banking strategies throughout 2012 are focused in 6 (six) areas: Jakarta, Sumatra, West Java, Central Java, East Java and Kalimantan.

In 2013, Business Banking will keep increasing its penetration into SME segment by implementing several strategies, such as customised loan products to meet the needs of UOB's different customer segments and enhance the people's skill in better handling and exploring customers' needs.

Commercial Banking

Commercial Banking business contributes to 44.00% of total lending and 27.96% of total fund collection at UOB Indonesia in 2012.

Commercial Banking comprises two sub-segments: Enterprise Banking and Industry Group. Enterprise Banking caters mid-size commercial clients with loan sizes ranging between IDR15 billion and IDR50 billion. Meanwhile, Industry Group targets larger commercial clients whose loan size of IDR50 billion and above, or those with consolidated turnover of less than SGD100 million or its equivalent in Rupiah currency.

Amid the stiff competition and volatile global economic condition, Commercial Banking recorded a total credit of IDR19.79 trillion, or significantly increased by 61.68% from IDR12.24 trillion in 2011.

Industry Group contributed IDR9.82 trillion while Enterprise Banking contributed IDR9.97 trillion. The NPL was recorded at 1.41% as of 31 December 2012.

In support to the credit growth and provide further service to customers, Commercial Banking has established the Commercial Wealth Management function unit.

In line with the growing credit portfolio, Commercial Wealth Management also recorded an increase by IDR1.7 trillion in third party fund to IDR13.01 trillion as of December 2012, from IDR11.31 trillion in 2011.

Composition of third party fund from Commercial Wealth Management as of 31 December 2012 consisted of IDR9.35 trillion (71.87%) from Time Deposit and IDR3.66 trillion (28.13%) from Current Accounts and Savings.

In addition to increasing credit portfolio and third party fund, Commercial Banking in collaboration with GMIM also provides foreign currency transaction services for Commercial Banking customers.

In 2013, Commercial Banking will keep increasing its credit portfolio and third party fund whilst strictly keeping tabs on the generated margin and improving the services which may generate additional fee based income for the Bank.

Corporate Banking

Corporate Banking business segment contributes to 20.84% of total lending and 18.96% of total fund collection at UOB Indonesia in 2012.

Corporate Banking provides financial advisory services to large private and public companies and State-Owned Enterprises. Since in 2010, Corporate Banking has been offering various credit services, both conventional credits in Rupiah and foreign currency, structured loan to suit specific needs of the clients and as syndicated loan. Corporate Banking, together with Cash Management product partner also offer escrow account management services.

In order to win competition and take greater share in the market, Corporate Banking focuses on certain industrial areas and provides expert consultants according to their respective industrial area. This strategy provides not only understanding of specific customer's needs but also provide services which offer added value for the customer businesses.

As of 31 December 2012, Corporate Banking credit portfolio was IDR9.37 trillion, slightly declined by 8.85% from IDR10.28 trillion by the end of 2011. NPL ratio of Corporate Banking as of December 2012 was 0.73%.

Total deposit portfolio accrued by Corporate Wealth Management in 2012 amounted to IDR8.83 trillion. Deposit composition of UOB Indonesia Corporate Wealth Management consisted of IDR1.68 trillion (19.03%) from current accounts and savings and IDR7.15 trillion (80.97%) from term deposit.

In order to provide the best services to the customer and increase the income generated by Corporate Banking, UOB Indonesia provide advisory services specifically tailored to each customer's need.

By providing advisory services, Corporate Banking not only relies on interest income but also successfully registering significant growth of fee based income in support of Bank's profit while expanding Bank's customer network. Total non-interest income successfully registered by Corporate Banking in 2012 was IDR149.96 billion.

Corporate Banking continued to push to new frontiers, setting up new capabilities to offer and strengthen Bank's franchise. On Februari 2012, UOB Indonesia for the first time closed a local currency MTN. This landmarked the beginning of local currency bond capability. Corporate Banking will focus its attention on improving its advisory services while increasing its credit and deposit portfolios.

In 2013, Corporate Banking will keep increasing its performance by implementing several strategies such as competitive interest rates while maintaining the level of generated margin and providing financial advisory services to further understand and meet the customers' needs.

Transaction Banking

With 51% revenue growth year on year, Transaction Banking business segment contributes to 16% of the total income of the Bank. Transaction Banking provides various services in order to help the business activities of Bank's customers such as trade finance and cash management.

Transaction Banking Group was established in October 2010 working together with Relationship Managers in providing total solutions for better services to increase clients' loyalty and to build clients' communities within UOB.

Management Discussion and Analysis

Our wide range of products and services as a total solution partner:

Trade Finance

Letter of Credit, Inward Bills Collection, Outward Bills Collection, Transferable LC, Shipping Guarantee, BG/SBLC, UPAS, TR, Clean TR, PEF, Credit Bills Purchased, Bills Export Purchased, Invoice Financing, Secured Back to Back, Import LC Discounting, Forfaiting, Supplier Financing and Buyer/Distributor Financing.

Cash Management

Current Account, Saving Account, Fixed Deposit, Escrow Account, Cheques/BG Books, Accounts Pricing, Transaction Charging, Accounts Inquiry, Account History, Accounts Statement, SMS, Fax and Email Notification, Cash Pick Up/Cash Delivery/Cash Pack, Cheque/Bilyet Giro Payment/Bank Draft services, Inter Account Fund Transfer (IAFT), Inter Bank Fund Transfer (IBFT) through Shared ATM, SKN & RTGS, Remittance, Email Transaction Service, Bulk Payment/Payroll, MT 103, Invoice Collection Solution, Cash Sweeping & Concentration.

In 2013, the Bank will continue its efforts in Transaction Banking to support the Bank's fee based income and other related gain in terms of funding and lending activities.

In early 2013 UOB Indonesia gained prestigious regional recognition from The Asset Magazine for "Triple A Transaction Banking Awards" on the following categories 'Best Solutions, Structured Trade Finance in Indonesia' and 'Best Service Provider, Trade Finance in Indonesia'.

Global Markets & Investment Management (GMIM)

Global Markets & Investment Management has a responsibility to manage the Bank's liquidity as well as to conduct several activities including money market, foreign exchange, derivative activities, structure product, investment in marketable securities.

GMIM scope of business include maintaining liquidity by actively involved in managing the assets and liabilities of the Bank,

perform trading transactions, financial institutions, support the Bank's business development as well as working closely with other units to sell treasury products.

Range of products and services offered by GMIM in 2012 consists of:

1. Foreign exchange: Value Today, Value Tom and Spot (DAP), limited foreign exchange facility up to Spot.
2. Derivative: Forward, Swap, Interest Rate Swap (IRS), Cross Currency Swap (CCS).
3. Structured products: UOB MaxiYield.
4. Fixed income/securities: bond transaction and retail bond.
5. Money market: interbank placing and borrowing, SBI, term deposit, lending facility and deposit facility.
6. Regional Cash Management (RCM).
7. Bank Risk Trade Finance (BRTF).
8. Debt Capital Market (DCM).

GMIM has made several significant progresses, such as the Asset Liability Management (ALM) that has already surpassed the target by 53% amidst high uncertainty on interest rate.

Related to GMIM Advisory, the Bank has successfully selling Retail Bonds series SR04 (Islamic Retail bonds) and ORI009. From those series, total ordering was IDR650 billion while allotment of IDR430 billion. The bank made service improvements by providing Foreign Exchange Leave Order Facility starting January 2012; enhance retail bond capabilities in USD Bond; and implement new system for foreign exchange commercial transaction. The new system is called Foreign Exchange Electronic Dealing System (FEDS). It can be integrated to Wall Street System, Core Banking and system for GMIM Advisory, as well as selected branches that specialised for foreign exchange.

In 2013, GMIM will focus on several activities such as increasing contribution from advisory business, expanding Financial Institution services including developing more Bank and Risk Trade Finance products as well as improving Treasury presence in the local market.

FINANCIAL PERFORMANCE

Table of statement financial position per business segment

	2012	2011	Growth
	in IDR billion		%
Assets			
Loans:			
Personal Financial Services	5,642	4,886	15.47
Business Banking	10,172	11,883	(14.40)
Commercial Banking	19,792	12,237	61.74
Corporate Banking	9,373	10,285	(8.87)
Financial Institution	-	65	(100)
Acceptance Receivables:			
Transaction Banking	1,410	1,472	(4.22)
Cash and cash equivalent, placement and securities and derivatives:			
Global Markets & Investment Management	12,190	13,625	(10.53)
Liabilities			
Deposits:			
Personal Financial Services	21,141	20,897	1.17
Commercial Banking	13,013	11,314	15.02
Corporate Banking	8,826	10,692	(17.45)
Financial Institution	3,559	-	100
Acceptance Payables:			
Transaction Banking	1,390	1,472	(5.57)
Deposit from other banks and securities and derivatives:			
Global Markets & Investment Management	1,798	2,589	(30.55)

Comprehensive Analysis For Financial Performance

The following analysis and discussion should be read in conjunction with annual financial statements for the year ending 31 December 2012 and 2011 enclosed within this Annual Report, which has been audited by registered public accountant firm, Purwantono, Suherman & Surja (members of Ernst & Young Global), with

unqualified opinion in all material aspects. The financial statement of PT Bank UOB Indonesia as of 31 December 2012 and 2011 were prepared in accordance with accepted Financial Accounting Standard in Indonesia.

Management Discussion and Analysis

Statement of Comprehensive Income

Table of Statement of Comprehensive Income

	2012	2011	Growth
	in IDR million		%
Interest income	4,865,777	4,113,386	18.29
Less: interest expenses	2,060,725	1,774,928	16.10
Interest income - net	2,805,052	2,338,458	19.95
Other operating income	473,528	473,183	0.07
Less: operating expenses	1,862,376	1,757,146	5.99
Income from operations	1,416,204	1,054,495	34.30
Non operational income - net	72,703	21,064	245.15
Income before tax expense	1,488,907	1,075,559	38.43
Total tax expense	(377,190)	(282,003)	33.75
Net income for the year	1,111,717	793,556	40.09
Other Comprehensive Income for the year – Net of Tax	32,691	15,625	109.22
Total Comprehensive income for the year – Net of Tax	1,144,408	809,181	41.43

As of 31 December 2012, the Bank has achieved net profit of IDR1,111.72 billion, an increase of 40.09% from

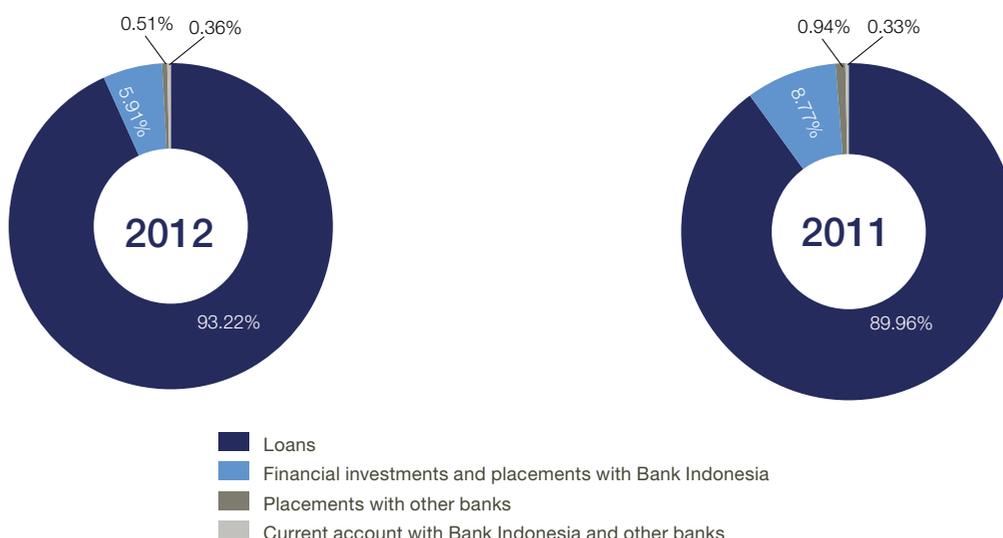
IDR793.56 billion net profit achieved in 2011. The increment was primarily due to 19.95% increase in net interest income.

Interest Income

Table of Interest Income

	2012	2011	Growth
	in IDR million		%
Loans	4,535,996	3,700,246	22.59
Financial investments and placements with Bank Indonesia	287,478	360,867	(20.34)
Placements with other banks	24,960	38,822	(35.71)
Current Accounts with Bank Indonesia and other banks	17,343	13,451	28.93
Total Interest Income	4,865,777	4,113,386	18.29

Chart of Interest Income



Interest income from Loan

In line with the movement of Bank Indonesia rates, the interest rates for IDR loan in 2012 were lower than 2011. Lower average interest rate for IDR was primarily due to the declining trend in Bank Indonesia's interest rate, which gradually decreased from 6.75% in early 2011 to 5.75% since early 2012. The average contractual annual interest rates for IDR loans in 2011 and 2012 were 11.53% and 10.98% respectively. Lower interest rates for IDR loans had consequently promoted growth in IDR loans.

On the other hand, foreign currency loans experienced an increase. This was partly influenced by higher Federal Reserves rates, which averaged at 0.14% in 2012 compared to the average annual Federal Reserves rates of 0.10% in 2011, resulting in an increase in average contractual annual interest rates from 4.78% in 2011 to 5.28% in 2012.

In paralel with the growth in loans, interest income from loans also increased by IDR835.75 billion or 22.59% from IDR3,700.25 billion in 2011 to IDR4,535.99 billion in 2012. Interest income from loans accounted for 93.22% of the total interest income of the Bank.

Interest income from financial investments and placements with Bank Indonesia

Interest income from financial investments and placements with Bank Indonesia decreased by IDR73.39 billion or 20.34% from IDR360.87 billion in 2011 to IDR287.48 billion in 2012.

This was attributable to two factors; the first one was the lower average interest rate for placements with banks, which declined from 4.62% and 1.39% in 2011 to 3.90% and 1.13% in 2012 for IDR and foreign currency placements respectively. The second contributing factor would be the shift in fund allocation from securities such as Certificate of Bank Indonesia and government bonds to other productive assets with higher yield, such as loans.

Interest income from placements with other banks

Interest income from placements with other banks decreased by IDR13.86 billion or 35.71% from IDR38.82 billion in 2011 to IDR24.96 billion in 2012. The reduction was particularly due to lower average interest rate for placements with banks as mentioned previously and the shift in fund allocation from placement with other banks to other productive assets with higher yield, such as loans.

Interest income from current accounts with Bank Indonesia and other banks

There was an increase of IDR3.89 billion or 28.93% in interest income from current accounts with Bank Indonesia and other banks from IDR13.45 billion in 2011 to IDR17.34 billion in 2012. The increase was mainly due to increase in current accounts with Bank Indonesia.

Management Discussion and Analysis

Interest expense

Table of Interest Expenses

	2012	2011	Growth
	in IDR million		%
Time Deposits	1,715,222	1,425,258	20.34
Saving Deposits	119,940	137,755	(12.93)
Demand Deposits	114,853	113,691	1.02
Premium on Government Guarantee	94,568	64,887	45.74
Deposits from other banks	16,142	33,337	(51.58)
Total Interest Expenses	2,060,725	1,774,928	16.10

Interest expense on third party deposit

The movements in interest rates for IDR and foreign currency deposits corresponded with the interest rate trends from Bank Indonesia and Federal Reserves, respectively.

Interest expense from time deposits increased by IDR289.96 billion or 20.34% from IDR1,425.26 billion in 2011 to IDR1,715.22 billion in 2012. The increment was primarily due to growth in time deposits.

On the contrary, interest expense from saving deposits experienced a decrease of IDR17.82 billion or 12.93% from IDR137.76 billion in 2011 to IDR119.94 billion in 2012. The reduction was attributable to decrease in the average interest rate for IDR saving deposits.

Interest expense from demand deposits remained stable, with only a slight increase of IDR1.16 billion or 1.02% from IDR113.69 billion in 2011 to IDR114.85 billion in 2012, mostly due to slight growth in demand deposits balance in 2012.

Overall, the total interest expense from deposits had increased by IDR273.31 billion or 16.30% from IDR1,676.70 billion in 2011 to IDR1,950.02 billion in 2012 mainly due to growth in deposit balance.

Interest expense from third party deposits accounted for 94.63% of the total interest expense of the Bank in 2012.

The annual average interest rates of the deposits were as follows:

Table of annual interest rates of deposits

	2012	2011
	in percentage	
Average interest rates of:		
Time Deposits – IDR	6.29	7.21
Time Deposits – foreign currency	2.46	1.97
Saving Deposits – IDR	2.56	3.38
Saving Deposits – foreign currency	0.55	0.43
Demand Deposits – IDR	2.21	2.59
Demand Deposits – foreign currency	0.00	0.00

Interest expense – Premium on Government Guarantee

In compliance with the regulation issued by Indonesia Deposit Insurance Corporation, the Bank should pay the premiums on its third party funds portfolio. Throughout the year 2012, the Bank had paid IDR94.57 billion for the Deposit Insurance Premium and recorded it as part of interest expense. The amount was IDR29.68 billion or 45.74% higher than the premium incurred in 2011, which was IDR64.89 billion.

The increase was directly influenced by growth in third party deposits. Premium of government guarantee accounted for 4.59% of the total interest expense of the Bank in 2012.

Interest expense on deposits from other banks

In 2012, interest expense generated by deposit from other banks fell from IDR33.34 billion in 2011 to IDR16.14 billion in 2012, a drop of IDR17.20 billion or 51.58% from 2011. This was due to lower average interest rate for deposits from other banks, both IDR and foreign currency, which were 4.38% and 0.26% in 2012, compared to 4.56% and 0.46% in 2011.

Interest expense on deposits from other banks had contributed 0.78% of total interest expenses of the Bank in 2012.

Other operating income remained stable with only a very slight increment of IDR0.35 billion or 0.07% from IDR473.18 billion in 2011 to IDR473.53 billion in 2012, as a consequence of the following conditions:

1. Administration fees and commission increased by IDR18.93 billion or 10.83% from IDR174.75 billion in 2011 to IDR193.67 billion in 2012. The increase fee and commission was consistent with the increase in loan transactions, particularly promissory notes and overdraft and the increase in third party deposit transactions.
2. The value of realised and unrealised gain on securities sold and from changes in fair value of trading securities by IDR23.46 billion or 46.27% from IDR50.70 billion in 2011 to IDR74.16 billion in 2012, due to the fluctuation of trading securities market price during 2012.
3. The increment from administration fees and commission as well as realised and unrealised gain on securities was offset by the deterioration of gain from foreign currency transactions and other operating income. Gain from foreign currency dropped by IDR27.60 billion or 20.23% from IDR136.41 billion in 2011 to IDR108.81 billion in 2012. Meanwhile, other operating income also dropped by IDR14.44 billion or 12.97% from IDR111.33 billion in 2011 to IDR96.89 billion in 2012.

Other Operating Income

Table of Other Operating Income

	2012	2011	Growth
	in IDR million		%
Administration fees and commissions - net	193,674	174,747	10.83
Realised and unrealised gain on securities sold from changes in fair value of trading securities – net	74,156	50,697	46.27
Gain from foreign currency transactions	108,813	136,412	(20.23)
Others - net	96,885	111,327	(12.97)
Total Other Operating Income - net	473,528	473,183	0.07

Management Discussion and Analysis

Operating Expenses

Table of operating expenses

	2012	2011	Growth
	in IDR million		%
Provision for (Reversal of) impairment losses:			
Financial assets and estimated losses on commitment and contingencies	68,198	209,308	(67.42)
Value of foreclosed assets	6,386	(19,686)	131.23
Salaries and employees' benefits	1,155,496	929,237	24.35
General and administrative	632,296	638,287	(0.94)
Total Operating Expenses	1,862,376	1,757,146	5.99

Total operating expenses only grew by IDR105.23 billion or 5.99% from IDR1,757.15 billion in 2011 to IDR1,862.38 billion in 2012.

The increase was primarily due to salary increment and higher employees's benefit during 2012.

Salary and employees' benefit increased by IDR226.26 billion or 24.35% from IDR929.24 billion in 2011 to IDR1,155.50 billion in 2012. The growth was attributable to annual salary increment for staff. Furthermore, the Bank strived to develop its human resource through training programs to empower the leaders and improve staff's business skills, which in turn triggered an increase in training and development expenses in 2012.

The increase in salaries and employees' benefits was mostly offset by the improvement in impairment losses for financial assets and estimated losses on commitments and contingencies. It was reduced by IDR141.11 billion or 67.42% from IDR209.31 billion in 2011 to IDR68.20 billion in 2012.

Income from Operations

Overall, from its operational activities, the Bank generated IDR1,416.20 billion income from operations in 2012, IDR361.71 billion or 34.30% higher than 2011 earnings of IDR1,054.50 billion. The improvement was mainly attributable to higher interest revenue, contributed by the increase in loan portfolio balance in 2012.

Tax Expense

Based on the existing tax regulation, the tax rate was proportional at 25% of earning before tax. As explained before, income from operation increased by 34.30% in 2012. After taking into account non operational income of IDR72.70 billion, the amount of earning before tax was IDR1,488.91 billion. Since the tax was calculated proportionally at 25% of earning before tax, tax expenses in 2012 experienced an increase of IDR95.19 billion or 33.75% from IDR282.00 billion in 2011 to IDR377.19 billion in 2012.

Net Income

Due to higher operational and non operational profit in 2012, net profit after tax also experienced IDR318.16 billion or 40.09% increase from IDR793.56 billion in 2011 to IDR1,111.72 billion in 2012.

Assets

Table of assets

	2012	2011	Growth
	in IDR million		%
Cash	418,425	376,864	11.03
Current Accounts with Bank Indonesia	4,047,388	3,553,147	13.91
Current Accounts with Other Banks	897,058	666,276	34.64
Placement with Bank Indonesia and Other Banks	2,749,604	3,089,564	(11.00)
Securities & Financial Investment – net	3,963,739	5,852,687	(32.27)
Derivative Receivables	113,482	82,604	37.38
Loans Derivatives – net	44,475,906	38,865,777	14.43
Acceptance Receivables – net	1,406,502	1,456,876	(3.46)
Deferred Acceptances Tax Assets – net	-	13,104	(100.00)
Fixed assets – net book value	882,182	817,334	7.93
Other assets - net	418,789	474,014	(11.65)
Total Assets	59,373,075	55,248,247	7.47

As of 31 December 2012, total assets grew by IDR4,124.83 billion or 7.47% from IDR55,248.25 billion in 2011 to IDR59,373.08 billion in 2012. The increment was primarily derived from growth on loan portfolio.

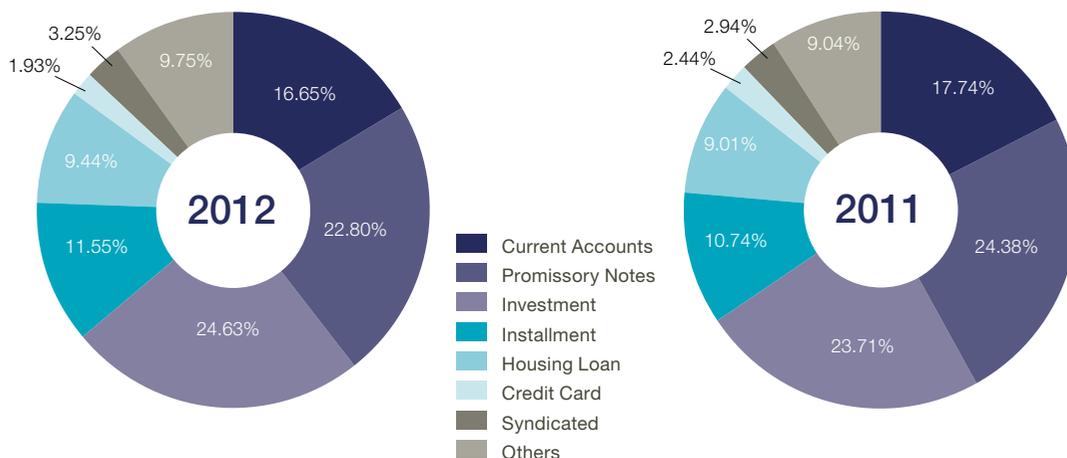
Loan balance rose from IDR38,865.78 billion in 2011 to IDR44,475.91 billion in 2012, a considerable increase of IDR5,610.13 billion or 14.43%, primarily due to the growth in working capital and investment loan.

Loans - net

As illustrated above, loan was the main productive asset instrumental in promoting the Bank's profitability, with the largest contribution to interest income. As of 31 December 2012, loan accounted for 74.91% of the Bank's total asset.

Lower average annual contractual rate for IDR loans which was influenced by lower Bank Indonesia interest rate in 2012 also helped in fostering IDR loan growth.

Chart of Loans' Composition



Management Discussion and Analysis

Pertaining to all loan transactions, Bank has implemented prudent principles by creating impairment loss provision. At the end of 2012, the allowance for impairment losses rose by IDR11.75 billion or 2.39% from IDR491.13 billion in 2011 to IDR502.88 billion in 2012. The increase was in parallel with the growth in loan balance during 2012.

Acceptance Receivable

Acceptance receivable refers to trade finance arising from import bills, supported by letters of credit, which are received from third party customers. During 2012, acceptance receivables experienced a slight decline of IDR50.37 billion or 3.46% compared to 2011 amid lower frequency of export and import transactions using trade finance facilities from the Bank.

Current Assets

The Bank always optimises its treasury management to maintain the liquidity of the Bank through fund placement in several types of liquid assets. Current assets of the Bank consist of:

Cash

The balance of cash as of 31 December 2012 was IDR418.43 billion, IDR41.56 billion or 11.03% higher compared to the cash balance as at the end of 2011, which stood at IDR376.86 billion. This fund was the cash held to fulfill the daily banking cash transactions.

Current Accounts with Bank Indonesia

Higher third party deposit balance in 2012 warranted additional fund placement in current accounts with Bank Indonesia. Accordingly, there was an increase of IDR494.24 billion to comply with the requirement of Bank Indonesia's Regulation or 13.91% from IDR3,553.15 billion in 2011 to IDR4,047.39 billion in 2012.

Liabilities

Table of liabilities

	2012	2011	Growth
	in IDR million		%
Current Liabilities	217,802	80,001	172.25
Deposits	46,538,918	42,903,213	8.47
Deposits from Other Banks	1,681,653	1,316,501	27.74
Interests Payable	151,373	174,216	(13.11)
Taxes Payable	85,071	69,539	22.34
Derivatives Payable	116,151	82,005	41.64
Obligation on securities sold under repurchase agreement	-	1,190,297	(100.00)
Acceptances Payable	1,389,757	1,472,001	(5.59)
Liabilities for Employees' Benefits	69,982	52,146	34.20
Deferred Tax Liabilities - net	40,181	-	100.00
Other Liability	500,460	440,389	13.64
Total Liabilities	50,791,348	47,780,308	6.30

As at the end of 2012, the balance of current accounts with Bank Indonesia was in compliance with Bank Indonesia regulation on Minimum Reserve Requirement.

Current Account with Other Banks

As at the end of 2012, current account with other banks experienced an increase of IDR230.78 billion or 34.64% from IDR666.28 billion in 2011 to IDR897.06 billion in 2012.

Placement with Bank Indonesia and Other Banks

Placement with Bank Indonesia and other banks is used for temporary placement of excess fund. As mentioned earlier, there was a shift in fund allocation from placement in Bank Indonesia and other banks to other productive assets which would generate higher yield such as loans.

The balance of placement with Bank Indonesia and other banks dropped by IDR339.96 billion or 11.00%, from IDR3,089.56 billion in 2011 to IDR2,749.60 billion in 2012.

Securities & Financial Investment

Similarly, securities were also used as temporary placement of excess fund. Likewise, the balance of securities experienced a decrease of IDR1,888.95 billion or 32.27%, dropping from IDR5,852.69 billion in 2011 to IDR3,963.74 billion in 2012.

Non Current Assets

Non Current Assets mostly comprised fixed assets and other assets. As at the end of 2012, there was no significant fluctuation in the balance of fixed asset, with only a slight increase of IDR64.85 billion or 7.93% from IDR817.33 billion in 2011 to IDR882.18 billion in 2012.

Management Discussion and Analysis

As of 31 December 2012, total liabilities increased by IDR3,011.04 billion or 6.30% from IDR47,780.31 billion in 2011 to IDR50,791.35 billion in 2012. The growth was mainly attributable to the increase in third party deposits.

Deposit from Third Party

To finance the growth of its loan portfolio, the Bank has always strived to increase its third party deposit balance. As at the end of 2012, total deposit from third party experienced an increase of IDR3,635.71 billion or 8.47% from IDR42,903.21 billion in 2011 to IDR46,538.92 billion in 2012. The balance of deposit from third party consisted of:

- Demand Deposits experienced an increase of IDR146.50 billion or 3.03% from IDR4,840.63 billion in 2011 to IDR4,987.13 billion in 2012.
- Saving Deposits experienced an increase of IDR59.61 billion or 4.61% from IDR7,805.13 billion in 2011 to IDR8,164.73 billion in 2012.
- Time Deposits experienced an increase of IDR3,129.60 billion or 10.34% from IDR30,257.46 billion in 2011 to IDR33,387.06 billion in 2012.

Deposits from Other Banks

During 2012, the balance of deposits from other banks increased by IDR365.15 billion or 27.74% from IDR1,316.50 billion to IDR1,681.65 billion.

Equities

Total equities grew by IDR1,113.79 billion or 14.91% from IDR7,467.94 billion in 2011 to IDR8,581.73 billion in 2012. The increase was directly attributable to net profit in 2012.

Table of equities

	2012	2011	Growth
	in IDR million		%
Share Capital	2,388,471	2,388,471	-
Difference in the value of restructuring transactions of entities under common control	1,289,647	1,289,647	-
Additional Paid in Capital – net	812,595	812,595	-
Unrealised gain on available for sale securities – net	35,868	3,177	1,028.99
Retained Earnings	4,055,146	2,974,049	36.35
Total Equities	8,581,727	7,467,939	14.91

Capital Structure

Table of capital structures

	2012	2011
	in percentage	
Capital Structures of Bank:		
Liabilities	85.55	86.48
Equities	14.45	13.52
Assets	100.00	100.00

In 2012, 85.55% of the Bank's assets were financed by liabilities and the remaining 14.45% were financed by equities. The table above reflected that the Bank's capital structure in 2012 remained relatively the same as 2011.

The Bank's policy is to maintain a healthy capital structure in order to secure access to funding at reasonable cost.

Management Discussion and Analysis

Cash Flow

Table of statement of cashflow

	2012	2011	Growth
	in IDR million		%
Net cash provided by operating activities	1,544,905	698,644	121.13
Net cash used in investing activities	(57,418)	(326,273)	(82.40)
Net cash provided by/(used in) financing activities	(1,220,917)	943,177	(229.45)
Net increase in cash and cash equivalent	266,570	1,315,548	(79.74)

During 2012, the Bank generated IDR1,544.91 billion net cash inflow from operational activities, which was mainly derived from interest revenue as well as the deposits from third party.

Net cash outflow of IDR57.42 billion used for investment activities were utilised for the purchase of securities and infrastructure investment for the Bank.

Meanwhile, net cash outflow of IDR1,220.92 billion used for financing activities, were spent on dividend payment of IDR30.62 billion and the repurchase of securities sold under repurchase agreement.

Banking Financial Ratios in relation with solvency, liquidity and profitability of Bank

Table of financial ratio

	2012	2011	Growth
	in percentage		
Capital Adequacy Ratio	16.77	17.61	(0.84)
Non Performing Loan Ratio - gross	1.81	1.53	0.28
Non Performing Loan Ratio - net	1.13	1.17	(0.04)
Loan to Deposits Ratio	96.64	91.70	4.94
Net interest income to average total earning assets	5.07	5.14	(0.07)
Operational expenses to Operating Income	74.61	77.55	(2.94)
Return on assets	2.60	2.30	0.30
Return on equity	14.97	11.43	3.54

The followings are financial ratios used in banking industry to measure the profitability, liquidity and solvency of the Bank.

Solvency

Capital Adequacy Ratio

The ratio decreased from 17.61% in 2011 to 16.77% in 2012. The decline was attributable to increase in productive assets,

mainly in loan disbursement, which experienced a growth of 14.43% in 2012.

In accordance with Bank Indonesia regulation, the minimum Capital Adequacy Ratio requirement to the Bank was at 8%. Even though current year ratio was lower than prior year, considering that the Bank's CAR was 16.77%, well above the minimum requirement set by Bank Indonesia, we could safely assume that the Bank's capital would be able to cover the market, credit and operational risk.

Non Performing Loan Ratio

Gross NPL ratio increased from 1.53% in 2011 to 1.81% in 2012, partly due to the growth in loan portfolio. On contrary, Net NPL ratio decreased from 1.17% in 2011 to 1.13% in 2012, showing that the Bank had anticipated the increase in NPL and

had sufficiently provided enough provision for impairment loss.

The Bank's NPL ratio was safely below the maximum limit of 5% set by Bank Indonesia. This reflected the Bank's accomplishment in managing its credit risk through the implementation of prudent banking principles.

Management Discussion and Analysis

Liquidity

Loan to Deposit Ratio

LDR ratio increased from 91.70% in 2011 to 96.64% in 2012. Higher LDR ratio was due to higher growth in total loan compared to growth in total third party deposit, which were 14.43% and 8.47% respectively.

Profitability

Net Interest Income to Average Total Earning Assets

The ratio in 2012 and 2011 were 5.07% and 5.14%, respectively. With this result, the management had successfully maintained its interest margin at above 5% to maximise its productivity and profitability.

Operational Expenses to Operating Income Ratio

The ratio decreased from 77.55% in 2011 to 74.61% in 2012. The improvement reflected the Bank's achievement in managing operation efficiency to keep expenses down and formulating

strategy to raise operational income. During 2012, the growth in operational income was 14.57%, higher than the growth in operational expenses, which was 5.99%.

Return on Assets

ROA increased from 2.30% at the end of 2011 to 2.60% at the end of 2012. The increase was due to growth in profit after tax by 40.09% while the assets only grew by 7.47% in 2012.

Return on Equity

The ratio increased from 11.43% at the end of 2011 to 14.97% at the end of 2012. The increase was due to growth in profit after tax by 40.09% while the equities only grew by 14.91% in 2012.

Commitment and Contingencies

Commitment and contingencies decreased by IDR56.72 billion or 0.68% from IDR8,291.08 billion in 2011 to IDR8,234.36 billion in 2012 due to the increase in both the number and volume of loan and acceptance transactions during 2012.

Table of commitment and contingencies

	2012	2011	Growth
	in IDR million		%
Commitment			
Commitment receivables consist of:			
Outstanding irrevocable letters of credit	1,287,469	1,165,001	10.51
Commitment liabilities consist of:			
Unused loan facilities granted	(7,706,149)	(7,668,584)	0.49
Outstanding irrevocable letters of credit	(1,309,164)	(1,172,341)	11.67
Commitment liabilities - net	(7,727,844)	(7,675,924)	0.68
Contingencies			
Contingencies receivables consist of:			
Interest on non-performing loans	386,751	185,007	109.05
Standby letter of credit	274,741	192,629	42.63
Contingencies liabilities consist of:			
Bank Guarantees	(893,267)	(800,165)	11.64
Stand by letter of credit	(274,741)	(192,629)	29.89
Contingent letters liabilities - net	(506,516)	(615,158)	(17.66)
Commitments and Contingent liabilities - net	(8,234,360)	(8,291,082)	(0.68)

Management Discussion and Analysis

Derivatives and Hedging Facilities

The Bank had also offered derivative products to cater for specific requirement from customers, as well as for the purpose of liquidity management and hedging. Derivative and hedging facilities offered to the customers were forward exchange, interest rate swap and cross currency interest rate swap.

Capital expenditures and material commitments related to capital expenditures

During 2012, the Bank had incurred the following capital expenditures:

Table of capital expenditures of Bank

	2012	2011
	in IDR million	
Land	1,084	5,266
Buildings and Buildings Improvement	2,475	6,964
Infrastructure	9,506	140,085
Offices Equipments	77,867	70,703
Vehicles	3,483	4,366
Construction in Progress	86,712	27,886
Total Capital Expenditures	181,127	255,270
Cash Paid for Capital Expenditures	151,296	94,827

Total capital expenditure was lower by IDR74.14 billion or 29.04% from IDR255.27 billion in 2011 to IDR181.13 billion in 2012. Most of the capital expenditure to improve the Bank's infrastructure had been incurred in 2011.

Financial Information Of Extraordinary Events

There was no extraordinary event in 2011 and 2012 that had material impact on Bank's financial performance.

Material Information And Facts Subsequent To The Accountant's Report Date

No material information or fact occurred subsequent to the audit report date.

Transaction Balances with Related Parties

In the Bank's normal operations, the Bank have operational and financial transactions with related parties.

The details of transactions with related parties, as statements of financial position date, including:

1. Fund placement in the form of current accounts with other banks from United Overseas Bank from other countries with the total amount of IDR507,27 billion.
2. The Bank had entered into loan agreement with PT UOB Property amounted of IDR265,73 billion.
3. The Bank had performed Call Money transaction with United Overseas Bank Ltd., Singapore, which was recorded as Placements with Other Banks at the amount of IDR105,07 billion.
4. The Bank had entered into derivative transaction with United Overseas Bank Ltd., Singapore for cross currency interest rate Swap, which resulted in derivative receivable balance of IDR339 billion and derivative payable balance of IDR10.07 billion.
5. The Bank paid building maintenance expense represent the maintenance expenses of UOB Plaza - Thamrin Nine to PT UOB Property.
6. The Bank paid the outsourcing fee on services performed by United Overseas Bank Ltd., Singapore, for rendering system enhancement and information technology related services on credit card, treasury and common application in the Bank.

Impact Of Interest Rate Changes To The Bank's Performance

During 2012, the Bank adjusted the interest rates on loans and deposits based on the monetary conditions in Indonesia.

As mentioned earlier, the movement on IDR interest rate from Bank Indonesia was the opposite of the movement on USD interest rate from Federal Reserves Bank.

Bank Indonesia interest rate showed a declining trend, with rates gradually dropping from 6.75% in early 2011 to 5.75% since early 2012.

On contrary, Federal Reserves had increased USD interest rate from the average of 0.10% in 2011 to the average of 0.14% in 2012.

The interest rate movements set by both Bank Indonesia and Federal Reserves as well as the local market conditions had influenced the Bank in determining interest rates for loans and deposits.

The average interest rate for IDR loans had decreased by 0.55% while the average interest rate for USD loans had increased by 0.50% in 2012. The same trends also applied to deposit, with the average interest rate for IDR deposits reduced by 0.39% to 0.92% while the average interest rate for USD deposits increased by 0.09% to 0.49% depending on the type of deposit.

With proper strategy in formulating the interest rate set, Bank achieved 14.43% growth in loan portfolio and 8.47% growth in third party deposit balance.

Changes in Regulation and The Impact To The Bank's Performance

During 2012, there were no significant changes on the regulation which would have relevant impact on the financial reporting of the Bank.

Changes in Accounting Policy and its Impact to the Financial Statement

Effective January 1, 2012, the Bank adopted SFAS No. 50 (Revised 2010), "Financial Instruments: Presentation", SFAS No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement" and SFAS No. 60, "Financial Instruments: Disclosures", which superseded SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement".

SFAS No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains and the circumstances in which financial assets and liabilities should be offset. This SFAS requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

SFAS No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and contracts to buy or sell non-financial items. This SFAS provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships.

SFAS No. 60 requires disclosures of the significance of each financial instrument on financial position and performance; and the nature and extent of risks from financial instruments to which the Bank is exposed during the period and at the end of the reporting period and how the Bank manages those risks.

The adoption of these new and revised SFAS have significant impact on disclosures in the financial statement.

Financial assets are classified as financial assets at fair value through profit or loss statement, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The Bank determines the classification of its financial assets at initial recognition.

Financial liabilities classified as financial liabilities are measured at amortised cost and financial liabilities at fair value through profit or loss statement.

DIVIDEND POLICY

The distribution of dividend will depend on the decision taken in the Annual Meeting of Shareholders based on recommendation from the Board of Directors.

When deciding the dividend, the following factors are considered:

- revenue, cash flow and financial condition;
- future prospects; and
- other factors deemed relevant by the Company's shareholders.

The Annual General Meeting of Shareholders held in 2012 granted approval on the distribution of a final dividend for the 2011 fiscal year of IDR277.74 billion, or equal with payout ratio of 35% of the Company's net profit.

It consisted of an interim dividend of IDR247.12 billion distributed on 27 September 2011 and dividend of IDR30.62 billion distributed on 12 June 2012.

Management Discussion and Analysis

MARKETING

To help customers diversify their investment portfolio, the Bank partners with reputable fund managers including PT Schroder Investment Management Indonesia, PT Manulife Aset Manajemen Investasi, PT BNP Paribas Investment Partner, PT Danareksa Investment Management and PT Batavia Prosperindo Aset Manajemen. Our partner, PT Prudential Indonesia, provides bancassurance products.

UOB Indonesia cooperates with a number of national and international bank partners as follows:

Bank's Name	Country
Bank of New York Mellon	New York, USA
JP Morgan Chase	New York, USA
UOB	Singapore
Citi	New York, USA
Royal Bank of Scotland	Amsterdam, Netherland
Unicredit Bank AG	Munich, Germany
Australia and New Zealand Banking Group Ltd	Melbourne, Australia
National Australia Bank	Melbourne, Australia
ANZ National Banking Group Ltd	Wellington, NZ
UOB	Tokyo, Japan
The Bank of Tokyo Mitsubishi UFJ, Ltd	Tokyo, Japan
UOB	Hong Kong
Hong Kong Shanghai Banking Corp	Hong Kong
UOB	London, UK
UBS AG	Zurich, Switzerland
Toronto Dominion	Toronto, Canada
Canadian Imperial Bank of Commerce	Toronto, Canada
Danske Bank	Stockholm, Sweden
Panin Bank	Indonesia
Bank Central Asia	Indonesia
Bank CIMB Niaga	Indonesia
Bank Mega	Indonesia
Bank Mandiri	Indonesia
Bank Commonwealth	Indonesia
Bank Rakyat Indonesia	Indonesia
Bank Mutiara	Indonesia
Bank ICB Bumiputera	Indonesia
Bank Permata	Indonesia
BTPN	Indonesia
ANZ Panin Bank	Indonesia
Bank QNB Kesawan	Indonesia
Bank Jabar Banten	Indonesia

Bank's Name	Country
Bank Bukopin	Indonesia
Bank DKI	Indonesia
Bank Internasional Indonesia	Indonesia
Bank Artha Graha	Indonesia
Bank Himpunan Saudara 1906	Indonesia
Bank BPD Riau	Indonesia
Bank Ekonomi Rahardja (member of HSBC)	Indonesia
Bank Negara Indonesia	Indonesia
Bank Index	Indonesia
Bank Mayapada	Indonesia
Bank Capital	Indonesia

Financial Consultation

The Bank helps customers manage their wealth through a team of WAPERD (Wakil Agen Penjual Reksa Dana) and AAJI (Asosiasi Asuransi Jiwa Indonesia) accredited Relationship Managers. Customers can seek advice and recommendations on the right products and services for them based their risk appetite. Specialists in investment, insurance and treasury also provide customers with advice on specific needs.

UOB Premier Talk

UOB Premier Talk is Bank's breakthrough concept of customer networking to engage with customers and also provide opportunity to Bank's customers to expand their network with other customers.

Customer Workshops and Training

The Bank conducted a focused group mini workshop for selected customers to share market updates and the latest development on international trade practices as well as to collect feedback on Bank's products and services.

Premier Trade Counter

The Bank launched priority access its Trade Customers called "Premier Trade Counter" in three cities, Jakarta, Surabaya and Medan considering the potential high business volume. These Premier Trade Counters give priority to process end-to-end trade transactions for customers' business needs, convenience and time efficiency.

UOB Golf Invitational

UOB Indonesia held the fourth edition of the UOB Golf Invitational to engage with customers. The tournament was attended by more than 140 participants.

CUSTOMER SERVICE

UOB Indonesia is committed to delivering excellent customer service.

Customer Satisfaction

Comprehensive customer satisfaction internal research study in 2012 showed a significant increase of 61.47% customer satisfaction index compared to 41.02% in 2011.

We continue to focus on Service Quality programs, such as the UOB Service Champion Program, Reward Recognition Program, Awareness & Motivational Program and Service Matrices Trainin, to improve our service standards.

BUSINESS PROSPECT

Banking industry seems to be optimistic that it would continue to grow in 2013 since Indonesia has strong economic fundamentals and positive economic outlook thanks to steady domestic consumption, conducive investment climate and accelerated infrastructure development.

The country's economy which is expected to grow up to 6.5%, provides room for growth for Indonesian banking industry.

In addition, Bank Indonesia has issued a string of regulations and policies as part of effort to lay strong foundation for banking industry to weather global uncertainties under the framework of good corporate governance.

UOB Indonesia embarked on various initiatives such as enhancing Information Technology and Operations, optimising Bank's distribution channel, improving service quality and developing Bank's human resources. UOB Indonesia is confident that Bank's investments in these areas will culminate in performance excellence.

BRANDING

A strong brand is invaluable in intensifying our company's propositions in public eyes. Thus, UOB Indonesia integrated its brand strategies through the company at every point of public contact. As a bank, UOB Indonesia has managed to build strong foundation of Corporate Identity reflected in its internal and external communication framework completed with the right procedures in place.

Looking ahead in 2013, UOB Indonesia will roll out more initiatives in build and protect the brand by:

1. Build our reputation internally and enhance the staff's sense of belonging to UOB Indonesia as the brand ambassador.
2. Raise UOB profile externally with active involvement in the community and speaking opportunities in the media, leveraging the bank's thought leadership.
3. Consistently set up best practice for branding.
4. Drive awareness and understanding of the company agenda translated in the clear communication plan on bank's vision and mission, core value and business strategy.

HUMAN RESOURCES

Focus And Strategy In 2012

The bedrock of our business lies in the quality of our people. They are our greatest asset and we will continue to invest in them.

In 2012, we implemented leadership competency framework consists of four key leadership competencies, namely: Strategise, Engage, Execute and Develop, also known as SEED.

SEED helps employees understand more clearly what is expected of them, guides each person towards being more effective in what they do and is also the basis from which employee recruitment, performance and development will be driven.

Management Discussion and Analysis

Composition and Numbers of Employees

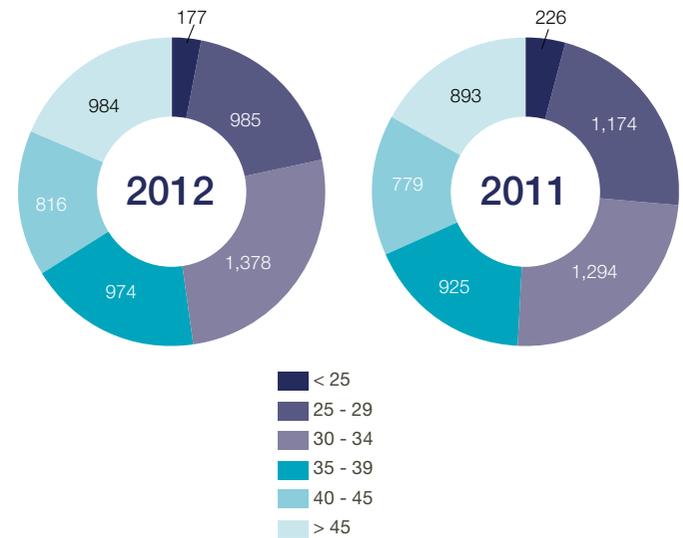
Employee by Level

	2012	2011
Senior Management	83	68
Middle Management	193	187
Junior Management	1,714	1,690
Staff	2,944	2,932
Non - Staff	380	414
Total	5,314	5,291



Employee by Age

	2012	2011
< 25	177	226
25 - 29	985	1,174
30 - 34	1,378	1,294
35 - 39	974	925
40 - 45	816	779
> 45	984	893
Total	5,314	5,291



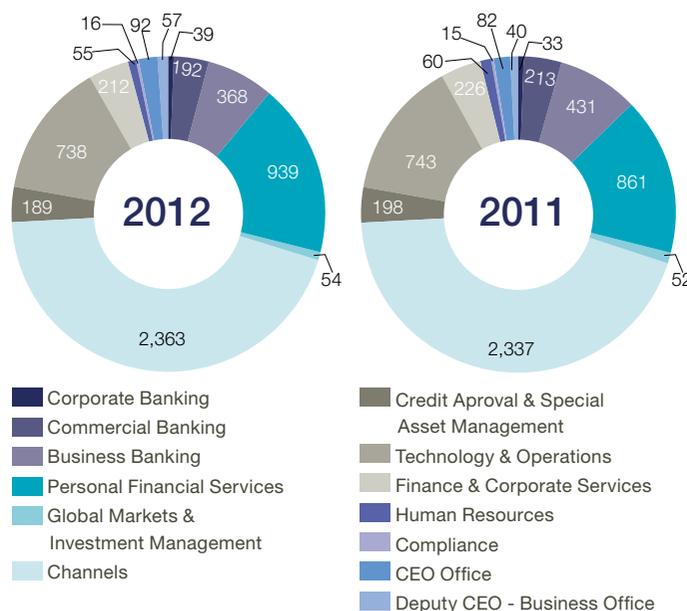
Employee by Year of Service

	2012	2011
< 3 year	1,683	1,720
3 - 5 years	522	574
5 - 10 years	1,017	1,002
10 - 15 years	736	670
> 15 years	1,356	1,325
Total	5,314	5,291



Employee by Directorate

	2012	2011
Corporate Banking	39	33
Commercial Banking	192	213
Business Banking	368	431
Personal Financial Services	939	861
Global Markets & Investment Management	54	52
Channels	2,363	2,337
Credit Approval & Special Asset Management	189	198
Technology & Operations	738	743
Finance & Corporate Services	212	226
Human Resources	55	60
Compliance	16	15
CEO Office	92	82
Deputy CEO - Business Office	57	40
Total	5,314	5,291



Employee by Education

	2012	2011
Others	1,233	1,234
Diploma	639	639
Bachelor	3,271	3,261
Master and PhD	171	157
Total	5,314	5,291



Alignment of Grading System

UOB Indonesia uses a grading system to develop its people, starting from job roles and competencies, through recruitment, assessment, training and career development plans.

Talent Management

The Bank's Organisation and People Review programme identifies talented employees with potential to take on management positions.

With the programmes in place, UOB Indonesia are committed to providing the business continuity and ensuring smooth transition in leadership for the stability of the organisation.

In 2012, periodical review of ongoing development plans were conducted to ensure that all talents will be developed in accordance with their needs.

Recruiting New Talent

In 2012, the Bank recruited new employees to support the business development of UOB Indonesia. In order to get the best candidates, the Bank participated in job fairs, universities/ colleges recruitment programmes, sponsorship of seminars and internship programs.

The Bank also improved Bank's selection process by updating the measuring and screening processes of prospective employees. In line with "Know Your Employee" launched by Bank Indonesia, UOB Indonesia has implemented a more rigorous screening process including checks into potential employees' background and educational credit profiles, as well as any participation in high risk activities in more refined way with periodical review.

Management Discussion and Analysis

Training and Development Programmes

UOB Indonesia's training programmes focus on the development of leadership and professional skills of its employees. The following are some training and development programmes implemented in 2012: Management Associate Development Programme, Relationship Officer Development Programme, Personal Finance Development Programme and Technology Operations Development Programme.

The above development and training programmes were conducted through several learning methods, such as classroom training, e-learning and on the job training.

Summary of Employee Training

	2012	2011
Participants	8,906	29,751
Training session	2,872	1,033

List of Employee Trainings in 2012

Type of Training	Number of Participant
Technical Skill	
1. Risk Management	847
2. Audit	78
3. Information Technology	256
4. Banking Management	1,718
5. Loans and Treasury	56
6. Bank Reporting	1
7. Dissemination of Bank Provisions	1,377
8. General Management	845
9. Others	1,243
Soft Skill	
1. Customer Relationship Skill	583
2. Leadership	316
3. Presentation and Communication Techniques	61
4. Decision Making and Problem Solving	14
5. Others	1,511
Total	8,906

Employee Engagement Survey

In 2012, the Bank conducted a survey to measure the engagement level of employees in their job and UOB Indonesia. By receiving feedback from the employees, the Bank garnered insights into how to enhance the quality of Bank's leadership and how to create a more conducive office environment.

The survey gave insights into other supporting factors that may help to boost Bank's employees' performance and increase engagement with their job and the Bank. By providing convenience work environment, the Bank can encourage Bank's employees to continue to contribute to the Bank and give them a greater sense of belonging. Ultimately, this helps to support business continuity of UOB Indonesia.

Use of Information System

In 2012, the Bank continues to increase the use of information systems to support the management and development of human resources, through the automation and centralisation of HR related transactions and applications.

Related to the Bank's core banking system refreshment project in 2012, the Bank established a dedicated team for core banking system training. The main duty of this team was to train employees on how to operate the new core banking system.

HR Focus And Strategy In 2013

UOB Indonesia will focus on the productivity and efficiency improvements in 2013. UOB Indonesia is aware that the rising expense in manpower is inevitable. As such, the Bank needs to balance any increase in costs by maximising the productivity of its employees.

The Bank standardise its competence-based human resource policies with the UOB Group's SEED model (Strategies, Engage, Execute, Develop). The SEED Competence Model will be applied to all levels and functions within the Bank although each level will have a different set of behaviours and output targets.

This competence model will be implemented gradually in Bank's recruitment process, employee assessment, training and development, performance evaluation, career planning, employee engagement and other programs. In terms of recruitment, the Bank will develop an online application system and e-recruitment process.

INFORMATION TECHNOLOGY AND INFRASTRUCTURE

Information Technology (IT)

UOB Indonesia Information Technology Strategic Plan focuses on 5 (five) pillars:

1. Competent and Sufficient Human Resources Development
IT work unit is committed to building a more competent workforce who have a good sense of strong teamwork and service oriented mindset. For that, several trainings were carried out related to management, technical and competence development

2. Availability of Reliable Application System
The Bank implemented new credit card product features including the Visa Personal Payment Fast Fund for fund transfer to credit or debit card.

Besides the above, the Bank also implemented Transaction Alert via SMS for credit card transactions to provide better service and to minimise transaction fraud.

To improve service to Credit Card customers and enhance Bank's risk management, Bank had implemented Behaviour Scoring System (B-Score) and Collection Scorecard (C-Score) for a more resilience and prudent business practice. The system helps to expedite credit approval process.

3. Developing Infrastructure Availability
The Bank achieved an overall average system availability of 99.82% for 2012 for its branch, ATM, clearing and remittance systems.

4. Implementation of Reliable Security System
The Bank had implemented security system on all Personal Computers (PCs) across the Bank with the objectives to secure the PCs against viruses and data loss.

The Bank had been implemented security system measure on all Personal Computer across the Bank with additional feature to ensure Disaster Recovery Centre works properly.

5. Initiating Good IT Governance Structure
During 2012, IT Committee were actively performing its functions in monitoring strategic IT projects such as Core Banking System refreshment, providing the overall standardised IT framework and approving standard operating procedures as well as acquisition of items relating to IT.

2013 Work Plan

The Bank will continue its plan to implement the Core Banking System refreshment which has started in 2012 and is scheduled to be fully operational by the third quarter of 2013. Standardisation of the application system will assist the Bank to be more efficient in terms of support and service to customer. This is in line with the Bank's aspirations to be a Premier Bank.

In order to improve data accuracy and speed up data processing as well as provide timely information to management and regulators, the Bank has improved and updated the Central Reporting system accordingly.

In keeping with its growth strategy in the coming year, the Bank will develop the existing applications and systems to support the Bank's Business Plan in terms of additional Treasury products, foreign exchange system for branch offices, credit cards, deposits, Consumer Banking products and biller for bill payment.

Going forward, the Bank will enhance the queuing system and refine its Customer Management System (CMS) at branches so as to enable them to better manage complaints from customers. This is followed by the replacement of the Call Centre System with better technology and bigger capacity for inbound calls so that the centre is able to provide better service to customers.

Front End Switching system will be developed to comply with prevailing regulations to upgrade the existing mac stripe cards to the chip based card. With the enhancement, more product features can be added to the ATMs.

Corporate Governance

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UOB Indonesia regards good corporate governance as fundamental to sustaining the Bank and its business. The Bank endeavours to maintain transparency and monitor the execution of good corporate governance practices according to the rules and regulations.

The implementation of Good Corporate Governance is based on five basic principles: Transparency, Accountability, Responsibility, Independence and Fairness.

CORPORATE GOVERNANCE REPORT

Structure of Good Corporate Governance

General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is the highest authority in the Bank. At the GMS, shareholders can evaluate the performance of the Board of Commissioners and Board of Directors; approve the annual report; appoint and dismiss Commissioners and Directors; determine the amount and type of compensation/remuneration and other benefits for members of the Board of Commissioners and Board of Directors; and appoint an Independent Auditor. The Annual General Meeting of Shareholders (AGMS) is held annually. The Bank may also call an Extraordinary General Meeting of Shareholders (EGMS) when required.

In 2012, the Bank conducted 1 (one) Annual General Meeting of Shareholders at UOB Plaza, Jl. M.H. Thamrin No. 10, Central Jakarta, 10230.

The Annual General Meeting of Shareholders was held on 25 May 2012 and attended by shareholders and/or their proxies, representing 9,553,769,677 shares or equivalent to 99.999% of 9,553,885,804 shares with legitimate voting rights issued by the Bank.

The AGM approved the following:

Resolutions on the First Agenda

Consented and approved the Annual Report of the Company for the financial year ending 31 December 2011 including:

1. The annual report of the Board of Directors and oversight report of the Board of Commissioners of the Company.
2. The financial statements of the Company for financial year ending 31 December 2011 audited by Public Accountant Firm Purwantono, Suherman & Surja pursuant to report Number: RPC-2016/PSS/2012 dated 21 March 2012 with "Unqualified Opinion", thus granting full release and discharge (*acquitt et decharge*) to members of the Board of Directors over its management and to members of the Board

of Commissioners of the Company with regard to supervisory actions taken throughout the financial year of 2011, insofar as such actions are specified in the Annual Report and Financial Statements for the financial year of 2011.

Resolution on the Second Agenda

Approved the appropriation of net profits for financial year ending 31 December 2011 in the amount of IDR793,556,180,199, as follows:

1. Booked a total amount of IDR2,500,000,000 as reserves in compliance with the provision of Article 70 of the Limited Liability Company Law and Article 20 of the Articles of Association of the Company.
2. Distributed as much as IDR277,741,014,208 as final dividends for the financial year of 2011 in the form of interim dividends in pursuant to resolution of the Board of Directors' meeting on 3 August 2011 which was approved by the Board of Commissioners at the meeting of the Board of Commissioners on 23 August 2011 in the amount of IDR247,120,810,206 and which had been paid on 27 September 2011 to the shareholders. Thus, the remaining amount of IDR30,620,204,002 to be paid up on 12 June 2012.
3. Booked the entire net profit earned in 2011 after reserves and final dividends as Retained Earnings.

Resolution on the Third Agenda

Having approved the re-appointment of Public Accountant Firm Purwantono, Suherman & Surja which would audit the Financial Statements of the Bank for financial year of 2012 and granting the authority to the Board of Directors of the Company to sign the work agreement and determine the remuneration and other requirements in relation to such appointment.

Resolution on the Fourth Agenda

1. Accepted the resignation of Mr Pardi Kendy, Mr Goh Seng Huat and Mr Suhaimin Djohan as the Directors of the Company as of the conclusion of the AGM.

Therefore, the structure of members of the Board of Directors of the Company following the closing of the AGM up to the conclusion of the Annual General Meeting of Shareholders of the Bank to be held in 2013 is as follows:

President Director	:	Armand B. Arief
Deputy President Director	:	Wang Lian Khee
Deputy President Director	:	Iwan Satawidinata
Director	:	Safrullah Hadi Saleh
Director	:	Ajeep Rassidi bin Othman
Compliance Director	:	Soehadie Tansol

Corporate Governance

2. Granted authority to the Board of Directors of the Company to declare any change in the structure of the Board of Directors of the Company in a separate deed before a Public Notary (where necessary) and to handle the submission of notification to the Ministry of Law and Human Rights of the Republic of Indonesia.

Resolution on the Fifth Agenda

1. Approved the actions of UOB International Investment Private Limited (UOBII) as the majority shareholders by virtue of authority granted at the Annual General Meeting of Shareholders held on 19 April 2011 to determine the amount of salaries and other allowances in the year 2011 for all members of the Board of Commissioners of the Company.
2. Granted the authority to the majority shareholders, namely UOBII, to determine the amount of salaries and other allowances in the year 2012 for all members of the Board of Commissioners of the Company.
3. Granted the authority to the Board of Commissioners of the Company to determine the amount of salaries, remuneration and other allowances in the year 2012 for all members of the Board of Directors of the Company.

Resolution on the Sixth Agenda

Approved the amendment to Article 12 paragraphs 1 and 3 of the Articles of Association of the Company concerning the number and structure as well as the tenure of the Board of Directors of the Company.

Resolution on the Seventh Agenda

1. Approved and accepted the notification on changes to the shareholding at the Company due to selling and transfer of shares. Thus, as of such selling and transfer of shares, the composition of shareholders of the Company shall be as follows:
 - a. UOB International Investment Private Limited, as many as 6,586,706,877 shares with a total nominal value IDR1,646,676,719,250.
 - b. United Overseas Bank Limited, as many as 2,871,523,512 shares with a total nominal value of IDR717,880,878,000.
 - c. Sukanta Tanudjaja, as many as 95,539,288 shares with a total nominal value of IDR23,884,822,000.
 - d. Other Shareholders, as many as 116,127 shares with a total nominal value of IDR29,031,750.
2. Granted the substitution right to the Board of Directors of the Company to declare the foregoing changes in the composition of shareholders of the Company in a separate deed before a Notary, in order to receive the acknowledgment of such notification from the Minister of Law and Human Rights of the Republic of Indonesia on the changes in the composition of

shareholders, as well as take all required actions in relation to such changes in the shareholders of the Company.

Board of Commissioners

Duties and Responsibilities of the Board of Commissioners

The Boards of Commissioners and Directors of the Bank have their respective work guidelines and regulations which are binding to every member of the Boards of Commissioners and Directors and specify among others provisions on the number, composition, criteria and independence of members of the Boards of Commissioners and Directors; duties, authority and responsibility; work ethics and work hours; meeting procedure and decision-making; as well as the transparency aspect.

In accordance with the Articles of Association, the Board of Commissioners shall supervise the management policies, the management in general, both with regard to the Company and the businesses and provide counsel to the Board of Directors. Each member of the Board of Commissioners cannot act on his/her own self, but by the resolutions of the Board of Commissioners.

In order to support effective implementation of their duties and responsibilities, the Board of Commissioners is assisted by the Audit Committee, the Remuneration and Nomination Committee and the Risk Monitoring Committee.

Generally, the Board of Commissioners assumes the following responsibilities:

- a. To perform supervision over the implementation of tasks and responsibilities undertaken by the Board of Directors and to provide counsel to the Board of Directors.
- b. To direct, monitor and evaluate the implementation of strategic policies of the Bank implemented by the Board of Directors. They are not, however, involved in the decision-making of the operational activities of the Bank, unless as determined by the prevailing regulations.
- c. To review and approve the business plan of the Bank.
- d. To provide counsel to the Board of Directors with regard to corporate governance and to ensure that corporate governance has been implemented in all business activities of the Bank and at all levels of the organisation.
- e. To provide direction and recommendations on the strategic development plan of the Bank and to evaluate the implementation of the strategic plans of the Bank.
- f. To ensure that the Board of Directors has followed up on audit findings and recommendations provided by the Internal Audit, External Audit and supervision results by Bank Indonesia as well as other competent agencies.

- g. To analyse and approve the Bank's risk management framework.
- h. To notify Bank Indonesia by no later than 7 (seven) working days following any of the following findings:
 - Violation of laws in the financial and banking industries; and
 - Situations or possible situations which may threaten the continuity of the business of the Bank.
- i. The Board of Commissioners shall establish at least:
 - Audit Committee;
 - Risk Monitoring Committee;
 - Remuneration and Nomination Committee;
 and ensure that the Committees established perform their duties effectively.
- j. To convene Meetings of the Board of Commissioners on a periodical basis, at least four times in one year, in which the Meeting must be attended in person by all members of the Board of Commissioners at least twice in one year.
- e. Granted approval for loans provided to related parties.
- f. Granted approval for the selling of Kuta Sub-branch – Bali.
- g. Approved the recommendations of the Board of Directors on the agenda for Annual General Meeting of Shareholders held in 2012.
- h. Approved the Business Continuity Management Report for 2011.
- i. Approved the recommendations of the Audit Committee for the Board of Directors to appoint Purwantono, Suherman & Surja Public Accountant Office as independent auditor of the Bank for the financial year of 2012, pursuant to the authority granted by the Annual General Meeting of Shareholders.
- j. Ratified the recommendations of the Remuneration and Nomination Committee on the Bonuses for the Board of Directors and Independent Commissioners for the year 2011, the policy for 2011 bonus and 2012 salary for the employees of the Bank.
- k. Approved the Guidelines of the Bank on the Implementation of Anti-Money Laundering and Terrorism Funding Prevention Programmes.
- l. Approved the Amendment to Work Guidelines and Regulations of the Board of Commissioners.
- m. Approved Credit Policy for Corporate Banking, Commercial Banking, Business Banking and Non-Bank Financial Institutions version 2.0.
- n. Approved the appointment of Independent Commissioners to evaluate the implementation of the Compliance Function of the Bank.
- o. Approved Risk Management Policy – Liquidity version 2012.
- p. Approved Risk Management Policy – Structural Interest Rate version 2012.1.
- q. Ratified the structure of the Board of Management of the Bank for the year 2012.

Implementation of Duties and Responsibilities of the Board of Commissioners

As a part of its duties and responsibilities, the Board of Commissioners supervises the performance of the Board of Directors and provides input to the Board of Directors.

In 2012, the Board of Commissioners provided various recommendations including:

- a. Analysed, provided input and together with the President Director approved the Business Plan of the Bank for the years 2013-2015 prior to submission to BI. A similar process was used for Revisions to the Business Plan of the Bank.
- b. Granted approval for the Core Banking System Refreshment project.
- c. Granted approval for the relocation and renovation expense of the Semarang Branch Office.
- d. Provided recommendations on the revision to the loan policy limitation of the Bank.

Composition, Criteria and Independency of the Board of Commissioners

Composition of Bank's Board of Commissioners members as of 31 December 2012 are:

Name	Position	Effective Date			Tenure Expiry
		BI Approval	GMS	Re-Appointment	
Wee Cho Yaw	President Commissioner	26 Dec 2005	14 Oct 2005	19 Apr 2011	2013
Wee Ee Cheong	Vice President Commissioner	31 Aug 2007	22 Jun 2007	19 Apr 2011	2013
Lee Chin Yong Francis	Commissioner	19 Dec 2005	14 Oct 2005	19 Apr 2011	2013
Rusdy Daryono	Independent Commissioner	12 Jun 2006	22 May 2006	19 Apr 2011	2013
Wayan Alit Antara	Independent Commissioner	8 Jan 2009	20 Jun 2008	19 Apr 2011	2013
Aswin Wirjadi	Independent Commissioner	29 Jun 2009	12 Jun 2009	19 Apr 2011	2013

Corporate Governance

Composition of Independent Commissioners has complied with the provision of Bank Indonesia's Regulation (PBI) No. 8/4/PBI/2006, dated 30 January 2006 as most recently amended with PBI No. 8/14/PBI/2006, dated 5 October 2006.

The provisions stipulate that 50 per cent of the Board of Commissioners members are Independent Commissioners who are Indonesian citizens and permanent residents.

Independency of the Board of Commissioners

Type of Relationship	Party I	Party II	Particular
Family relationship	Wee Cho Yaw	Wee Ee Cheong	Son

The members of Board of Commissioners who are related are Wee Cho Yaw and Wee Ee Cheong, as shown in the above table.

All other Independent Commissioners have no financial, managerial, shareholding and/or familial relationships up to the second degree with any other member of the Board of Commissioners, the Board of Directors and/or Ultimate Shareholders, which may impair their ability to act independently.

According to PBI No. 8/14/PBI/2006 regarding Amendment to PBI No. 8/4/PBI/2006 on the implementation Good Corporate Governance for Commercial Banks, the members of the Board of Commissioners can only assume another position as members of the Board of Commissioners, the Board of Directors, or Executive Officer at 1 (one) non-financial institution/company, or as members of the Board of Commissioners, the Board of Directors or Executive Officer performing supervisory function at 1 (one) non-bank subsidiary company controlled by the Bank.

It shall not, however, be deemed as dual position if members of the non-Independent Commissioners perform functional duties of the legal-entity shareholders and/or members of the Board of Commissioners of the Bank assume positions in non-profit organisations or institutions, insofar as the persons concerned do not neglect their duties and responsibilities as members of the Board of Commissioners of the Bank.

All members of the Board of Commissioners have complied with the provisions in PBI No. 8/14/PBI/2006 regarding Amendment to PBI No. 8/4/PBI/2006 on the implementation of Good Corporate Governance for Commercial Banks.

Fit and Proper Test Information Disclosure

The Board of Commissioners were all appointed by GMS by considering sufficiency of main criteria, i.e. integrity, competency, professionalism and financial reputation, according to fit and proper test required by Bank Indonesia.

Meeting Frequency of Board of Commissioners

The Board of Commissioners held quarterly meetings, in which the Board of Commissioners invited the Board of Directors to present their plans and achievements, where necessary, of the previous three months so as to discuss the general performance of the Bank.

In sync to Bank Indonesia's regulations regarding the implementation of Good Corporate Governance for Commercial Banks and the Articles of Association of the Bank, the order of the Board of Commissioners meeting has been governed, as follows:

- Meetings to be organised at least 4 (four) times a year, except it deems necessary, by one member of the Board of Commissioners or by a written request of the Board of Directors or by a request from 1 (one) shareholder or more, who jointly represent one-tenth share of the overall shares, subscribed by the Bank with valid voting rights.
- The Board of Commissioners Meeting shall be chaired by the President Commissioner. If the President Commissioner cannot attend the Meeting, with respect to which no evidence to third party shall be required, the Board of Commissioners Meeting may be chaired by the Vice President Commissioner and if the Vice cannot attend the Meeting as well, a member of the Board of Commissioners elected by and from among the members of the Board of Commissioners who are present in the Meeting, can chair it.
- Meeting of the Board of Commissioners is only valid and authorised to make binding decisions if attended or represented by more than half of the members of the Board of Commissioners present or represented at such meeting.
- Decisions of the Board of Commissioners meetings must be adopted based on consensus. In the event that consensus cannot be achieved, decisions are to be made by majority vote, provided that more than half of the total votes validly cast in the meeting approved the decisions.
- In the event of deadlock, the Chairman of the Board of Commissioners meeting shall make the decision.
- Results of the Board of Commissioners meeting must be set forth in minutes of meeting and properly documented.

In 2012, the Board of Commissioners held 4 (four) meetings, with the following summary:

Name	Position	Frequency of Attendance	Level of Attendance (%)
Wee Cho Yaw	President Commissioner	4	100
Wee Ee Cheong	Vice President Commissioner	4	100
Lee Chin Yong Francis	Commissioner	3	75
Rusdy Daryono	Independent Commissioner	4	100
Wayan Alit Antara	Independent Commissioner	4	100
Aswin Wirjadi	Independent Commissioner	4	100

Board of Directors

Duties and Responsibilities of the Directors

Pursuant to the Articles of Association, the Board of Directors shall be fully responsible in performing its duties in the interest of the Bank towards achieving its purpose and objectives. Every member of the Board of Directors must, in good faith and full responsibility, perform its duties by complying with prevailing regulations and Articles of Association of the Bank. The Directors may represent the Bank both inside and outside the courts of law in all matters and in all events.

Principal duties of the Board of Directors include:

- Managing the Bank according to their authority and responsibility as set out in the Articles of Association and prevailing regulations;
- Fully responsible for implementing the management of the Bank;
- Implementing Good Corporate Governance principles in every business activity of the Bank at all stages or levels of the organisation;
- Implementing business strategy according to the recommendations of the Board of Commissioners;
- Following-up on audit findings and recommendations from Internal Audit Unit, External Auditors, Bank Indonesia's supervisory report and other authorised institutions.
- Performing internal monitoring in an effective and efficient manner;
- Performing oversight and managing risks faced by the Bank;
- Maintaining conducive working environment to improve productivity and professionalism;
- Managing and conducting employee development and also maintain the sustainability of the organisation;

- Providing an account of the fulfillment of its duties to the Shareholders at the AGM;
- Disclosing strategic human resource policies of the Bank to all employees; and
- Providing accurate, relevant and timely data and information to the Board of Commissioners.

The division of duties, responsibilities and authority among members of the Board of Directors are as follows:

President Director

- Entitled and authorised to act on behalf of the Board of Directors and represent the Bank;
- To coordinate the management of the Bank;
- To establish the strategies of the Bank;
- To ensure the implementation of compliance function, implementation of the principles of GCG and prudential banking principles; and
- Areas of responsibilities include oversight of Credit Approval & Special Asset Management, Compliance, Risk Management, Legal, Internal Audit, Customer Advocacy & Service Quality and Brand Performance & Corporate Communication and Anti Fraud & Investigation units.

Deputy President Director – Admin & Operations

- Assisting the President Director in directing the policies and strategy of the Bank under his scope of coordination;
- Providing direction, guidance and ensuring the implementation of duties and tasks in operational and supporting functions of the Bank; and
- Areas of responsibility include oversight of supporting units such as Finance & Corporate Services, Technology & Operations and Human Resources.

Corporate Governance

Deputy President Director – Business

- Assisting the President Director in directing the policies and strategies of the Bank under his scope of coordination;
- Providing direction and guidance for the development of the Bank's business; and
- Areas of responsibilities include oversight of business units such as Corporate Banking, Commercial Banking, Business Banking, Personal Financial Services, Global Markets & Investment Management, Transaction Banking and Channels.

Finance & Corporate Services Director

- Responsible for the financial reports of the Bank;
- Providing financial reporting analysis on the performance of the Bank in order to support the decision-making process by the management of the Bank;
- Leading, directing and monitoring the implementation of corporate actions taken by the Bank; and
- Areas of responsibilities include oversight of Finance, Property & General Services and Corporate Services.

Credit Approval & Special Asset Management Director

- Responsible for ensuring that the credit review process operates independently;
- Leading and coordinating the restructuring of non-performing loans through restructuring and recovery processes; and
- Responsible for the management of foreclosed assets portfolios.

Compliance Director

- Formulating a strategy in order to encourage robust compliance culture in the Bank;
- Proposing the compliance policy or compliance principles to be determined by the Board of Directors;
- Establishing the systems and compliance procedures which will be used to develop internal policies and guidelines of the Bank;
- Ensuring that all policies, rules, systems and procedures as well as business activities run by the Bank are in accordance with the provisions of BI and other prevailing regulations;
- Minimising the Compliance Risk of the Bank;
- Performing preventive measures so that policies and/or decisions taken by the Board of Directors of the Bank do not violate the provisions of BI and other prevailing regulations;
- Submitting reports to Bank Indonesia on the performance of his duties; and
- Performing other duties related to the Compliance function which are monitoring and maintaining Bank's compliance towards its commitments to Bank Indonesia or other regulatory authorities.

Composition, Criteria and Independence of the Board of Directors

Composition of Bank's Board of Directors members as of 31 December 2012 are:

Name	Position	Effective Date			Tenure Expiry
		BI Approval	GMS	Re-Appointment	
Armand B. Arief	President Director	7 Sep 2007	22 Jun 2007	15 Apr 2010	2013
Iwan Satawidinata	Deputy President Director	10 Jun 2010	15 Apr 2010	-	2013
Safrullah Hadi Saleh	Director	29 May 2001	25 May 2001	15 Apr 2010	2013
Ajeep Rassidi Bin Othman	Director	6 May 2010	19 Feb 2010	15 Apr 2010	2013
Soehadie Tansol	Compliance Director	31 Dec 2002	25 Nov 2002	15 Apr 2010	2013

Note: Wang Lian Khee: Resignation from the position as Deputy President Director effective on 31 December 2012.

Independence of the Board of Directors

- a. All members of the Board of Directors of the Bank do not have financial and family relationship up to the second degree with fellow members of the Board of Directors and/or members of the Board of Commissioners and Ultimate Shareholders.
- b. The Directors, individually or collectively, do not own shares exceeding 25% of the paid-up capital in the Bank or any other company.
- c. All members of the Board of Directors do not hold another position as a member of the Board of Commissioners, the Board of Directors or Executive Officer at any other Bank, Company and/or institution.
- d. President Director of the Bank is independent from the Ultimate Shareholder of the Bank. The President Director has no financial, management, share ownership and/or family relationship with the Ultimate Shareholder.

Fit and Proper Test Information Disclosure

Board of Directors members were all appointed by GMS and approved by Board of Commissioners, by considering sufficiency of main criteria, i.e. integrity, competence, professionalism and financial reputation, according to fit & proper test requirement set by Bank Indonesia.

Meeting Frequency of Directors

Pursuant to Articles of Association, the order of the Board of Directors has been governed, as follows:

- a. The meeting is to be held at least once in a month unless deemed necessary by one of the members of the Directors, or through written request from one or more of the members of the Commissioners, or through written request from one or more of the shareholders representing 1/10 (one tenth) of the total shares allocated by the Company with valid voting right.
- b. Directors' meeting is valid and authorised to make binding decision if more than half of the total members of the Directors were present or represented in the meeting.
- c. Decision of the Directors' meeting should be based on deliberation to reach agreement. If decision could not be reached through deliberation, decision will be made through voting based on supporting votes of more than half of the total valid votes collected in the Meeting.
- d. If the opposing and supporting votes were the same, the Chairman of the Director's meeting shall decide.
- e. Proceeds of the Directors Meeting is required to be summarised into minutes of meeting and well documented.

During 2012, Board of Directors held Board of Directors meetings 22 times, with recapitulation as follows:

Name	Position	Frequency of Attendance	Level of Attendance (%)
Armand B. Arief	President Director	19	86
Wang Lian Khee*	Deputy President Director	21	95
Iwan Satawidinata	Deputy President Director	20	91
Safrullah Hadi Saleh	Director	22	100
Ajeep Rassidi Bin Othman	Director	18	82
Soehadie Tansol	Compliance Director	20	91
Goh Seng Huat**	Technology and Operations Head	9	41
Pardi Kendy**	Human Resources Head	10	45
Suhaimin Djohan**	Personal Financial Services Head	10	45

* Ceased to be Deputy President Director as of 31 December 2012.

** Ceased to be Director as of 25 May 2012.

Corporate Governance

Participation of Board of Directors in Trainings/Seminars

To support the implementation of the duties of the Board of Directors, in 2012 the Board of Directors attended several training programmes, workshops, conferences and seminars such as:

Name	Position	Training - Workshop - Conference - Seminar
Armand B. Arief	President Director	Workshop on Risk Management and GCG Implementation
Iwan Satawidinata	Deputy President Director	Workshop on Risk Management and GCG Implementation
Safrullah Hadi Saleh	Director	Workshop on Risk Management and GCG Implementation
Ajeep Rassidi Bin Othman	Director	Workshop on Risk Management and GCG Implementation
Soehadie Tansol	Compliance Director	Workshop on Risk Management and GCG Implementation

Bank Share Ownership by Members of The Board of Directors

As at 31 December 2012, all the members of the Board of Directors did not own UOB Indonesia shares.

Share Ownership at Other Companies

In accordance to BI regulation, all the members of the Board of Directors, individually or as a group, do not have shares exceeding 25% of the paid-up capital in a Bank or other companies.

Dual Positions of the Board of Directors in Other Companies

All the members of the Board of Directors do not have dual positions in other companies.

Assessment and Remuneration for Members of the Boards Remuneration Approval Procedure

The Bank performed an annual review of the remuneration for the Board of Commissioners and Board of Directors, based on the performance of the job holders, which was adjusted based on the Bank's performance. The factors that were taken into account in reviewing the remuneration to include:

- Performance of the Bank;
- Remuneration budget;

- Performance of the job holders;
- Skills and competence level;
- The prospect of the position and market conditions, as well as the benchmarks reflected in the compensation and benefits survey; and
- National inflation rate.

A remuneration review was conducted for each Commissioner and Director or an individual basis based on the above criteria.

The proposal for any changes to such remuneration should be recommended by the Remuneration and Nomination Committee and must meet the following requirements:

- The proposal of changes to the Board of Directors' remuneration should be agreed by the Board of Commissioners; and
- The proposal of changes to the Board of Commissioners' remuneration should be agreed by the Majority Shareholder.

In line with the authority granted in the AGMS.

Remuneration for the Boards

The remuneration package/policy and other facilities for the Board of Commissioners and Board of Directors are as follow:

1. Remuneration package/policy and other facilities for the Board of Commissioners and Board of Directors determined at AGMS were salary and bonus payment/tantieme.

2. Types of remuneration and other facilities to all members of Board of Commissioners and Board of Directors, covering the number of Board of Commissioners and Board of Directors members and the total number of remuneration packages and policies, as well as other benefits are as follows:

(in IDR million)

Type of Remuneration and Other Facilities	Total Received in One Year			
	Board of Commissioners		Board of Directors	
	Person	Total	Person	Total
Remuneration (salary, bonus, routine allowance, tantiem and other facilities in the form of cash)	6	2,643	6	27,777
Other benefits in kind (housing, transportation, health insurance, etc) which*:				
can be possessed	-	-	-	-
cannot be possessed	-	-	6	7,013

* Counted in equivalent IDR.

Remuneration in one year classified in the range of income levels:

Total Remuneration per Persons in One Year*	Board of Commissioners	Board of Directors
Above IDR2 billion	-	6
Above IDR1 billion up to IDR2 billion	-	-
Above IDR500 million up to IDR1 billion	3	-
Under IDR500 million	3	-

* Received in cash.

Description	Ratio
Ratio of the highest & lowest salary of the employees	1:90.6
Ratio of the highest & lowest salary of the Board of Directors	1:2.6
Ratio of the highest & lowest salary of the Board of Commissioners	1:16.2
Ratio of the highest salary of the Board of Directors & highest salary of the employee	1:1.7

Completeness and the Implementation of Committees' Duties

Board of Commissioners Committees

Remuneration and Nomination Committee

Composition of Remuneration and Nomination Committee Members as of 31 December 2012

Chairman (Independent Commissioner)	Aswin Wirjadi
Member (Commissioner)	Lee Chin Yong Francis
Member	Roy Fahrizal Permana

Meeting of Remuneration and Nomination Committee is conducted according to Bank's needs and was convened 1 (one) times in 2012.

Remuneration and Nomination Committee has duties and responsibilities as follows:

- a. Related to Remuneration Policy:
 - Perform evaluation towards remuneration policy.
 - Provide recommendations to the Board of Commissioners concerning:

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- i. The Remuneration Policy for the Board of Commissioners and Directors to be submitted to the General Meeting of Shareholders and
- ii. Remuneration Policy for Executive Officers and employees as a whole to be submitted to the Board of Directors.

Remuneration and Nomination Committee in performing their duties and responsibilities in relation to this remuneration policy must attend to:

- Financial performance and reserves as stipulated in the prevailing regulations;
 - Individual performance;
 - Fairness with the peer group; and
 - Long term objectives and strategy of the Bank.
- b. Related to Nomination Policy
 - Formulate and provide recommendation on the system and procedure of selection and/or succession of the Board of Commissioners and Directors to the Board of Commissioners to be submitted to General Meeting of Shareholders.
 - Provide recommendation of the candidate of the Board of Commissioners and/or Directors to the Board of Commissioners to be submitted to General Meeting of Shareholders.
 - Provide recommendation on the Independent Party appointed to be members of the Audit Committee and Risk Monitoring Committee to the Board of Commissioners.

Work Programme of Remuneration and Nomination Committee and its realisation in 2012 including but not limited to:

No.	Work Programme	Realisation
1.	Salary Increase in 2012 and Bonus for Performance in 2011.	Review and provide recommendation on salary increase in 2012 and distribution of Bonus for performance in 2011 for employees, Board of Directors and Board of Commissioners.

Audit Committee

In 2012, the structure of membership of the Audit Committee remains unchanged, as mentioned in Decision of the Board of Commissioners No. 09/COM/0013 dated 7 October 2009 regarding Amendment to Audit Committee Charter and Re-appointment of the Audit Committee of the Bank, Decision of the Board of Directors No. 12/SKDIR/0012 regarding Appointment of Members of the Audit Committee, the composition and membership of the Audit Committee as at 31 December 2012 are as follows:

Composition of Audit Committee Members as at 31 December 2012

Chairman (Independent Commissioner)	Rusdy Daryono
Member (Independent Party)	Winy Widya
Member (Independent Party)	Thomas Abdon

Audit Committee members have complied with BI's requirements on independence, expertise and integrity criteria.

Audit Committee performs its duties, responsibilities and authority based on Audit Committee Charter, which include:

- a. Reviewing the financial information to be issued by the Bank;
- b. Reviewing the adequacy of accounting control systems and material for internal control;
- c. Monitoring and evaluating the planning and implementation of audits as well as monitoring the follow-up to audit results in order to assess the adequacy of internal controls, including adequacy of the financial reporting process. This involves monitoring and evaluation on the performance of Internal Audit's duties; compliance of the audit performed by public accounting firm with the prevailing audit standards; follow-up by the Board of Directors on the audit findings from the Internal Audit unit, public accountants, Bank Indonesia's supervision results and other authorised institutions;
- d. Providing recommendations on the appointment, re-appointment and termination of public accountant and public accounting firm to the Board of Commissioners for submission to the GMS and approving the terms of engagement;
- e. Coordinating with the Risk Management Committee towards shared understanding of the framework of the Bank's risk management, risk profile and priorities and also ensuring that there is no overlap among the working units at the management level in managing risks; and
- f. Performing other functions as directed by the Board of Commissioners.

Meetings of Audit Committee were organised according to the needs of the Bank. In 2012, 20 (twenty) meetings had been held and attended by all Audit Committee members.

Decisions made at the meetings were based on careful deliberations, or based on majority votes in the event of dissenting opinions in order to achieve consensus. All decisions of the meetings were noted in the minutes of meeting signed by all members of the Committee present and properly documented, including any dissenting opinions expressed at the meetings of the Committee.

The Audit Committee meetings resulted in recommendations which can be used by the Board of Commissioners.

Audit Committee's work programme and realisations include but are not limited to:

No.	Work Programme	Realisation
1.	Reviewing financial information, which will be published by the Bank.	Review is performed by holding meetings and inviting Finance to discuss the financial reports to be published.
2.	Reviewing the financial report of the Bank and ensuring its compliance with the Indonesian Financial Accounting Standards.	Review performed by the Management and Independent Auditor who discussed and assessed the fairness of Bank's financial reports and conformity with Indonesian Financial Accounting Standards.
3.	Reviewing the internal accounting control system, operations control and compliance of the Company.	Meeting and discussions have been held with related units.
4.	Reviewing the control and administrative aspect of overall Bank operations.	Meeting and discussions have been held with related units.
5.	Ensuring that internal audit function has been established appropriately in the Bank.	Reviewed Internal Audit Planning of 2012, accepted and provided recommendation and/or comments on internal audit reports.
6.	Selecting and appointing independent auditor, discussing their scope, plan and risk of audit.	Selection was performed in March 2012 to be recommended to the Board of Commissioners and GMS.
7.	Monitoring the follow-up from the Board of Directors on audit findings from the internal audit unit, independent auditor and Bank Indonesia.	Reviewed and discussed with Compliance Director, Internal Audit unit and other related unit.
8.	Reviewing Annual Report 2011 to be published by the Bank.	Review was performed by holding a meeting and inviting the Director for Finance & Corporate Services together with Corporate Services function unit in order to discuss the draft of Annual Report 2011.

No.	Work Programme	Realisation
9.	Receiving update on Core Banking Refreshment Project.	Meeting had been held in May 2012 with the Director for Technology & Operations together with IT unit.
10.	Renewal of Audit Committee Charter.	Discussions and finalization had been conducted.
11.	Receiving the Report on Bank Indonesia Audit Finding Follow-Up Result.	Meetings had been held with Compliance Director & Compliance Unit.
12.	Reviewing the Bank's follow-up to the fraud case ongoing.	Meetings had been held with Internal Audit and Anti Fraud & Investigation function units which provided update on the status of settlement of the fraud cases.

Risk Monitoring Committee

Pursuant to Decision of the Board of Directors No. 10/SKDIR/1108 dated 11 June 2010 regarding Appointment of Members of Risk Monitoring Committee, the composition of the Risk Monitoring Committee is as follows:

Composition of Risk Monitoring Committee Members as of 31 December 2012

Chairman (Independent Commissioner)	Wayan Alit Antara
Member (Independent Party)	Thomas Abdon
Member (Independent Party)	Yohanes Lilis Sujarto

All members of the Risk Monitoring Committee have complied with the prescribed criteria of independency, expertise and integrity.

Risk Monitoring Committee performs its duties, responsibilities and authority based on the Work Regulations and Guidelines of the Risk Monitoring Committee, which include:

- Evaluating the consistency between risk management policies and the implementation of risk management policies;
- Monitoring and evaluating the implementation of duties and responsibilities of Risk Monitoring Committee; and
- Monitoring and evaluating the implementation of duties and responsibilities of Risk Management unit.

Meetings of the Risk Monitoring Committee are held according to the needs of the Bank and attended by all members of the Committee. The Risk Management unit is invited where necessary. In 2012, the Risk Monitoring Committee held 12 (twelve) meetings.

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Decisions of the meetings were deliberated upon to achieve consensus. All decisions of the meetings are noted in the minutes of meeting and well-documented, including any dissenting opinions expressed at the meetings of the Committee.

Work Programme of Risk Monitoring Committee and its realisation in 2012 includes but not limited to:

No.	Work Programme	Realisation
1.	Evaluation of the Risk Profile Report of the Bank.	Meetings were held to evaluate the risk profile report of the Bank.
2.	Evaluation of the fraud cases occurring in the Bank.	Meetings were held to evaluate occurrences and the Bank's follow-up to the fraud case occurring.
3.	Evaluation of Risk Awareness on the employees of the Bank.	Meetings were held to evaluate the risk awareness of the employees of the Bank and efforts by the Bank to increase risk awareness.
4.	Evaluation on rating of Good Corporate Governance of the Bank.	Meetings have been held to evaluate the Bank's ratings for Good Corporate Governance (GCG) and efforts to be made in order to improve GCG ratings.
5.	Discussions on the Regulations of Bank Indonesia.	Meetings have been held in order to evaluate the impacts of Regulations of Bank Indonesia on the Bank's risk profile.
6.	Discussion on the Bank's risks, particularly related to the audit results.	Meetings were held in order to review the Bank's risks in relation to the results of audits by Bank Indonesia and external auditor.

Directors Committees

Executive Committee (EXCO)

Pursuant to Decision No. 12/SKDIR/0622 dated 30 July 2012 regarding Executive Committee (EXCO), the composition of members as well as the duties and responsibilities of the EXCO are as follows:

Composition of Executive Committee Members as of 31 December 2012

Chairman and also acting as Permanent Member President Director

Composition of Executive Committee Members as of 31 December 2012

Permanent members	
	<ul style="list-style-type: none"> • Deputy President Director – Business • Deputy President Director – Admin & Operations • Credit Approval & Special Asset Management Director as permanent member for Credit issues • Finance & Corporate Services Director as permanent member for all non-Credit issues

EXCO meetings are held where necessary, depending on the volume and urgency of a problem to be followed up. EXCO meetings may be attended in person by EXCO members or via telephone/video conference. The quorum needs to cover at least majority EXCO members (>50%), including EXCO Chairman or EXCO Acting Chairman if the Committee's Chairman could not attend the meeting.

Decisions made at EXCO meeting were deliberated upon to achieve consensus. In the event that consensus could not be made, the Chairman of the Committee or Interim Chairman had the final casting vote. EXCO decisions may also be made on a rotation basis, provided that EXCO members have been informed through a written notification about the proposal submitted. The approval of EXCO members shall also be conveyed on the written proposal. Decisions made in such manner shall have the same force as decisions validly made in any EXCO meeting.

All decisions of the meeting are noted in the minutes of meeting signed by all members of the Committee present and properly documented, including any dissenting opinions expressed at the Committee meeting.

Duties and Responsibilities of EXCO include:

- Formulating and discussing the policy issues by considering the entire planning and implementation of strategies to achieve medium and long-term objectives of the Bank;
- Reviewing and deciding upon proposals or submissions on the purchase or sale of the Bank's fixed assets, the Bank's inventories, procurement of other goods and services, according to prevailing regulations; and
- Determining relevant policies and guidelines for all related dealers, officials and committees who are involved in the treasury and investment activities of the Bank.

Work Programme of Executive Committee and its realisation in 2012 including but not limited to:

No.	Work Programme	Realisation
1.	Evaluation of limit and authority of loan disbursement.	Review and discussion had been conducted in determining the limit & authority and approved by the Board of Commissioners.
2.	Monitoring of expenses in the procurement of goods and services of the Bank.	Oversight and approval are always provided in accordance with authority limits.
3.	Evaluation and oversight of all expenses for construction and/or renovation of every branch/sub-branch.	Proposals and relocation plans of every branch/sub-branch office are always reviewed and discussed. The approval is granted according to the authority limit.

Assets and Liabilities Committee (ALCO)

Composition of Assets and Liabilities Committee Members as of 31 December 2012

Chairman	President Director
Deputy Chairman	<ul style="list-style-type: none"> Deputy President Director – Business Deputy President Director – Admin & Operations
Secretary	Market Risk & Balance Sheet Risk Management Head
Permanent Members	<ul style="list-style-type: none"> Finance & Corporate Services Director Credit Approval & Special Asset Management Director Personal Financial Services Head Global Markets & Investment Management Head Risk Management Head Corporate Banking Head Business Banking Head Transaction Banking Head
Non Permanent Member	A special invitee assigned by permanent member.

The Assets and Liabilities Committee meeting was conducted at least once a month.

The duties and responsibilities of the Assets and Liability Committee are as follows:

- Approve Asset & Liability Management Policy, limit (market risk limit, interest rate risk in banking book, balance sheet risk limit, risk control limit), pricing (Board Rate, Fund Transfer Pricing, Prime Lending Rate) and funding strategies (target balance sheet mix).
- Ratification of market risk, interest rate risk in banking book and liquidity risk limit excesses by locations (& desks where relevant) and by businesses.
- Granting of temporary market risk, interest rate risk in banking book and liquidity risk limit by locations (& desks where relevant) and by businesses.
- Endorsement for Market Risk Management Policy, Interest Rate Risk Management Policy, Liquidity Risk Management Policy and related methodologies.
- Review and recommend Internal model related initiatives (when ready) used in regulatory reporting.
- Monitor and highlight limit excesses of risk appetite limit for escalation to ALCO, Risk Management Committee and Board of Directors.
- Monitor, assess and review critical market, interest rate risk in banking book and liquidity risk profiles and exposure, vulnerabilities, P&L incidences, material issues and major transaction.
- Monitoring earning spread, asset/liability distribution and maturities, liquidity risk, market risk and capital resource allocations for market risk and interest rate risk in banking book.
- Provide forum for discussion and decisions on all aspects of market risk, interest rate risk in banking book and liquidity risk.

Work Programme of Asset and Liability Committee and its realisation in 2012 including but not limited to:

Work Programme	Realisation
Monitoring the effectiveness of risk management structure on market and liquidity risk.	<p>During 2012, Directors through ALCO members have held 11 meetings to take decisions for implementation of strategies in managing its assets and liabilities to achieve the sustained growth and to enhance profitability.</p> <p>In addition to meetings, ALCO member also monitor the effectiveness of risk management structure to market and liquidity risk through circulation of a resolution in writing.</p>

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Risk Management Committee (RMC)

Composition of Risk Management Committee Members as of 31 December 2012

Chairman	President Director
Deputy Chairman	Deputy President Director – Admin & Operations
Permanent Members	<ul style="list-style-type: none"> Deputy President Director – Business Compliance Director Finance & Corporate Services Director Risk Management Head
Non Permanent Members	Other relevant Director/Group Head/Unit Head

The Risk Management Committee meetings are conducted once every 3 (three) months or more as and when necessary.

The duties and responsibilities of the Risk Management Committee are as follows:

a. Duties

- Endorse Risk Management Strategy, Policies and Guidelines to be embraced by the whole organisation of the Bank, for approval by the Board of Commissioners.
- Endorse/approve Risk Management enhancements.
- Endorse the Bank's risk management framework & methodologies.
- Evaluate the Bank's capability to operate under stressed condition in terms of capital adequacy and provisioning.
- Assess the Bank's internal capital adequacy in relation to its risk profile.
- Justification of matters pertaining to business decisions made in departure from normal procedures (irregularities).

b. Responsibilities

- Ensure the Bank's risk portfolio is within the prescribed Risk Appetite.
- Ensure the adequate balance between risk taken and return generated through a rigorous measurement process.
- Oversee the implementation of Enterprise Risk Management through proper risk measurement methodologies and risk based performance evaluation.

The Work Programme of Risk Management Committee and its realisation in 2012 including but not limited to:

No.	Work Programme	Realisation
1.	To conduct Risk Management Committee meeting once every 3 (three) months or more, as and when necessary.	During 2012, RMC meetings were conducted 8 (eight) times.
2.	Review on the Bank's Risk Profile.	Review on Bank risk profile was conducted in the RMC meetings.

Credit Policy Committee (CPC)

Composition of Credit Policy Committee Members as of 31 December 2012

Chairman	President Director
Deputy Chairman	Credit Approval & Special Asset Management Director
Secretary	Risk Management Head
Permanent Members	<ul style="list-style-type: none"> Deputy President Director – Business Deputy President Director – Admin & Operations Commercial Banking Head Personal Financial Services Head Corporate Banking Head

The Credit Policy Committee meetings are held based on the Bank's need.

The duties and responsibilities of the Credit Policy Committee are:

a. Duties

- Give advice and preliminary approval on the Credit Policy which will be approved and implemented by Board of Directors.
- Monitor and evaluate the Bank's credit portfolio quality.
- Monitor and evaluate the regulatory compliance of credit activities.

- Monitor and evaluate the effectiveness of credit risk governance composition.
- Monitor and evaluate the implementation of credit discretionary limits.
- Monitor and evaluate the adequacy of the credit origination process, the change and quality of credit to related parties and large credit exposures.
- Monitor and evaluate the adequacy of Legal Lending Limit implementation.
- Monitor and evaluate Non Performing Loans workout in alignment with the credit policy.
- Monitor and evaluate the Bank's effort to satisfy the credit risk provisioning.
- Monitor and evaluate the adequacy of the Bank's credit infrastructure.

b. Responsibilities

- Report to the Board of Directors and carbon copy to Board of Commissioners periodically concerning:
 - monitoring result of implementation of the Credit Policy; and
 - monitoring and evaluating results in relation to the duties performed by the Credit Policy Committee.
- Recommend improvement plans to the Board of Directors and carbon copy to Board of Commissioners in relation to the responsibilities mentioned in the previous point.

Work Programme of Credit Policy Committee and its realisation in 2012 including but not limited to:

No.	Work Programme	Realisation
1.	Monitoring and evaluation on credit portfolio quality and significant issues related to credit business.	Periodically, Credit Risk Management Function submits the Credit Risk Highlight Report to the Board of Directors (as permanent member of committee) and carbon copy to the Board of Commissioners. Credit Risk Management function also delivers several things related to the Bank's credit risk to Board of Directors as a permanent member of the Committee, such as proposed stress test report and the updated Credit policy.
2.	Review and provide recommendations on the revised credit policy.	During 2012, CPC meetings were conducted 9 (nine) times.

Human Resources Committee

Composition of Human Resources Committee Members as of 31 December 2012

Chairman	President Director
Members	<ul style="list-style-type: none"> • Deputy President Director – Business • Deputy President Director – Admin & Operations • Human Resources Head

Human Resources Committee meetings are conducted at least twice a year or based on Bank's needs. The Human Resources Committee can invite members from other company management to the meeting if needed.

The duties and authorities of Human Resources Committee are:

a. Duties

- Ensure Human Resources Policies are aligned with corporate strategy and objective;
- Establish a strategy to maintain the quality of human resources; and
- Establish strategy of human resources development.

b. Authorities

- Discuss and improve key policies in human resources area; and
- Determine the programme related to Human Resources Policies.

Work Programme of Human Resources Committee and its realisation in 2012 includes but is not limited to:

No.	Work Programme	Realisation
1.	Conduct meetings at least twice in one year.	During 2012, Human Resources Committee has conducted 4 (four) meetings.
2.	Increase employee participation as UOBI Brand Ambassador.	Proposal of New Interest rate of Staff Fixed Deposit and Buana Plus Proposal.
3.	Increase employee's competency.	SEED Competency Framework implementation.
4.	Organisation and People Review (OPR).	<ul style="list-style-type: none"> • Update changes in OPR. Mechanism 2012. • Identification of UOBI Corporate Key Talent. • Confirm & endorse Individual Development Plan.

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No.	Work Programme	Realisation
5.	Performance Assessment & Remuneration Review.	<ul style="list-style-type: none"> • Review of performance rating. • Determine guidelines and mechanism for promotion. • Review mechanism of Performance Appraisal Highest Panel. • Review of promotion recommendation.

Business Continuity Management Committee (BCM)

Composition of Business Continuity Management Committee Members as of 31 December 2012

Chairman	President Director
Deputy Chairman	Deputy President Director – Admin & Operations
Recovery Director	Technology & Operations Head
Members	<ul style="list-style-type: none"> • Deputy President Director – Business • Finance & Corporate Services Director • Human Resources Head • Global Markets & Investment Management Head • Risk Management Head

BCM Committee Meeting would be held as necessary. All decision should be taken through formal meeting, documented by written approval form.

Duty and responsibility of BCM Committee is to review the implementation of Business Continuity Management and find out the solution for any outstanding issue.

Work Programme of Business Continuity Management Committee and its realisation in 2012 includes but not is limited to:

No.	Work Programme	Realisation
1.	Meeting would be held as necessary. All decision should be taken through formal meeting, documented by circulation written approval form.	During 2012, BCM meeting was conducted once on 18 June 2012 to discuss about Recovery Strategy for Business Continuity Plan (BCP) Wide Area Disruption for Jakarta Area.

Credit Committee

Composition of Credit Committee Members as of 31 December 2012

1. Joint Signing Authority (JSA)
 - a. Deputy President Director – Business
 - b. Credit Approval & Special Asset Management Director
 - c. Related business Head
 - d. Related Credit Approval function Head
2. Credit Committee
 - a. Deputy President Director – Admin & Operations
 - b. Deputy President Director – Business
 - c. Credit Approval & Special Asset Management Director

Credit Committee meetings have been conducted if there are exposures proposal with some nominal limitation determined by Bank.

Authority of Credit Committee is to approve Credit Disbursement based on the enacted Credit Disbursement Limit authority.

During 2012, there were 106 credit proposals that presented to Credit Committee.

Information Technology Committee

Composition of Information Technology Committee Members as of 31 December 2012

Chairman	President Director
Deputy of Chairman	<ul style="list-style-type: none"> • Deputy President Director – Admin & Operations • Deputy President Director – Business
Secretary	Head of Information Technology
Member	<ul style="list-style-type: none"> • Finance & Corporate Services Director • Technology & Operations Head
Non Permanent Members	<ul style="list-style-type: none"> • Personal Financial Services Head • Transaction Banking Head • Channels Head • Global Markets & Investment Management Head

Information Technology Committee meetings were held according to the Bank's need.

1. Duties and Authorities of Permanent Members:

a. Duties

- Assist the Bank in setting up and monitoring the Bank's investment in Information Technology and responsible in infrastructure development and information technology strategic plan and to ensure that these are in line with the business strategy of the Bank;
- Perform special discussion on information technology development, that is both, currently used by the Bank and currently popular especially in the banking industry;
- Formulate a policy format in regard to the use of information technology in optimum and efficient manner;
- Provide decision on the use of new technology according to the needs of the Bank; and
- Assist the Bank in directing, monitoring and managing the information technology security risk according to technology security policy.

b. Authorities

- Provide recommendation on all minimum review according to the field of work to IT Committee;
- Conduct regular review on progress of IT's main activities;
- Stipulated a policy related to the use of software, hardware and Professional Service to be used and subsequently make recommendation to the Board of Directors meeting and/or EXCO if necessary; and
- Formulate a policy concerning relationship among working units in the use of information technology to create harmony and to drive greater operational efficiency.

2. Duties and Authorities of Non-Permanent Members:

a. Duties

- Conduct a feasibility study of the plan to use Information Technology to support its work plan; This study includes financial, technical, operational and legal feasibility;
- Develop a project proposal;
- Give a presentation to the IT Committee to obtain its approval and recommendation; and
- Provide project status report regularly to the IT Committee.

b. Authorities

- Recommend/propose the IT usage plan including budget, schedule and allocation of human resources;
- Oversee IT project implementation; and
- Managing approved projects.

Work Programme of Information Technology Committee and its realisation in 2012 includes but not is limited to:

No.	Work Programme	Realisation
1.	Conduct routine meetings to review and approve IT investment; monitoring of IT strategic projects; review and approve strategic IT policy.	IT Committee has conducted 6 (six) meetings in 2012.
2.	Performs monitoring of Strategic IT project.	Monitoring of strategic IT project: 'Core Banking System Refresh' had been performed periodically as part of the IT Committee Meeting agenda.
3.	Determine strategic IT policy.	IT Committee had reviewed and approved revision to 'IT Security Policy'. The policy had been revised to accommodate latest development in IT area. IT Committee had also approved IT Strategy for Infrastructure to support the Core Banking System Refresh project.
4.	Review and approve IT Investment for purchase of equipment and IT projects implementation.	IT investments (procurement of hardware, software and implementation of IT projects) had been reviewed, including: <ul style="list-style-type: none"> • Call Centre System Replacement • Invoice Collection System • Purchase of 86 ATMs • BI RTGS 2nd Generation • Transaction Alert through SMS for Credit Card • FX Electronic Dealing System

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Anti Money Laundering Committee (AML)

Composition of Anti Money Laundering Committee Members as of 31 December 2012

Chairman	President Director
Member	<ul style="list-style-type: none"> • Deputy President Director - Business • Compliance Director • Technology & Operations Head • Risk Management Head • Compliance Head
Secretary	AML/CFT & Sanction Head

The Anti Money Laundering Committee shall meet on monthly basis when requiring a decision in line with its duty, authority and responsibility. In this case, AML Committee secretary will initiate the meeting/case distribution, as and when appropriate.

The duties, authorities and responsibilities of Anti Money Laundering Committee are to:

- a. Endorse significant changes to and deviations from the Bank's Policy on the Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) and Sanctions for final approval at Board of Management.
- b. Approve AML/CFT and Sanctions Directives, in line with the AML/CFT and sanctions framework.
- c. Approve the acceptance of prospective customers or the continuation of an existing relationship with certain customers deemed to pose higher reputation and ethical risks to the Bank.
- d. Manage and become mediator in resolving different views between Business Function Units and Compliance over acceptance of new customer, or the retention of certain customers.
- e. Approve account closure of customers whose risk exposure to AML/CFT and Sanctions
- f. Approve any significant issue related to AML/CFT and Sanctions which could pose higher risk exposure in money laundering and terrorism financing, to the Bank.
- g. Approve any AML/CFT and Sanctions controls implementation that pose high AML/CFT risks and approve the compensating AML/CFT controls for implementation.
- h. Provide forum for the Board of Management discussion and decision on any reputational and regulatory compliance issues relating to money laundering, terrorism financing and sanctions.

During 2012, there was no issue or case reported to the Anti Money Laundering Committee, either it was related to dispute or conflict in compliance with regulation issues, customer acceptance of specifically new customers, or maintaining business relationships with certain customers.

However, the Anti Money Laundering Committee still conducted 10 (ten) meetings to discuss about the development of Anti Money Laundering/Countering the Financing of Terrorism Implementation Programme.

Service Quality Committee

Service Quality consist of 2 (two) committees:

- a. Head Office Service Quality Committee with membership composition as follows:

Composition of Head Office Service Quality Committee Members as of 31 December 2012

Chairman	President Director
Deputy Chairman	<ul style="list-style-type: none"> • Deputy President Director - Business • Deputy President Director - Admin & Operations
Secretary	Customer Advocacy and Service Quality Head
Permanent Member	<ul style="list-style-type: none"> • Personal Financial Services Head • Commercial Banking Head • Business Banking Head • Channels Head • Technology and Operations Head • Human Resources Head
Non Permanent Members	<ul style="list-style-type: none"> • Members of Board of Management • Head of Work Function which has relevance to the subject of the Committee meeting

- b. Region Service Quality Committee with membership composition as follows:

Composition of Region Service Quality Committee Members as of 31 December 2012

Chairman	Regional Manager
Secretary	Regional Operation Manager

Composition of Region Service Quality Committee Members as of 31 December 2012

Permanent Members	<ul style="list-style-type: none"> • Regional Personal Financial Services Sales Head • Regional Commercial Banking Head • Regional Business Banking Head • Regional Privilege Banking Head* • Regional Human Resources Head**
Non Permanent Members	All Work Units which are related to the subject of the Committee meeting

* If there is no Privilege Banking Regional Head, then it can be replaced by Privilege Sales Manager.

** If the Regional Human Resources Head does not exist, the Chairman can assign another executive on the same level.

Service Quality Meeting will be conducted with terms as follows:

1. Head Office Level will be held every 3 (three) months in a year or more as necessary.
2. Region Level will be held once a month or more in a year or more as necessary.

Duties and Responsibilities of the Head Office Service Quality Committee based on the position are as follows:

- a. Chairman
 - Conduct evaluation of Customer Satisfaction and Service Index achievement including the implementation of UOB Indonesia Service Blue Print.
 - Give approval to the submitted proposal together with the committee members, related to the improvement of Service Quality.
 - Make final decision on issues that cannot be resolved by the regions' Service Quality Committees related to the Service Quality improvement.
- b. Deputy Chairman
 - Ensure the achievement of Customer Satisfaction and Service Index including the implementation of UOB Indonesia Service Blue Print.
 - Ensure the implementation of the final decision on issues that have been escalated by the regions' Service Quality Committees and the implementation of policies related to Service Quality.
- c. Secretary
 - Coordinate quarterly meetings for Head Office Service Quality Committee or Ad Hoc meetings if necessary to address urgent issues.

- Coordinate and evaluate materials from Service Quality Committees in region level to be submitted to the Head Office Service Quality Committee.
- Make Minutes of Meeting on the Head Office Service Quality Committee's Meeting to be distributed among related parties.
- Distribute results/decisions made in the Head Office Service Quality Committee's meeting to all members including those in region level.
- Follow up and ensure the implementation of any decision taken by Head Office Service Quality Committee.
- Supervise/monitor the implementation of regular meetings and ad hoc meetings conducted by Service Quality Committees in region level.

d. Permanent Members

- Consist of permanent members of the Committee in evaluating the achievement of the Service Index and Customer Satisfaction Index.
- Make decision on the proposal submitted by the regions' Service Quality Committees and resolving the current issue.

Duties and Responsibilities of the regions' Service Quality Committees based on the position are as follows:

- a. Chairman
 - Responsible for making the framework of the Service Quality in each working unit under the coordination and the implementation of Service Quality Standard in achieving Customer Satisfaction and Service Index in accordance with the Service Blue Print target.
 - Conduct monthly evaluation related to the improvement of Service Quality and determine the output of regions' Service Quality Committees to be submitted to Head Office Service Quality Committee.
 - Obligated to deliver the organisational composition of the regions' Service Quality Committee, including any change in the composition to Secretary of Head Office Service Quality Committee, namely Customer Advocacy and Service Quality Head.
 - Have the authority to make changes/adjustment to the work process/workflow of business without violating the rules and policies regarding the risk mitigation.
 - Follow up and ensure the implementation from every decision that has taken by Head Office Service Quality Committee based on the submitted proposals.
- b. Secretary
 - Responsible for coordinating the implementation of the regular meetings of the Service Quality Committee in regional level.

Corporate Governance

- Responsible for making minutes of meeting in the regions' Service Quality Committee meetings and must submit the copy to the Secretary of Head Office Service Quality Committee, namely Customer Advocacy and Service Quality Head.
- Disseminate the material to be submitted to the Head Office Service Quality Committee meeting via the Customer Advocacy and Service Quality Head, based on the decision made by the regions' Service Quality Committee Meetings.
- Follow up and ensure the implementation from every decision taken by the regions' Service Quality Committee meetings and the entire proposal that has been submitted to the Head Office.
- Responsible to follow up the regions' Service Quality Committees and also that in Head Office, on submitted proposal to work with other related functions.

Work Programme of Service Quality Committee and its realisation in 2012 includes but is not limited to:

No.	Work Programme	Realisation
1.	Conduct Service Quality Committee Meeting at least twice a year.	During 2012, Service Quality Committee has conducted 1 (one) meeting.
2.	Committee Meeting on 8 October 2012.	Service Quality Committee discussed the following topics: <ul style="list-style-type: none"> • Mystery Shopper Survey Result • Customer Complaint Handling Result • Capacity and Productivity Plan
3.	Committee Meeting Region I in October 2012.	Committee Meeting discussed the following topics: <ul style="list-style-type: none"> • Mystery Shopper with Service Index Result. • Develop Service Quality Strategy and activity to increase Service Index according to Service Blue Print and Mystery Shopper Result.
4.	Committee Meeting Region III in November 2012.	Committee Meeting discussed the Mystery Shopper Result in Region III.
5.	Committee Meeting Region IV in November 2012.	Committee Meeting discussed the Mystery Shopper Result in Region IV.

No.	Work Programme	Realisation
6.	Committee Meeting Region V in November 2012.	Committee Meeting discussed the Mystery Shopper Result in Region V.
7.	Committee Meeting Region II in December 2012.	Committee Meeting discussed the Mystery Shopper Result in Region II.

Ethic Panel Committee

Composition of Ethic Panel Committee Members as of 31 December 2012

Permanent Members	<ul style="list-style-type: none"> • President Director • Deputy President Director – Admin & Operations • Deputy President Director – Business
Chairman	Human Resources Head
Deputy Chairman	Compliance Director
Members	<ul style="list-style-type: none"> • Risk Management Head • Legal Head • HR Industrial Relation Head
Non Permanent Members	Other work function/unit heads that are related to the investigated case

Note: In case the Function/Branch Head which is also a Member of the Ethics Committee is absent, the Committee Chairman and Deputy Chairman can decide on a representative of the absentee to act as a temporary Member.

Ethic Panel Meeting will be conducted according to the Bank's need.

Duties and Responsibilities of the Ethic Panel Committee based on their positions are as follows:

- Chairman
Conduct matters related to coordination, discussion and preparation of panel session in order to perform special investigation to every fraud case based on the investigation results conducted by the Internal Audit Unit or Anti Fraud & Investigation Unit.
- Permanent Members & Non-Permanent Members
Conduct panel session to investigate, discuss and assess the investigation result report conducted by the Anti Fraud & Investigation to the fraud case.

Work Programme of Ethic Panel Committee and its realisation in 2012 includes but not is limited to:

Work Programme	Realisation
Solve ethics breach cases, which are fraud and integrity violation.	Meetings have been conducted according to the investigation result conducted by Internal Audit and Anti Fraud & Investigation. During 2012, Ethic Panel Committee has conducted 9 (nine) meetings.

Corporate Secretary

Lina

Profile of Corporate Secretary can be found on page 205.

Disclosure of Tasks and Responsibilities

The Corporate Secretary has an important role in ensuring the effectiveness of communications between the shareholders and the Bank. The Corporate Secretary is responsible for announcements on the condition and performance of the company based on relevant laws and regulations as well as the Bank's Articles of Association.

The Corporate Secretary has the following tasks:

- To act as the Bank's representative and as a liaison officer between the Bank and all its stakeholders regarding the Bank's activities;
- To manage the delivery of information on the Bank's performance and corporate actions to the public;
- To submit the Bank's Annual Report and Financial Statements periodically to related stakeholders; and
- To coordinate the organisation of meetings of the Board of Directors, meetings of the Board of Commissioners and the General Meeting of Shareholders.

Among the stakeholder engagement activities implemented by the Corporate Secretary in 2012 were the following:

1. Organising General Meeting of Shareholders;
2. Attending Board of Commissioners and Board of Directors meetings and providing the minutes of meetings.

The Implementation of Compliance, Internal Audit and External Audit Functions

Compliance Function

Compliance Director Role

The implementation of Bank's Compliance Function refers to Bank Indonesia Regulation No. 13/2/PBI/2011 and Bank Indonesia Circular Letter No.11/25/PBI/2009.

Roles and responsibilities of the Director of Compliance, among others are:

- a. formulating strategies to foster Compliance Culture in the Bank;
- b. ensuring that all policies, rules, systems and procedures, as well as business activities conducted by the Bank in accordance with the provisions of Bank Indonesia and the prevailing regulations;
- c. minimising the Bank's Compliance Risk and take precautionary action so that any policy and/or decision made by Directors of the Bank shall comply with the provisions of Bank Indonesia and the regulations.

Actions to Prevent the Deviation From the Prevailing Regulation

Compliance Director always monitors and controls Bank's business activities so that they do not violate the prevailing regulations by ensuring Bank's compliance to Bank Indonesia provisions and prevailing legislations.

This is reflected from the existence of measures that have been put in place:

- a. Stipulate the Compliance Work Function Organisational Structure to assist Compliance Director in performing his/her duties in ensuring Bank's compliance and implementing prudent principles.
- b. Stipulate Compliance Policy and Procedure, which concern the implementation of Bank's Compliance Function, the Bank's Soundness Rating, the Implementation of Good Corporate Governance, the Anti-Money Laundering and Countering the Financing of Terrorism (AML & CFT) Programme and Customer Data Remediation through Circular Letter No.11/AMT/0002 dated 11th March 2011 regarding Customer Data Remediation.

In terms of preventing the Bank's Directors from making policy and/or decision that deviates from prevailing provisions and legislations, measures have been put in place, among others are:

- a. To conduct monitoring and provide opinion on each policy that will be stipulated by Directors;
- b. The implementation of Compliance Principle towards prevailing regulations that must be implemented in the Head Office and all Branch Offices; and
- c. Ensuring that the Bank is always prudent in stipulating policies or making decisions that do not lead to conflict of interest indication, specifically regarding the Capital Adequacy requirement, Legal Lending Limit, Net Open Position, Earning Asset Quality, Credit Policy, Investment/ Placement of Funds and Treasury Activity.

Corporate Governance

The Implementation of Good Corporate Governance

The provision related to the Implementation of Good Corporate Governance for Commercial Banks refer to Bank Indonesia Regulation No.8/4/PBI/2006.

Bank has already conducted assessment of the implementation of the principles of Good Corporate Governance which is realised and focused in the 11 (eleven) factors and resulted in Composite Rating of 1.43. The rating reflects that the Bank's management has implemented the Good Corporate Governance principles, which is generally Very Good.

This is reflected in adequate fulfillment of the principles of Good Corporate Governance. The Bank will continue to improve and address any findings from Bank Indonesia on its implementation of Good Corporate Governance.

Internal Audit Function Implementation

With reference to Bank Indonesia Regulation No.1/6/PBI/1999 dated 20 September 1999 on the Appointment of Compliance Director and Standards for the Implementation of Bank's Internal Audit Function (SPFAIB), Bank has implemented internal audit function and established the Internal Audit Charter and internal audit guidelines.

Internal Audit is part of the internal control structure. Internal Audit uses a risk-based approach to develop its audit plan. Audit projects are prioritised, scoped based on IA's assessment of risks and controls over the risk types.

Internal Audit's provides independent and objective audit assessment over the adequacy and effectiveness of governance process, risk management and internal controls system put in place by the Bank to safeguard its assets and businesses.

The Head of Internal Audit reports to the President Director. To support the independence and guarantee smoothness of audit as well as authority to monitor follow-ups, Head of Internal Audit can directly communicate to the Board of Commissioners on audit related issues through the Audit Committee Meeting which conducted periodically.

Internal Audit has evaluation programme on the quality performance of internal audit, comprising of Ongoing Performance Monitoring Reviews, Internal Quality Assessment and External Quality Assessment.

External Audit Function Implementation

The Bank had appointed Accounting Public Firm Purwanto, Suherman & Surja, one of listed accounting firms in Bank Indonesia, to perform an audit on the Bank. The appointment

was approved by the shareholders through the AGM and according to the recommendation from the Audit Committee.

In performing its duties, Accounting Public Firm Purwanto, Suherman & Surja has complied with all aspects that have been agreed and have worked independently to present the Management Letter on schedule/within timeframe.

Corporate Values

Code Of Conduct

The Bank's code of business conduct and ethics is the foundation of our governance framework and reflects our commitment to doing what is fair, right and legal. All UOB Indonesia management and employees are committed to upholding and strengthening the implementation of GCG practices that puts forth the moral and ethical principles based on the Bank's code of conduct and ethics.

The Bank regularly reviews the code of conduct and ethics and disseminates it to all employees and management to ensure that they understand its requirements and put them into practice.

The code of conduct set out in six components:

1. Responsibilities to the Bank
The Bank has the obligation to cooperate with the external investigation team and internal audit, the obligation to safeguard the interests of the Bank in terms of intellectual property rights, the use of IT tools of the Bank for the purpose of the interest of the Bank, provide record promptly and accurately, document storage as applicable and prohibition to influence employees or others, associated with the business relationship (non-solicitation).
2. Responsibilities at the workplace
The Bank should promote a non-discrimination culture to create a conducive and healthy work environment.
3. Responsibility to customers and other external parties
The Bank imposes a ban on accepting gifts or money from any outside party, proper business judgment when selecting a third party to partner with the Bank. The Bank also prohibits political activism.
4. Secrecy
All employees are obligated to maintain confidentiality, customer privacy and security of customer data.
5. Investment and external activities
The Bank prohibits insider trading activities. It also avoids involvement in transactions where there is conflict of interest. It also prohibits any external activities which directly or indirectly may interfere with the performance of employees and/or the Bank.
6. Legal provisions and other major compliance
The Bank prohibits against violations of anti-trust laws and complies with all prevailing laws and regulations.

Corporate Values

The Bank's core values are fundamental to the way it operates as a company. The core values of the company are representations of the Bank's corporate culture and how it runs and manages its business.

UOB Indonesia corporate values are as follows:

- Integrity
Maintaining and implementing a high standard of ethics, morality and law, in all communications and customers' activities, as well as communities by setting aside personal interests.
- Teamwork
Cooperating as a team, helping each other to achieve desired purpose while appreciating each function and task without feeling superior to others.
- Trust & Respect
Trust and respect to customers as well as business partners and treating all with an open mind, honesty and respect in every word and action.
- Performance Excellence
Striving for better performance everyday because we aim to lead the market as an organisation with sustainable growth and development.

Whistleblowing System

The Bank has established policy and procedure for whistleblowing. This policy was created to encourage each employee to report any breach or potential breach of laws, regulations, the Bank's policy, or code of conduct and ethics, while protecting them from any threat due to their report. Whistle blowers can submit their report verbally or in written form, to the respective direct supervisor, Head of Internal Audit, President Director, or Head of Audit Committee.

To support this policy, the Bank provides telephone, facsimile and 24-hour hotline services. These facilities are operated by the Internal Audit unit. The whistleblower who reports information in good faith will not be put at risk of dismissal or retaliation.

There are some violations that can be conveyed through whistleblowing mechanisms, including but not limited to:

- a. corruption;
- b. violation of regulations;
- c. actions that are inconsistent with the Bank's code of conduct, policies and operational procedures;
- d. actions that endanger the safety in the work area and the Bank;
- e. fraud; and
- f. physical abuse to the customers.

The Implementation of Risk Management Including Internal Control System

UOB Indonesia Risk Management vision is *"to make risk management an embedded culture in every phase of the organisation's operating cycle (plan, do and feedback) and across all activities"*.

To achieve the Risk Management vision, the Bank applies the following risk management principles:

- to promote a long-term sustainable growth through embracing sound risk management principles and business practices;
- to increase risk discovery capability on an on-going basis; and
- to facilitate business development within a risk management framework that balances risks and returns.

Risk exposures are evaluated and reported in the Bank's Risk Profile report. Risks taken by the Bank in performing its business strategies are managed in-line with the Bank's prudent principles and it delivered a score of "low" in the assessment of its inherent risks and a score of "satisfactory" for its risk control system in the second Semester of 2012. The Bank's risk composite score through 2012 was maintained at a "low" level on the basis of Bank Indonesia's overall risk assessment matrix.

General Risk Management Implementation

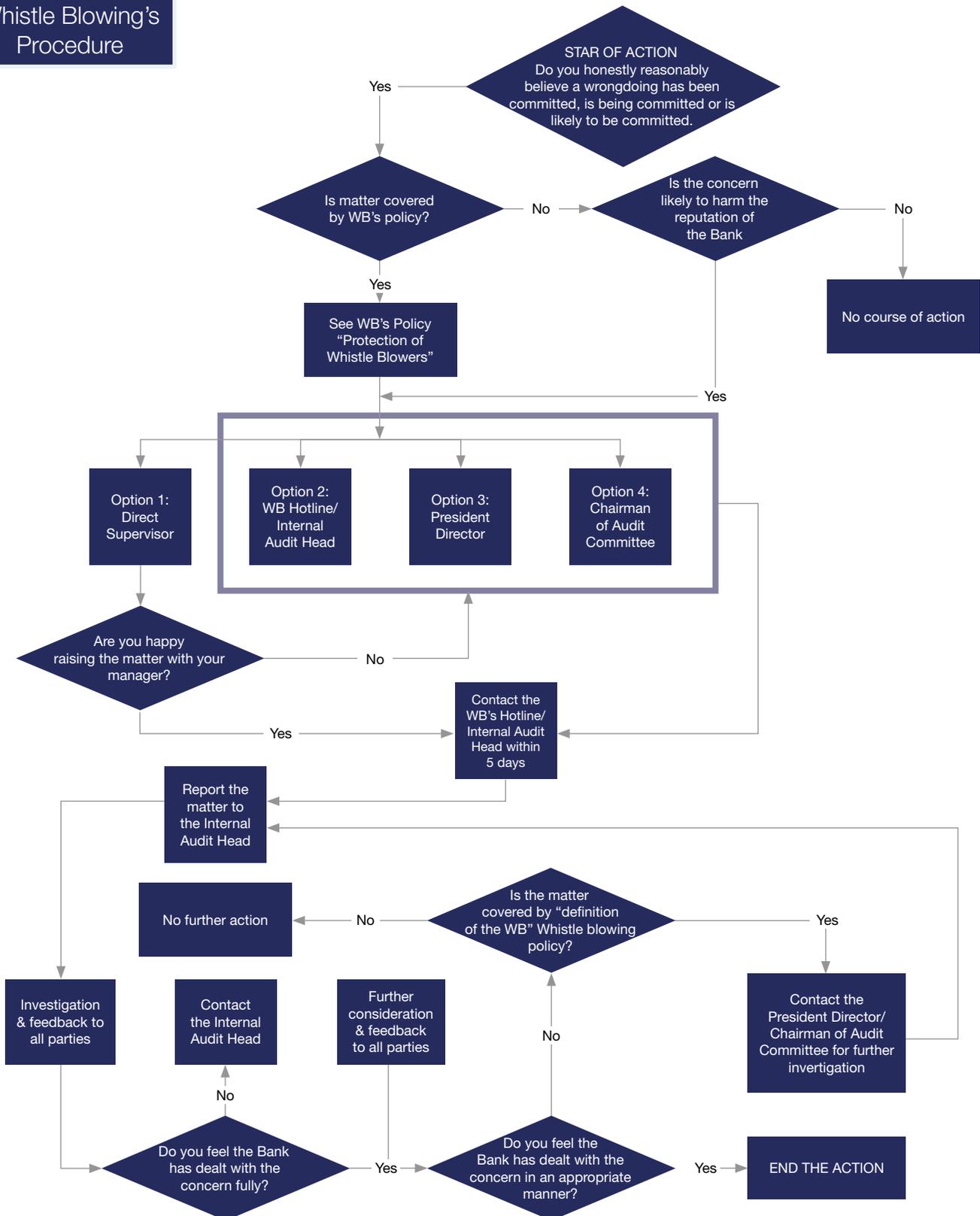
Active Supervision by Board of Commissioners & Board of Directors

In every quarter, the Board of Commissioners holds Meeting with the agenda including to review risk management matters and, if any, improvement plans. In addition, Board of Commissioners also approves the Risk Management Policies, reviews Risk Profile Report and evaluate the implementation of the Bank's control system. During the year 2012, the Board of Commissioners conducted four meetings.

The Board of Directors, through various Management Committees (i.e. Asset and Liability Committee, Risk Management Committee, Credit Policy Committee, etc) has carried out their roles and responsibilities in reviewing the adequacy of risk management methodologies, policies, procedures and authorisation of limits. These roles and responsibilities are documented in the Terms of Reference of the various Committees.

The Board of Directors ensures that employees are recruited based on the requirements needed and their competency in effectively managing risks. Staff member undergoes Risk Management Certification and other training courses as part of the Bank's ongoing efforts in improving the staff's risk management capability.

Whistle Blowing's Procedure



Adequacy of Policy, Procedure, Limit and Process of Risk Management

The Bank has established a comprehensive framework of policies and procedures to identify, measure, monitor and control risks. Risk Management function continues to update and enhance its policies & procedures to align changes in the Bank's business. Risk limits are in place for the various risk types and in line with the Bank's risk appetite.

On a regular basis, Risk Management function reports the implementation of Bank's risk management to senior management and Bank Indonesia through various risk reports. All excess limits and any significant changes are escalated to the related Directors and officers for further action plans.

Internal Control System

In order to manage risk, the Bank has several internal controls, which is focused on dual control implementation, segregation of duties and the adequacy on internal controls for any significant transaction and Bank's functional activities.

Risk Owner

Risks are identified and managed at a level where the specific event occurs. All risks, once identified, are assigned to the risk owners to ensure the risks are managed and monitored over time. In managing various types of risk, the risk owners are assisted by several internal control functions such as Branch Quality Assurance, Policy & Operations Assurance, Regulatory Assurance, Risk & Decision Management, etc.

Segregation of Duties

Segregation of duties is the critical element of internal control in order to reduce the mistakes and inappropriate actions. The Bank assigns various functions to ensure the check and balance in decision making, such as Middle Office, Credit Approval, Loan Operations, Treasury Settlement, etc.

Control Functions

The Bank assigns several functions as an independent control, such as Internal Audit, Risk Management, Compliance, IT Security, Legal, Anti Fraud & Investigation, etc.

Risk Management Implementation for Each Type of Risk Credit Risk

Credit Risk is defined as the risk of loss arising from any failure by a debtor or a counterparty to fulfill its financial obligations as and when they fall due. It is inherent in various Bank activities such as activities of provision of funds and commitments, treasury, capital markets and investment.

Credit Risk Management Governance Structure

Credit Risk Management function (CRM) provides independent oversight of credit risk in the Bank and responsible for independent reporting and analysis of all elements of credit risk. CRM has established the Bank's core credit policies and guidelines and also monitors and manages credit risk within the established framework set down by the Credit Policy Committee (CPC) and/or Board of Commissioners. As part of this process, CRM ensures that areas of significant risk are highlighted to the appropriate senior management and that appropriate actions to mitigate and manage this risk are taken.

Credit Risk Policies and Procedures

The Bank puts in place the following policies to manage credit risk:

1. The General Credit Policy that governs the principles of credit extension and the broad credit principles and standards by which the Bank undertakes and manages credit risk.
2. The Credit Classification Policy that governs the assessment of credit activities based on five credit grades of Pass, Special Mention, Substandard, Doubtful and Loss.
3. The Consumer Credit Policy that governs the principles of consumer credit extension, the credit principles and standards by which the Bank undertakes and manages credit risk for the consumer segment.
4. The Credit Concentration Risk Management Policy that manages credit concentration risk.
5. The Credit Risk Mitigation Policy that specifies the types and minimum requirements for collateral, guarantees and credit derivatives to be eligible for capital relief.
6. The Credit Restructuring Guideline that gives guidance on credit restructuring for borrowers who have difficulties to meet their obligation to the bank.
7. The Asset Classification Guideline that gives the guidelines for classifying exposures into the Basel II Asset Classes for Risk Weighted Asset calculation.

Credit Risk Management Framework

A risk-sensitive process is in place to regularly review, manage and report credit concentrations and portfolio quality. The process involves identifying, measuring, monitoring and reporting the Bank's credit risk. This includes monitoring of concentration limits and exposures by obligors, portfolios, borrowers, industries and countries. Obligor limits ensure that there is no undue concentration to a group of related borrowers that may potentially pose a single risk to the Bank. Industry limits ensure that any adverse effect arising from an industry specific risk event is confined to acceptable levels.

Corporate Governance

Credit limit is approved by an independent credit approval function which is guided by updated Credit Policies and Credit Acceptance Guidelines. Limit is also in line with Bank Indonesia Legal Lending Limit (LLL) Regulation. Analysis of credit portfolio movement is conducted based on risk level, delinquency trend, credit concentration and portfolio movement based on industry/economic sector, region, product, currency and special mention accounts.

Credit risk exposure at product and industry level is tracked and compared with the national average data based on LLL regulation and asset quality regulation from Bank Indonesia.

The result of the risk identification, measurement and monitoring is reported regularly to the Board of Directors and the Risk Management Committee in the credit risk reports (such as the Credit Risk Highlight Report and Credit Risk Profile Report) prepared by the CRM.

All delinquent accounts, including credit limit excesses, are closely monitored and managed through a robust process by officers from business function and risk management. Where appropriate, these accounts are also subject to more frequent reviews. Delinquency trends are monitored, analysed and reported to the Board of Board of Commissioners and Directors periodically.

A management information system for credit risk is in place to provide accurate and timely data on the Bank's total credit exposure, including individual and group debtors, credit portfolio size and credit risk limit deviations. It also provides information for the Bank to manage credit risk through various credit risk mitigation methods and strategies.

Concentration Risk

Credit concentration risk arises when there is a risk that a single exposure or group of exposures with the potential to produce losses large enough (relative to the Bank's capital, total assets, or overall risk level) to threaten the Bank's health or ability to maintain its core operations. Credit risk concentration is based on common or correlated risk factors, which, in times of stress, adversely affects the credit worthiness of the individual counterparties making up the concentration. To address credit risk concentration, the Bank puts in place various controls, procedures and reports to identify, measure, monitor and control these exposures. Limits of industry, obligor group, risk rating, collateral, area and cross-border are established where applicable, to monitor and manage concentration risk.

Impairment

Credit facilities are downgraded to impairment if meet the following criterias:

- a. the principal and/or interest are past due more than 90 days;
- b. the outstanding amount, including interest of a revolving credit facility remains in excess for more than 90 days;
- c. the credit facility exhibits weaknesses that render a classification appropriate, although the amount past due or in excess is equal to or more than 90 days; and
- d. the borrower defaults on credit facilities with quarterly, semiannual or longer periodic repayments.

Bank uses both Individual and Collective approaches in formulating the allowance for impairment losses.

Individual impairment is calculated as follows:

Financial Assets Carried at Amortised Cost

- Impairment losses are the difference between the carrying values with the present values of the estimated future cash flow discounted at the effective interest rate.
- Impairment is reported in the income statement (under provision) and the outstanding values are subtracted with the provision.
- Reversal impairment after the balance sheet date to income statement is allowed, if it is supported with the objective evidences.

Financial Assets Carried at Cost

- Impairment losses are the difference between the carrying values with the values which will be recovered.
- Impairment is reported in the income statement (under provision) and the carrying values are subtracted with the provision.
- Reversal impairment after the balance sheet date is not allowed since it is difficult to tie the reversal with the occurred events after impairment.

Financial Assets Designated as Available for Sale

- Impairment losses are the difference between the acquisition costs (net off with the principal payment and amortization) with the current fair values, subtracted with the previous impairment losses.
- Impairment is reversed from equity to income statement (under provision).
- Reversal impairment after the balance sheet date is allowed through income statement (for debt security) and equity (for equity security), if it is supported with the objective evidences.

Collective impairment is calculated as follows:

1. Financial assets which are not controlled individually are calculated collectively based on credit risk and portfolio. The purpose of collective impairment is to estimate the losses in financial assets which cannot be identified individually.

Reserve levels are determined by using historical data (3-5 years) based on economic condition and business trend (i.e. late payment, credit concentration, etc). The adequacy of reserve is reviewed every balance sheet date. If there is any pending of historical data, the collective impairment is calculated based on the government regulation. Back testing is conducted regularly to minimise any deviation of estimated losses with the actual losses.

2. Bank portfolios are classified as non-NPL Debtors.

Collateral Management

All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability. Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. Some common acceptable collateral for UOB Indonesia include Land and Building, Cash Collateral, Government Bonds and other acceptable collaterals.

Information and guidelines about UOB Indonesia collateral management is provided in the Credit Policy, which is periodically reviewed by the CRM.

Credit exposures under Basel II

UOB Indonesia currently uses the Standardised Approach under Basel II to measure the risk weighted asset (RWA) for credit risk. The information and guidelines of rating for RWA for credit risk is regulated in the Asset Classification Policy.

Under the Standardised Approach, UOB Indonesia exposures are classified into 8 (eight) asset classifications and portfolios, as follows:

- a. Sovereign;
- b. Non Central Government Public Sector Entities;
- c. Multilateral Development Bank;
- d. Banks;
- e. Corporate;
- f. Employee/Retiree;
- g. Claim Secured by Residential Property; and
- h. Claim Secured by Commercial Real Estate.

Currently, UOB Indonesia only recognises international ratings from Moody's, Standard's and Poor and Fitch.

Market Risk

Market risk is defined as the risk arising from movement in market variables in portfolios held by the Bank that could incur losses for the bank (adverse movement). It arises from changes in interest rates, foreign exchange rates and credit spreads,

as well as their correlations and implied volatilities. Market risk exists in the business lines such as treasury and investment in securities and money market, loans, trade financing, etc.

Market Risk Management Governance Structure

The Bank has established the roles and responsibilities on each level of the position which related to the implementation of market risk management and tailored with the purpose, business policy, size and complexity of the Bank. The roles and responsibilities are clearly stated in the Market Risk Management Policy.

Organisational structure describes the business activities of the Bank. In addition, the market risk management in trading and banking book are also governed in the Market Risk Management Policy. Market Risk Management Policy and Interest Rate Risk Management Policy have been reviewed in 2012 to commensurate with the size, nature and complexity of the bank's business activities.

Market Risk Management Framework

The market risk process is started with the pre-deal process, deal input and processing, followed by risk measurement and valuation process, risk monitoring and controls and capital management.

The Bank's market risk framework comprises market risk policies and practices, delegation of authority and market risk limits, validation of valuation and risk models, etc. This framework also encompasses the new product/service program process to ensure the identified market risk issues are adequately addressed prior to launch.

The business functions need to seek market risk limits prior to transaction. Market and Balance Sheet Risk Management function reviews the limit before they are tabled for approval at Asset & Liability Committee (ALCO). ALCO member approves Market Risk Appetite Limit and Market Risk Control Limit. The limits include Value-at-risk limit, stop Loss limit, FX NOP Limit, PV01 Limit, etc. The business functions are responsible to manage the risks. The overall market risk appetites and control limits are reviewed annually in line with the business strategy. During 2012 the limits have been reviewed and reassessed on a regular basis by Market and Balance Sheet Risk Management together with GMIM function to commensurate with strategy bank and external changes in market conditions. The reasons or justification for the changes to the risk appetite limit well documented. Market Risk Control function (MRC) on a daily basis monitors market risk activities and/or exposures against the approved ALCO limits and escalates any excesses to appropriate channel for approval/ratification.

Corporate Governance

The Bank's market risk measurement methods are able to:

- a. measure the sensitivity and exposures to market risk under normal and stress conditions;
- b. provide the outstanding and potential profit and loss on a daily basis;
- c. perform mark to market valuations; and
- d. accommodate increase in volume of activities, changes of valuation techniques, changes in methodology and new products.

The Bank adopts Standardised Approach to calculate the market risk capital. The Bank adopts the Value-at-Risk (VaR) to measure the potential loss at a 99% confidence interval using the historical simulation method. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. The method assumes that possible future changes in market rates may be implied by observed historical market movements. VaR are back tested against the profit and loss of trading book in order to validate the robustness of the methodology. To complement the VaR measurement, stress test is performed on the trading portfolio in order to identify the Bank's vulnerability in the event of crisis.

Liquidity Risk

Liquidity risk is defined as the risk to the Bank's earnings or capital from its inability to meet its financial obligations as they fall due. Liquidity risk arises from the general funding of the Bank's banking activities and in the management of its assets and liabilities, including off-balance sheet items.

Liquidity Risk Management Governance Structure

The Bank has established the roles and responsibilities on each level of the position which related to the implementation of balance sheet risk management and tailored with the purpose, business policy, the size and complexity of bank. The roles and responsibilities are clearly stated in the Liquidity Risk Management Policy which has been reviewed in 2012 to commensurate with the size, nature and complexity of the bank's business activities.

Organisational structure describes the business activities of the Bank. Directors through ALCO have an adequate understanding of the inherent risks in all functional activities related to liquidity risk and able to take the necessary action according to Bank's risk profile.

Liquidity Risk Management Framework

Liquidity risk is identified through the new products program. The business function is required to provide detail information about the underlying product description and its risk. The key supporting functions, such as Risk Management, Finance,

Technology & Operations, Compliance and Legal, provide assessment on the product.

Liquidity is managed in a manner to address known as well as unanticipated cash funding needs in accordance with the framework of policies, controls and limits approved by ALCO. In line with the regulatory liquidity risk management framework, liquidity risk is measured and managed on a projected cash flow basis. The Bank is monitored under 'business as usual', 'bank-specific crisis' and 'general market crisis' scenarios. Behavioral modeling is carried out regularly to ensure the cash flow reflect the business-as-usual behavior. Core deposits generally consist of stable non-bank deposits, such as current account, savings account and fixed deposit. The Bank monitors the stability of its 'core deposits' by analyzing their volatility over time. Market and Balance Sheet Risk Management function reviews the assumptions, methodology, data sources and procedures used to measure liquidity risk. Market and Balance Sheet Risk Management also monitors the stability level & trend the Bank's position through various analyses such as the composition and concentration of assets and liabilities, access to funding sources, vulnerability of funding, maturity profile and cash flow projection. Cash flow mismatch limits are established to limit the liquidity exposures to the Bank.

Limits are monitored daily by the Market Risk Control (MRC) whereby MRC reviews daily liquidity profiles against authorized limits and escalates to relevant approval parties for breaches of limits. MRC supports Market and Balance Sheet Risk Management in the risk control function for market and liquidity risk in treasury activities and monitor adherence to limits.

The Bank also employs liquidity early warning indicators and trigger points to signal possible contingency situations. Contingency funding plans are in place to identify a liquidity crisis through early warning indicators. The Contingency Funding Plan (CFP) would be activated in the event of a liquidity stress situation. In addition, the Bank also has established a Liquidity Crisis Management Team (LCMT) which is responsible to evaluate the liquidity position and decides the actions to be taken when crisis occurs.

Operational Risk

Operational Risk is defined as the risk resulting from inadequate or failed internal processes, people and systems or from external events affecting the operations of the Bank. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Bank's creditability and ability to transact, maintain liquidity and obtain new business.

The Bank has established an Operational Risk Management Framework that encompasses a set of Operational Risk Management Policies, the Operational Risk Governance Structure, roles and responsibilities, operational risk management methodology, etc. These thresholds include, but are not limited to the following: Risk Assessment Criteria Matrix, Key Operating Risk Indicators and thresholds, Bank Materiality & Notification Protocol, Operational risk event/loss event reporting criteria, Deductible/Limits for insurance cover purchased, etc.

Operational Risk Management Governance Structure

Related parties involved in managing operational risk are as follows:

- Board of Directors is ultimately responsible for managing the risks arising from the Bank business activities.
- Operational Risk Management (ORM) function is responsible for:
 - » developing Operational Risk Management Framework and Policies;
 - » facilitating and providing support and guidance to business/support function in the development of their operational risk profiles, conduct operational risk self-assessments and develop key operational risk indicators;
 - » monitoring and reporting operational risk issues to Risk Management Committee;
 - » managing insurance program and other mitigation;
 - » providing advice and guidance to business/support function on risk mitigating measures to prevent recurrence of loss events; and
 - » facilitating and providing support to business/support function in their Business Impact Analysis (BIA) to enable formulation of their business recovery strategies.
- Business/support functions are responsible for managing and controlling the operational risks in their business activities.
- Subject matter specialists are responsible to provide consultation related to their expertise to ensure that operational risk issues and concerns are effectively addressed.
- Internal Audit function is responsible to conduct periodic reviews on the effectiveness of the Operational Risk Management framework and policies.

Operational Risk Management Framework

Operational risk is managed through processes and procedures by which business function identify, assess, monitor and control/mitigate their operational risks. The operational risk management processes and procedures include:

- Operational Risk Self Assessments (BP-ORSA and GCESA);
- Key Operational Risk Indicators (KORIs);
- Operational risk events and losses Reporting and Analysis;
- Operational Risk Action Plans (ORAP);
- Insurance Management;

- Outsourcing Management; and
- New Product Program.

Risk identification for operational risk is conducted through review on the new product and activity, implementation of General Control Environment Self Assessment (GCESA), implementation of Key Operational Risk Indicators (KORIs), implementation of Business Process Operational Risk Self Assessment (BP-ORSA), outsourcing assessment, etc.

Risk measurement of Operational Risk is conducted using a risk impact and likelihood matrix.

Operational Risk is monitored by analyzing various reports such as Operational Risk Highlight Report, including the status report of the action plans arising from Indicator Reporting Form (IRF), KORIs, BP-ORSA, GCESA, outsourcing activities and new products and services activities.

Operational Risk is controlled by performing the various action plans from the operational risk issues that has been identified through various operational risk tools and methodology, including the establishment of limit for trading (treasury), ATMs, bank tellers, insurance, Business Continuity Plan (BCP) and also transfer some risks to insurance provider, etc.

The Bank has a reporting mechanism that provides the following operational risk information:

- a. operational risk profile, legal risk profile, compliance risk profile and reputational risk profile;
- b. operational risk highlight; including the status report of the action plans arising from IRF, KORIs, BP-ORSA, GCESA, outsourcing activities and new products and services activities;
- c. report of outsourcing plans;
- d. report of changes and/or additions of outsourcing plan;
- e. report of outsourcing problems;
- f. report in the events causing significant losses to the bank's financial condition; and
- g. BCM Scorecard.

Operational Risk Management Policies Updates

In 2012, the Bank revised and developed new policies to improve the management of operational risk. One of which is the Anti Fraud Policy that covers Anti Fraud Governance Structure and Anti Fraud Strategies.

The Bank revised Outsourcing Policy to adjust some aspects to be in line with Bank Indonesia Regulations No.13/25/PBI/2011. Bank also revised Reputation Risk Management Policy to add

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reputation risk escalation process, establishment of Reputation Risk Management Panel and reputation risk issue owner.

In addition, the Bank also reviewed and revised several existing procedures such as cash management, basic operations control and other SOP related to Core Banking changes to ensure that current processes and controls are adequate.

Business Continuity Management

The Bank has established the Business Continuity Management (BCM) Policy that covers Business Impact Analysis (BIA), Operational Risk assessment, recovery strategy performed by the Bank for each type of disruption, documentation of disaster recovery and contingency plan and the evaluation of the effectiveness of the BCM program.

Bank will continue to increase its capability to minimize the likelihood and impact of identified disaster. In 2012, the Bank has initiated a strategy to manage wide-area disruption especially for Jakarta area. In order to support the Bank in developing competency and confidence of business continuity, BCP exercises are performed. The exercises include BCP Exercise, Disaster Recovery Exercise for IT system and Management Call Tree Exercise.

Branch Assurance & Validation Program

To ensure the implementation of operational risk management tools and methodologies, ORM conducts a Branch Assurance & Validation Program to ensure GCESA and BP-ORSA are properly implemented in Branches.

In 2012, ORM conducted review on several sampled branches and it includes assessing their compliance with procedures and controls.

Quality Assurance

The Bank will continue to enhance the roles of Quality Assurance to support the Branches in managing operational risk. Workshop and socialization on Fraud Risk Awareness and Branch Assurance Program for Quality Assurance were held in 2012 to ensure that they continue to be effective and capable of performing their roles.

Quality Assurance Checklist is developed to help the Quality Assurance in assessing the adequacy and implementation of controls in Branches.

Compliance Risk

Compliance Risk is defined as the risk of the Bank's failure to comply with the prevailing laws, regulations and policies applicable to the Bank's business activities and operations.

Compliance Risk Management Governance Structure

Stakeholders involved in managing compliance risk are as follows:

- Board of Commissioners evaluates the implementation of Bank's Compliance function at least twice a year.
- Board of Directors approves the Compliance Charter and champions the implementation of Compliance Culture at all levels of the organisation and the Bank's business activities.
- Board of Management is responsible to foster and ensure the implementation of Compliance Culture in all of Bank's organisational level and business activities, as well as ensuring the implementation of Bank's Compliance Function.
- Senior Management fosters awareness of the major aspects of the Bank's compliance risks that should be explicitly managed.
- Compliance and business/support functions conduct identification, measurement, monitoring and management of Compliance Risk with reference to the Bank Indonesia regulation concerning the implementation of risk management for Commercial Banks.
- Risk Management function is responsible to manage the overall risks of the Bank.
- Internal Audit function assesses the adequacy and effectiveness of controls that are in place to address the perceived level of compliance risks.
- Line Managers and Member of Staffs are responsible to ensure compliance with Bank Indonesia regulations and other regulations.

Compliance Risk Management Policies and Procedures

In an effort to encourage Compliance Culture formulation, Bank has developed the Bank Compliance Guideline which also incorporates with the Bank Internal Provision Formulation Procedure. The Procedure contains principles that will be used by related work functions in formulating systems, procedures and internal guidelines, to harmonize between the Bank's commercial interest and compliance towards prevailing regulations.

Compliance Culture Implementation by the Bank is facilitated by efficient and comprehensive methods, using online media networks while synergizing with other programs in line with the rebranding process and Bank Core Value Implementation.

Bank still provides attention towards efforts of minimizing matters related to Compliance Risk, either done preventively or as enhancement controls.

Compliance Risk Management Framework

Mitigation measures to minimise risk include the implementation of compliance culture, compliance risk management, ensuring the implementation of the Bank's compliance function, as well

as maintaining the fulfillment of the Bank's commitments to Bank Indonesia.

In the management of compliance risk, the Bank conducts among others the identification of factors that may increase the exposure of compliance risk, such as:

- a. types and complexity of Bank's business activities, including new products and programs;
- b. numbers and materiality of Bank's non-compliance toward the internal policies and procedures, prevailing regulations and business practices and standards.

Risk measurement for compliance risk is conducted using several parameters such as type, materiality and frequency of violation of prevailing regulations.

The functions which perform the risk management implementation for compliance risk (Compliance and Operational Risk Management) are responsible to conduct monitoring and reporting of compliance risk issues to the Board of Directors on a regular basis.

Strategic Risk

Strategic Risk is defined as the current or prospective impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.

Strategic Risk Management Governance Structure

Related parties involved in managing strategic risk are as follows:

- Boards of Commissioners and Directors formulate and approve the strategic plan and business plan including to communicate it to all staffs in all organisation level.
- Risk Management Committee support Board of Directors in monitoring strategic risk management in the Bank, providing information related to material risk exposure, issues and action plans.
- Business/support functions monitor and manage strategic risk in their area and ensure all material risks that arise from the business activities and implementation of strategy is reported in a timely manner to Board of Directors.
- Risk Management function together with Finance function conduct evaluation process related to the realisation of the Bank's Business Plan's, including developing several reports to comply with the regulations.

Strategic Risk Management Framework

The Bank adheres to prudent principles in all its business decisions so as to minimise and mitigate any risks involved. In managing strategic risk, the Bank constantly monitors the environment in which it operates, analyses the Bank's

performance in relation to its competitors and takes corrective actions to adjust its strategies and plans as appropriate.

On an on-going basis, the Bank performs periodic reviews on the achievement of financial targets and realised strategies. All business functions are also responsible for the monitoring of its strategic risks and reporting promptly to Risk Management Committee on any potential issues or problems that have strategic implications on the Bank.

Legal Risk

Legal risk is defined as risks that may arise from unenforceable/unfavorable/defective/unintended contracts; lawsuits or claims involving the Bank; developments in laws and regulations; and non-compliance with applicable laws, rules and professional standards.

Legal Risk Management Governance Structure

Related parties involved in managing legal risk are as follows:

- Board of Directors is responsible for managing legal risk arising from the Bank activities.
- Risk Management Committee support Board of Directors in monitoring legal risk management in the Bank, providing information related to material risk exposure, issues and action plans.
- Business/support functions are responsible to monitor and manage legal risk and its impact.
- Subject matter specialists are responsible to provide consultation related to their expertise which comprises Compliance, Legal, Human Resources, Information Technology, Property & General Services and Corporate Services function.

Legal Risk Management Policies and Procedures

The Bank has in place a Legal Risk Management Policy that governs the Legal Risk Management Governance Structure, methodology and toolkits for managing the legal risk, communication related to the legal risk, etc.

Legal Risk Management Framework

Risk measurement for legal risk is conducted by using indicators such as potential losses due to litigation, cancellation of contracts due to unenforceability of engagement and changes of regulations.

Legal function reviews:

- a. all standard contracts/agreements;
- b. all standard loan agreements and standard Letters of offers; between the Bank and other parties on an annual basis.

Every legal risk incidents and its potential loss numbers shall be documented.

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Reputation Risk

Reputation Risk is the adverse impact on the Bank's income, liquidity or capital arising from negative stakeholder perception or opinion of the Bank's business practices, activities and financial condition.

Reputation Risk Management Governance Structure

Related parties involved in managing reputation risk are as follows:

- Board of Directors is responsible for managing Bank's reputation risk.
- Risk Management Committee assists the Board of Directors in the oversight of the management of reputational risk in the Bank, keeping them apprised of the material risk exposures, issues and resolution plans.
- Reputation Risk Management Panel is sub-committee of the Risk Management Committee which responsible to confirm the impact of high reputational risk issues, determines the appropriate action plan, appoint relevant task force and approve the closure of the case.
- Business/support functions are responsible for monitoring and managing the various types of risks they assume and paying close attention to those with potential reputation risk impact.
- Risk Management function is responsible for developing and maintaining risk management policies and procedures; training and advising business/support function in risk management of market, credit and operational risks.
- Subject matter specialists are responsible to provide consultation related to their expertise which comprises Brand Performance and Corporate Communications, Customer Advocacy and Service Quality, Compliance, Legal, Human Resources, Information Technology and Corporate Services function.

Reputation Risk Management Policies and Procedures

The Bank has established the Reputation Risk Management Policy that governs the Reputation Risk Management Governance Structure, methodology and toolkits for managing the reputation risk and its communication process. In 2012, Bank has revised the Reputation Risk Management Policy by adding reputation risk escalation process, establishment of Reputation Risk Management Panel, reputation risk issue owner, etc.

Reputation Risk Management Framework

Risk identification and measurement for reputation risk is conducted using information from various sources such as: news in mass media, customer complaints through call centre and customer satisfaction survey.

Risk monitoring for reputation risk is conducted on a regular basis in accordance with the Bank's loss experience in the past.

Risk controlling for reputation risk is conducted through:

- a. Prevention of events that could lead to reputation risk, for example by conducting a regular communication to stakeholders in the process of creating positive reputation and a series of activities such as corporate social responsibility.
- b. Restoration of the Bank's reputation after a Reputational Risk event and the prevention of the worsening of the reputation of the Bank.

Any incidents relating to Reputation Risk and its potential losses shall be documented, including the amount of potential losses resulting from those incidents.

Where the reputation risk event affects the Bank's ability to continue its business activities and/or to obtain funding, the Bank will activate the Crisis Management Plan (CMP), BCP, Disaster Recovery Plan (DRP) and/or Contingency Funding Plan (as relevant).

Basel Standards

In line with the implementation of Bank Indonesia regulation in 2012, the Bank adopts Standardised Approach (SA) for credit risk and market risk and Basic Indicator Approach (BIA) for operational risk.

In 2013 – 2015, the Bank will continue to prepare the foundation to adopt more sophisticated approach by ensuring sufficient information system support that is in line with the development of Basel II and Basel III implementation in Indonesia.

During 2013, the Bank will enhance the Risk Based Bank Rating (RBBR) Report to provide more comprehensive information on 8 of the Bank's inherent risks and their relationship to good risk management practices and the calculation of Bank's capital.

In addition, in 2013 the Bank will implement Pillar 2 ICAAP and Pillar 3 Market Discipline in accordance with Bank Indonesia regulations.

Third Pillar of Basel II Disclosures

In accordance with the requirements in the Third Pillar of Basel II and Circular Letter of Bank Indonesia No. 14/35/DPNP regarding the Guidelines for the Preparation of Annual Report of Commercial Banks and Specified Annual Report Submitted to Bank Indonesia; we have included several additions as well as qualitative and quantitative disclosure in the Annual Report, namely in the sections of Risk Management, Third Pillar of Basel II and Notes to the Financial Statements. This is to facilitate the risk profile evaluation and capital adequacy assessment.

Table 1.a Quantitative Disclosures of Capital Structures Commercial Bank

CAPITAL COMPONENT		31 December 2012 Bank
(1)	(2)	(3)
I.	Capital Component	
A.	Core Capital	7,593,355
1.	Paid-in capital	2,388,471
2.	Additional capital	5,204,884
3.	Innovatif capital	-
4.	Core capital deduction	-
5.	Non-controlling interest	-
B.	B Supplementary Capital	507,389
1.	Upper tier 2	507,389
2.	Lower Tier 2 maximum 50% Core Capital	-
3.	Supplementary Capital Deduction	-
C.	Core Capital and Supplementary Capital Deduction	-
	Exposures of Securitization	-
D.	Other supplementary capital requirement	-
E.	Other supplementary capital allocated to anticipate market risk	-
II.	Total Core Capital and Supplementary Capital (A+B+C)	8,100,744
III.	Total core capital, supplementary capital and other supplementary capital allocated to anticipate market risk (A + B - C + E)	8,100,744
IV.	Credit Risk Weighted Assets	43,525,036
V.	Operational Risk Weighted Assets	4,706,403
VI.	Market Risk Weighted Assets	60,125
A.	Standard Metode	-
B.	Internal Metode	60,125
VII.	Capital Adequacy Ratio for Credit Risk and Operational Risk [II : (IV + V)]	16.80%
VIII.	Capital Adequacy Ratio for Credit Risk, Operational Risk and Market Risk [III : (IV + V + VI)]	16.77%

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Table 2.1.a Disclosure of Net Receivable based on Region - Bank Individually

		31 December 2012													
		Net Receivable Based on Region													
No.	Portfolio Category	Jakarta	Medan	Surabaya	Bandung	Semarang	Makassar	Palembang	Solo	Pontianak	Cirebon	Bengkulu	Jember	Denpasar	Tasikmalaya
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1.	Claims on Government / Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Claims on Public Sector Entities	10,997	-	7,803	-	-	-	-	-	-	-	-	-	-	-
3.	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Claims on Banks	-	-	-	-	2,346	-	-	2,063	-	-	-	27	-	-
5.	Claims Secured by Residential Property	1,041,004	218,888	196,210	252,578	72,114	32,721	25,919	25,683	5,053	29,980	1,093	1,081	17,798	26,837
6.	Claims Secured by Commercial Real Estate	-	3,438	-	223	-	-	-	-	-	-	-	-	-	-
7.	Claims on Pension Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Claims on Micro, Small and Retail Portfolio	1,389,221	97,194	107,996	193,253	71,840	46,595	70,686	37,748	23,051	42,572	35,136	23,749	54,091	64,174
9.	Claims on Corporates	21,700,755	2,162,669	3,121,991	1,876,381	1,711,946	685,642	787,775	1,114,036	152,754	122,968	187,610	133,825	392,786	256,294
10.	Claims on Past Due Exposures	135,209	12,968	58,938	35,038	1,776	1,053	1,900	2,985	-	21,057	305	420	3,685	12,916
11.	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	Sharia Exposures (if any)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	24,277,186	2,495,158	3,492,938	2,357,474	1,860,021	766,011	886,281	1,182,516	180,857	216,577	224,144	159,100	468,360	360,222

(in IDR million)

31 December 2012

Net Receivable Based on Region

	Bandar															
Serang	Lampung	Magelang	Pekanbaru	Balikpapan	Samarinda	Banyuwangi	Jogjakarta	Bogor	Banjarmasin	Batam	Jombang	Malang	Purwokerto	Jambi	Tegal	Total
(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,801
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	4,438
2,027	5,498	4,701	21,205	13,285	35,973	464	9,011	15,720	8,551	16,353	9,673	13,267	6,884	1,275	2,335	2,113,182
-	-	-	-	-	-	-	-	722	-	1,719	1,345	-	-	-	-	7,446
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31,405	15,847	19,810	113,120	37,260	45,113	30,559	19,863	22,945	18,843	30,330	18,927	17,849	29,591	20,147	9,706	2,738,621
148,154	428,701	253,722	518,972	373,431	886,359	98,356	394,390	266,782	227,178	522,166	87,712	65,269	280,985	153,888	165,725	39,279,220
991	20,637	2,311	3,333	995	694	4,060	8,337	18,951	178	12,161	187	14,469	3,305	424	14,129	393,413
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
182,576	470,682	280,545	656,630	424,971	968,140	133,438	431,601	325,119	254,750	582,728	117,844	110,855	320,768	175,735	191,895	44,555,121

Corporate Governance

Table 2.2.a Disclosure of Net Receivable Based on Term to Contractual Maturity – Bank Individually

(in IDR million)

		31 December 2012				
		Net Receivable Based on Contractual Maturity				
No.	Portfolio Category	< 1 year	> 1 - 3 years	> 3 - 5 years	> 5 years	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Claims on Government / Sovereign	-	-	-	-	-
2.	Claims on Public Sector Entities	7,803	-	-	10,997	18,801
3.	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-
4.	Claims on Banks	3	4,435	-	-	4,438
5.	Claims Secured by Residential Property	32	30,960	130,360	1,951,829	2,113,182
6.	Claims Secured by Commercial Real Estate	-	462	230	6,754	7,446
7.	Claims on Pension Loans	-	-	-	-	-
8.	Claims on Micro, Small and Retail Portfolio	77,801	791,081	231,982	1,637,757	2,738,621
9.	Claims on Corporates	6,327,766	14,641,640	5,017,444	13,292,370	39,279,220
10.	Claims on Past Due Exposures	70,986	159,095	23,970	139,361	393,413
11.	Other Assets	-	-	-	-	-
12.	Sharia Exposures (if any)	-	-	-	-	-
	Total	6,484,392	15,627,674	5,403,987	17,039,068	44,555,121

Table 2.3.a Disclosure of Net Receivable Based on Economic Sector - Bank Individually

(in IDR million)

31 December 2012													
No.	Economic Sector	Claims on Government/ Sovereign	Claims on Public Sector Entities	Claims on Multilateral Development Banks and International Entities	Claims on Banks	Claims Secured by Residential Property	Claims Secured by Commercial Real Estate	Claims on Pension Loans	Claims on Micro, Small and Retail Portfolio	Claims on Corporates	Claims on Past Due Exposures	Other Assets	Sharia Exposures (if any)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	Agricultures, hunting and forestry	-	-	-	-	-	-	-	10,670	572,943	586	-	-
2.	Fisheries	-	-	-	-	-	-	-	3,215	45,924	-	-	-
3.	Mining and Quarrying	-	-	-	-	-	-	-	4,883	721,136	2,639	-	-
4.	Processing industry	-	18,801	-	-	-	729	-	166,754	12,295,653	105,361	-	-
5.	Electricity, gas and water	-	-	-	-	-	-	-	529	359,931	-	-	-
6.	Construction	-	-	-	-	-	3,971	-	34,761	2,038,572	36,372	-	-
7.	Big and retail trade	-	-	-	-	749	1,338	-	759,123	11,077,935	125,247	-	-
8.	Provision of accommodation and food supply drinking	-	-	-	-	-	-	-	708	91	-	-	-
9.	Transportation, warehousing and communications	-	-	-	-	-	-	-	19,117	2,621,733	6,186	-	-
10.	Transitional Finance	-	-	-	-	-	-	-	31,572	3,979,831	6,792	-	-
11.	Real estate, Rental Business and services company	-	-	-	4,438	-	-	-	735	164,842	-	-	-
12.	Government administration, the defense and compulsory social security	-	-	-	-	-	1,186	-	21,060	3,433,278	26,855	-	-
13.	Education services	-	-	-	-	-	-	-	3,088	14,374	302	-	-
14.	Health and social services	-	-	-	-	-	-	-	5,605	49,264	-	-	-
15.	Community, Sociocultural, Entertainment and Other Individual Services	-	-	-	-	-	-	-	19,931	182,334	7,471	-	-
16.	Individual services which serve households	-	-	-	-	-	-	-	3,630	4,886	2,654	-	-
17.	Extra agency International agency and other international	-	-	-	-	-	-	-	-	-	-	-	-
18.	Business Activities which are not clearly defined	-	-	-	-	-	-	-	0	30,021	-	-	-
19.	Credit Recipients Non Industrial Origin	-	-	-	-	2,112,355	222	-	1,653,231	1,686,490	73,017	-	-
20.	Others	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	18,801	-	4,438	2,113,105	7,446	-	2,738,612	39,279,237	393,483	-	-

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Table 2.4.a Disclosure of Receivables and Allowances Based on Region - Bank Individually

		31 December 2012														
		Region														
Portfolio		Jakarta	Medan	Surabaya	Bandung	Semarang	Makassar	Palembang	Solo	Pontianak	Cirebon	Bengkulu	Jember	Denpasar	Tasikmalaya	Serang
No.	Category	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1.	Impaired Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	a. Non Past Due	94,165	-	14,172	5,528	-	-	-	-	-	2,975	-	-	2,005	-	-
	b. Past Due	277,469	14,481	127,048	48,078	2,386	3,290	2,672	4,229	-	23,750	306	420	4,688	16,778	1,229
2.	Allowance for Impairment Losses – Individual	130,523	1,499	75,967	13,675	608	2,236	770	1,240	-	3,229	-	-	1,199	3,848	236
3.	Allowance for Impairment Losses – Collective	113,859	6,754	8,668	5,822	4,759	1,906	1,719	2,252	333	1,470	2,025	104	634	918	175
4.	Claims written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	616,015	22,734	225,855	73,103	7,753	7,432	5,161	7,721	333	31,423	2,331	524	8,527	21,544	1,639

(in IDR million)

31 December 2012

Bandar	Region															Total
	Lampung	Magelang	Pekanbaru	Balikpapan	Samarinda	Banyuwangi	Jogjakarta	Bogor	Banjarmasin	Batam	Jombang	Malang	Purwokerto	Jambi	Tegal	
(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5,145	-	-	-	259	-	402	0	-	81	-	2	670	-	113	125,517	
29,823	4,610	4,697	1,112	695	5,048	10,195	25,597	735	13,993	210	26,035	3,981	6,090	16,513	676,155	
10,392	2,296	1,361	116	38	984	2,036	6,626	557	1,818	23	11,552	791	5,665	2,368	281,655	
5,398	653	2,324	900	2,383	356	1,675	571	2,445	1,921	248	133	1,907	1,283	617	174,210	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
50,757	7,560	8,382	2,128	3,375	6,389	14,308	32,793	3,737	17,813	481	37,721	7,349	13,037	19,611	1,257,537	

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Table 2.5.a Disclosure of Receivables and Allowances Based on Economic Sektor - Bank Individually

(in IDR million)

		31 December 2012						
No.	Economic Sektor*	Receivable **	Impaired Receivables		Allowance for Impairment Losses – Individual	Allowance for Impairment Losses – Collective	Claims Written off	
			Non Past Due	Past Due				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1.	Agricultures, hunting and forestry	586,570	2	861	277	2,094	-	
2.	Fisheries	50,267	-	-	-	1,129	-	
3.	Mining and Quarrying	735,082	-	7,067	4,426	1,998	-	
4.	Procesing industry	12,712,045	2,884	198,583	93,932	30,815	-	
5.	Electricity, gas and water	361,303	-	-	-	843	-	
6.	Construction	2,175,206	13,268	86,059	57,067	4,462	-	
7.	Big and retail trade	12,059,375	12,347	182,764	59,865	35,118	-	
8.	Provision of accomodation and food supply drinking	799	-	6,462	273	6,107	-	
9.	Transportation, warehousing and communications	2,653,416	48,427	7,342	1,081	12,248	-	
10.	Transitional Finance	4,031,524	-	-	-	350	-	
11.	Real estate, Rental Business and services company	170,365	37,797	30,374	7,447	8,850	-	
12.	Government administration, the defense and compulsory social security	3,498,676	-	-	-	-	-	
13.	Education services	17,793	-	320	17	11	-	
14.	Health and social services	54,928	-	-	-	58	-	
15.	Community, Sociocultural, Entertainment and Other Individual Services	236,664	-	34,060	26,585	344	-	
16.	Individual services which serve households	11,643	-	3,123	468	6	-	
17.	Extra agency International agency and other international	-	-	-	-	-	-	
18.	Business Activities which are not clearly defined	30,043	-	-	-	22	-	
19.	Credit Recipients Non Industrial Origin	5,625,287	10,791	119,140	30,217	69,754	-	
20.	Others	-	-	-	-	-	-	
	Total	45,010,986	125,517	676,155	281,65 5	174,210	-	

* The sectors disclosed were sectors with material nominal value/outstanding balance. For immaterial sectors, they were classified as others and explained to the stakeholder.

** Receivables - gross (before allowance for impairment loss on assets).

Table 2.6.a Disclosure of Details on Movements of Impairment Provision on Financial Assets (CKPN) - Bank Individually

(in IDR million)

		31 December 2012	
No.	Descriptions	Allowance for Impairment Losses - Individual	Allowance for Impairment Losses – Collective
		(3)	(4)
(1)	(2)	(3)	(4)
1.	Beginning Balance - Allowance for Impairment Losses	258,076	252,275
2.	Allowance/reversal for impairment losses during the year (Net)	95,476	(27,278)
	2.a Additional allowance for Impairment Losses during the year	95,476	-
	2.b Reversal for impairment losses during the year	-	27,278
3.	Allowance for impairment losses used to claims written off during the year	76,190	-
4.	Other allowance/reversal during the year	4,356	191
	Ending Balance CKPN	281,718	225,188

Table 3.1.a Disclosure of Net Receivables Based on Portfolio and Individual Rating Scale

(in IDR million)

		31 December 2012	
		Net Receivables	
No.	Portfolio Category	Rating Agencies	
		Standard and Poor's Fitch Rating Moody's	Unrated
		PT. Fitch Ratings Indonesia PT ICRA Indonesia PT Pemeringkat Efek Indonesia	
(1)	(2)	(3)	(4)
1.	Claims on Government / Sovereign		9,030,127
2.	Claims on Public Sector Entities		36,258
3.	Claims on Multilateral Development Banks and International Entities		-
4.	Claims on Banks		1,989,663
5.	Claims Secured by Residential Property		2,148,475
6.	Claims Secured by Commercial Real Estate		7,446
7.	Claims on Pension Loans		-
8.	Claims on Micro, Small and Retail Portfolio		2,784,652
9.	Claims on Corporates		42,248,982
10.	Claims on Past Due Exposures		405,378
11.	Other Assets		1,519,430
12.	Sharia Exposures (if any)		-
	Total		60,170,411

Table 3.2.a Disclosure of Counterparty Credit Risk - Derivative Transaction

(in IDR million)

		31 December 2012							
		National Amount							
No.	Underlying Variables	< 1 year	> 1 - 5 years	> 5 years	Derivatives Receivable	Derivatives Payable	Net Receivables Before Credit Risk Mitigation	Credit Risk Mitigation	Net Receivable After Credit Risk Mitigation
Bank Individually									
1.	Interest Rate	1,600,779	4,085,039	101,545	-	-	-	-	-
2.	Foreign Exchange	2,746,445	2,249,123	-	-	-	-	-	-
3.	Others	-	-	-	-	-	-	-	-
	Total	4,347,224	6,334,162	101,545	118,235	120,203	187,065	-	187,065

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Table 4.1.a Disclosure of Net Receivable Risk Weighted after MRK effect - Bank Individually

(in IDR million)

		31 December 2012												
		Net Receivable After Credit Risk Mitigation												
No.	Portfolio Category	0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	ATMR	Capital Charge	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
A. Balance Sheet Exposures														
	Claims on Government / Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Public Sector Entities	-	-	-	-	-	8,447	-	-	-	-	8,447	676	
	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Banks	-	356,305	-	-	-	19,846	-	-	-	-	376,151	30,092	
	Claims Secured by Residential Property	-	-	544,050	235,539	1,896	-	-	-	-	-	781,485	62,519	
	Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	7,446	-	-	7,446	596	
	Claims on Pension Loans	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Micro, Small and Retail Portfolio	-	-	-	-	-	-	1,952,743	-	-	-	1,952,743	156,219	
	Claims on Corporates	-	-	-	-	-	-	-	37,532,592	-	-	37,532,592	3,002,607	
	Claims on Past Due Exposures	-	-	-	-	-	-	-	-	607,617	-	607,617	48,609	
	Other Assets	-	-	-	-	-	-	-	997,062	155,914	-	1,152,976	92,238	
	Sharia Exposures (if any)	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Balance Sheet Exposures	-	356,305	544,050	235,539	1,896	28,293	1,952,743	38,537,100	763,531	-	42,419,457	3,393,557	
B. Commitment and Contingencies Liabilities Exposures on Administrative Account														
	Claims on Government / Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Public Sector Entities	-	-	-	-	-	7,747	-	-	-	-	7,747	620	
	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Banks	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims Secured by Residential Property	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Pension Loans	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Micro, Small and Retail Portfolio	-	-	-	-	-	-	5,493	-	-	-	5,493	439	
	Claims on Corporates	-	-	-	-	-	-	-	905,273	-	-	905,273	72,422	
	Claims on Past Due Exposures	-	-	-	-	-	-	-	-	-	-	-	-	
	Sharia Exposures (if any)	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Exposures on Administrative Account	-	-	-	-	-	7,747	5,493	905,273	-	-	918,513	73,481	
C. Counterparty Credit Risk														
	Claims on Government / Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-	-	-	-	-	-	-	-	
	Claims on Banks	-	5,619	-	-	-	68,607	-	-	-	-	74,226	5,938	
	Claims on Micro, Small and Retail Portfolio	-	-	-	-	-	-	84	-	-	-	84	7	
	Claims on Corporates	-	-	-	-	-	-	-	112,756	-	-	112,756	9,020	
	Sharia Exposures (if any)	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Eksposur Counterparty Credit Risk	-	5,619	-	-	-	68,607	84	112,756	-	-	187,066	14,965	

Table 4.2.a Disclosure of Net Receivable and MRK Technique - Bank Individually

(in IDR million)

		31 December 2012				
		Secured Portion				
No.	Portfolio Category	Net Receivable	Collateral	Guarantee	Credit Insurance	Unsecured Portion
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. Balance Sheet Exposures						
	Claims on Government/Sovereign	9,028,199	-	-	-	9,028,199
	Claims on Public Sector Entities	18,830	1,936	-	-	16,894
	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-
	Claims on Banks	1,824,355	3,139	-	-	1,821,216
	Claims Secured by Residential Property	2,148,475	985	-	-	2,147,490
	Claims Secured by Commercial Real Estate	7,446	-	-	-	7,446
	Claims on Pension Loans	-	-	-	-	-
	Claims on Micro, Small and Retail Portfolio	2,768,404	164,748	-	-	2,603,656
	Claims on Corporates	41,067,525	3,534,933	-	-	37,532,592
	Claims on Past Due Exposures	405,378	300	-	-	405,078
	Other Assets	1,519,430	-	-	-	1,519,430
	Sharia Exposures (if any)	-	-	-	-	-
	Total Balance Sheet Exposures	58,788,042	3,706,041	-	-	55,082,001
B. Commitment and Contingencies Liabilities Exposures on Administrative Account						
	Claims on Government / Sovereign	-	-	-	-	-
	Claims on Public Sector Entities	17,428	1,936	-	-	15,492
	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-
	Claims on Banks	-	-	-	-	-
	Claims Secured by Residential Property	-	-	-	-	-
	Claims Secured by Commercial Real Estate	-	-	-	-	-
	Claims on Pension Loans	-	-	-	-	-
	Claims on Micro, Small and Retail Portfolio	16,136	8,811	-	-	7,325
	Claims on Corporates	1,068,701	162,947	961	-	904,793
	Claims on Past Due Exposures	-	-	-	-	-
	Sharia Exposures (if any)	-	-	-	-	-
	Total Exposures on Administrative Account	1,102,265	173,694	961	-	927,610
C. Counterparty Credit Risk						
	Claims on Government / Sovereign	1,927	-	-	-	1,927
	Claims on Public Sector Entities	-	-	-	-	-
	Claims on Multilateral Development Banks and International Entities	-	-	-	-	-
	Claims on Banks	165,309	-	-	-	165,309
	Claims on Micro, Small and Retail Portfolio	112	-	-	-	112
	Claims on Corporates	112,756	-	-	-	112,756
	Sharia Exposures (if any)	-	-	-	-	-
	Total Exposure Counterparty Credit Risk	280,104	-	-	-	280,104
Total (A+B+C)		60,170,411	3,879,735	961	-	56,289,715

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Calculation of RWA - Bank Individually

Table 6.1.a Asset Exposure in Balance Sheet

(in IDR million)

		31 December 2012		
No.	Portfolio Category	Net Receivable	RWA Before Credit Risk Mitigation	RWA After Credit Risk Mitigation
(1)	(2)	(3)	(4)	(5)
1.	Claims on Public Sector Entities	18,830	9,415	8,447
2.	Claims on Multilateral Development Banks and International Entities	-	-	-
3.	Claims on Banks	1,824,355	377,030	376,151
4.	Claims Secured by Residential Property	2,148,475	781,830	781,485
5.	Claims Secured by Commercial Real Estate	7,446	7,446	7,446
6.	Claims on Pension Loans	-	-	-
7.	Claims on Micro, Small and Retail Portfolio	2,768,404	2,076,303	1,952,743
8.	Claims on Corporates	41,067,525	41,067,525	37,532,592
9.	Claims on Past Due Exposures	405,378	608,067	607,617
10.	Other Assets	1,519,430	-	1,152,976
	Total	58,788,042	44,927,616	42,419,457

Table 6.1.2 Exposure of Liability Commitment/Contingency on Administrative Account

(in IDR million)

		31 December 2012		
No.	Portfolio Category	Net Receivable	RWA Before Credit Risk Mitigation	RWA After Credit Risk Mitigation
(1)	(2)	(3)	(4)	(5)
1.	Claims on Government / Sovereign	-	-	-
2.	Claims on Public Sector Entities	17,428	8,714	7,746
3.	Claims on Multilateral Development Banks and International Entities	-	-	-
4.	Claims on Banks	-	-	-
5.	Claims Secured by Residential Property	-	-	-
6.	Claims Secured by Commercial Real Estate	-	-	-
7.	Claims on Pension Loans	-	-	-
8.	Claims on Micro, Small and Retail Portfolio	16,136	12,102	5,494
9.	Claims on Corporates	1,068,701	1,068,701	905,273
10.	Claims on Past Due Exposures	-	-	-
	Total	1,102,265	1,089,517	918,513

Table 6.1.3 Exposure Resulting in Credit Risk Attributable to Counterparty Failure (Counterparty Credit Risk)

(in IDR million)

No.	Portfolio Category	31 December 2012		
		Net Receivable	RWA Before Credit Risk Mitigation	RWA After Credit Risk Mitigation
(1)	(2)	(3)	(4)	(5)
1.	Claims on Government / Sovereign	1,927	-	-
2.	Claims on Public Sector Entities	-	-	-
3.	Claims on Multilateral Development Banks and International Entities	-	-	-
4.	Claims on Banks	165,309	74,226	74,226
5.	Claims on Micro, Small and Retail Portfolio	112	84	84
6.	Claims on Corporates	112,756	112,756	112,756
	Total	280,104	187,066	187,066

Table 6.1.7 Total Measurement of Credit Risk

(in IDR million)

31 December 2012

No.	Portfolio Category	
1.	Risk waited assets credit risk	43,525,036
	Capital charge factor	-

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Table 7.1 Market Risk Disclosure using Standardized Approach

(in IDR million)

No.	Risk Type	31 December 2012	
		Capital Charge	RWA
(1)	(2)	(3)	(4)
1.	Interest Rate Risk		
	a. Specific Risk	-	-
	b. General Risk	3,098	38,725
2.	Foreign Exchange Risk	1,712	21,400
3.	Equity Risk*	-	-
4.	Commodity Risk*	-	-
5.	Option Risk	-	-
	Total	4,810	60,125

* For banks having subsidiaries with above risk exposure.

Table 8.1 Discloser of Operational Risk - Bank Individually

(in IDR million)

No.	Approach Used	31 December 2012		
		Average Gross Income in the past 3 years*	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1.	Basic Indicator Approach	2,510,081	376,512	4,706,403
	Total	2,510,081	376,512	4,706,403

*The calculation of operational risk RWA using Basic Indicator Approach.

Table 9.1.a Rupiah Maturity Profile - Bank Individual

(in IDR million)

		31 December 2012					
		Report Date Maturity*					
No. Post	Balance	< 1 months	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 12 months	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I. BALANCE SHEET							
A. Assets							
1.	Cash	370,219	370,219	-	-	-	-
2.	Placement to Bank Indonesia	5,610,335	3,820,837	794,665	269,902	724,932	-
3.	Interbank Placement	477,143	477,143	-	-	-	-
4.	Securities	1,751,689	28,841	20,741	-	255,188	1,446,920
5.	Loan to customer	36,640,500	1,755,259	4,010,624	4,231,406	8,208,264	18,400,804
6.	Other Assets	235,585	73,990	91,770	38,874	370	30,581
7.	Other	224,568	168,468	14,179	8,147	10,728	23,046
	Total Assets	45,310,039	6,694,756	4,931,979	4,548,329	9,199,482	19,901,351
B. Liabilities							
1.	Deposits of non bank customers	35,296,523	18,683,747	6,584,267	1,516,275	114,990	8,397,244
2.	Deposits of Bank Indonesia	-	-	-	-	-	-
3.	Deposits of banks	639,926	639,926	-	-	-	-
4.	Debt securities issued	-	-	-	-	-	-
5.	Borrowings	-	-	-	-	-	-
6.	Other liabilities	214,049	56,147	82,910	38,584	-	36,408
7.	Other	793,066	266,736	19,203	15,045	153,168	338,914
	Total Liabilities	36,943,564	19,646,556	6,686,380	1,569,904	268,158	8,772,566
	Difference of Assets and Liabilities	8,366,475	(12,951,800)	1,754,401	2,978,425	8,931,324	11,128,785
II. ADMINISTRATIVE ACCOUNT							
A. Administrative Account Receivable							
1.	Commitment	255,731	63,576	158,800	33,355	-	-
2.	Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	255,731	63,576	158,800	33,355	-	-
B. Administrative Account Payable							
1.	Commitment	7,972,611	484,642	1,194,322	1,356,985	2,164,855	2,771,807
2.	Contingency	425,777	78,745	134,553	81,843	112,138	18,498
	Total Administrative Account Payable	8,398,388	563,387	1,328,875	1,438,828	2,276,993	2,790,305
	Difference of Administrative Account Receivable and Payable	(8,142,657)	(499,811)	(1,170,075)	(1,405,473)	(2,276,993)	(2,790,305)
	Difference [(IA - IB)+(IIA-IIIB)]	223,818	(13,451,611)	(2,924,476)	1,572,952	6,654,331	8,338,480
	Cumulative Difference	-	(13,451,611)	(16,376,087)	(14,803,135)	(8,148,804)	189,676

* Accordance with the applicable provisions.

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Table 9.2.a Profile Maturitas Valas - Bank Individually

(in IDR million)

		31 December 2012					
		Due date*					
No.	Post	Balance	< 1 months	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	BALANCE SHEET						
	A. Assets						
	1. Cash	48,206	48,206	-	-	-	-
	2. Placement to Bank Indonesia	1,747,308	1,747,308	-	-	-	-
	3. Interbank Placement	1,082,364	1,082,364	-	-	-	-
	4. Securities	989,590	144,543	63,234	2,397	-	779,416
	5. Loan to customer	8,372,426	1,056,824	828,247	1,321,436	1,000,180	4,165,739
	6. Other Assets	1,304,765	684,091	310,395	227,445	7,064	75,770
	7. Other	46,992	42,106	-	-	-	4,886
	Total Aset	13,591,651	4,805,442	1,201,876	1,551,278	1,007,244	5,025,811
	B. Liabilities						
	1. Deposits of non bank customers	11,242,394	5,995,547	1,569,708	1,437,645	271,941	1,967,553
	2. Deposits of Bank Indonesia	-	-	-	-	-	-
	3. Deposits of banks	1,041,727	1,041,727	-	-	-	-
	4. Debt securities issued	-	-	-	-	-	-
	5. Borrowings	-	-	-	-	-	-
	6. Other liabilities	1,295,911	683,284	306,791	226,934	6,515	72,387
	7. Other	198,520	180,431	378	15,444	378	1,889
	Total Liabilities	13,778,552	7,900,989	1,876,877	1,680,023	278,834	2,041,829
	Difference of Assets and Liabilities	(186,901)	(3,095,547)	(675,001)	(128,745)	728,410	2,983,982
II.	ADMINISTRATIVE ACCOUNT						
	A. Administrative Account Receivable						
	1. Commitment	7,078,213	1,504,492	750,308	326,778	1,603,935	2,892,700
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	7,078,213	1,504,492	750,308	326,778	1,603,935	2,892,700
	B. Administrative Account Payable						
	1. Commitment	6,764,601	1,262,662	573,248	328,245	1,612,002	2,988,444
	2. Contingency	742,231	93,984	91,990	123,177	74,267	358,813
	Total Administrative Account Payable	7,506,832	1,356,646	665,238	451,422	1,686,269	3,347,257
	Difference of Administrative Account Receivable and Payable	(428,619)	147,846	85,070	(124,644)	(82,334)	(454,557)
	Difference [(IA - IB)+(IIA-IIIB)]	(615,520)	(2,947,701)	(589,931)	(253,389)	646,076	2,529,425
	Cummulative Difference	-	(2,947,701)	(3,537,632)	(3,791,021)	(3,144,945)	(615,520)

* Accordance with the applicable provisions.

Related Party Funding and Large Exposure

Bank has already had policies and procedures on Legal Lending Limits and allocation of funds to related parties and large exposures as part of its prudent management.

As of 31 December 2012, loans to related parties and large exposures were as follows:

(in IDR million)

No.	Funding	Total	
		Debtor	Nominal
1.	To Related Party	183	584,405
2.	To Core Debtor	25	11,588,159
	a) Individual	4	997,979
	b) Group	21	10,590,179

Remarks:

- Nominal is all related party outstanding (either included or excluded from LLL calculation, e.g: guaranteed by time deposit, lending to executive officer, with SBLC collateral, Prime Bank).
- Funding to core debtor, based on explanation in form 10 of Periodic Report of Commercial Bank, is 25 debtor/group (one obligor concept) that exclude from related party with accordance to total of Bank's asset that stated in Bank Indonesia Regulation concerning Soundness System of Commercial Bank.

Bank's Strategic Plan

In order to improve Good Corporate Governance and to comply with Bank Indonesia regulation, Bank has proposed a Business Plan describing the Bank's business activities in the short and medium terms, direction of the Bank's policies and strategic objectives of continual operation based on proper planning, prudent and sound banking principles. The business plan is proposed by taking into consideration global and domestic economic development as well as visions to be achieved.

In the future, the Bank's policies will be directed to:

- Accelerating business growth in all business segments while maintaining quality of productive assets.
- Strengthening infrastructure and business processes and controls in support of business growth.
- Strengthening and enhancing the development of human resource competencies as a key to improving employee productivity to support business growth.

To achieve the Bank's vision, there are several strategies that will be implemented:

- Increase cross selling between Business segments to increase both funding and lending.
- Improve distribution for third party funding products, in order to gather funds and increase our interest income.
- Enhance and modify third party funds products to cater the customer's needs.
- Increase Privilege Banking customer numbers by optimising referral programme.
- Improve customer service quality through electronic network expansion, namely Automatic Teller Machine (ATM) and Internet Banking.
- Focus on 5 (five) major cities which have potential increment on funding and maximise branches' performance.
- Develop a sustainable mortgage business by improving product quality and service, human resources, credit process, policies and procedures, marketing programmes as well as maintaining relationships with business partners.
- Boost credit card growth by increasing the distribution of credit card sales target and customer base, improving portfolio quality, increasing card usage, profitability, new activities, development and minimising product expenses.
- Continue to focus on key industries and further deepen industry excellence in each industry focus.
- Increase fee-based income through Trade Finance, treasury activities, selling of consumer banking products such as credit card, investment and insurance products.
- Continuously strengthening funding basis to boost credit channeling.
- Offer structured solutions along with product partner to fulfill client's need and improve relationship and profitability.
- Relocate sub branches to strategic locations as well as focus on providing optimum quality of Service to fulfill customer's various needs. In addition, Bank will focus on providing easy access to all of the Bank's distribution network and strengthening customers' security.
- Launch Business Internet Banking to improve customer service quality and increase our superiority in the banking sector.
- Upgrade Invoice Collection Solution to Electronic Bill Payment & Presentment (EBPP) – to secure collection and payment within the supply chain management.
- Expand Financial Supply Chain Management model to Buyer Financing Programme (Distributor Financing).
- Remain focused to penetrate on Interest Rate Swap and Cross Currency Swap as hedging tools for Corporate and Commercial clients.

Corporate Governance

- Open 1 (one) more Regional Treasury Advisor in 2013 in Palembang South Sumatra which has a potential market for the Bank to tap.
- Develop and enhance custody services to cater to corporate and NBF clients' needs.
- Provide premium quality banking products and services to customers.

Besides financial and business target to be achieved in 2013, other strategic plans to be implemented are:

- a. Bank's plan to issue Subordinate Bond Rupiah in the amount of IDR1 trillion in June 2013 with 7 (seven) years tenor to support Bank's plan for development. Subordinate Bond is issued to ensure the flexibility of acquiring business opportunities and maintaining a sound capital level.
- b. As an effort to support Group's mission to become Premier Bank in Asia Pacific, Bank will replace current Information Technology System with Silver Lake System (Core Banking System Refresh Project) with focus on areas related to banking services. This new system was designed to improve integration of customer service, as well as to accelerate products launch in the market.
- c. Expanding and optimising the Bank's distribution channels to optimise quality of service to customers as well as to cut operational costs. In 2013, the Bank will continue to expand and optimise the Bank's distribution channels by increasing

the number of branches in potential areas. Bank will also continue to expand the network of electronic equipment and optimise branch office network.

- d. In addition, the Bank will also embark on a restructuring strategy for operational and business development by creating a more structured organisational hierarchy. Bank will create a regional office that is fully responsible in supervising and monitoring business activities, operations and services activities at branches and sub-branches level.
- e. In line with the ongoing process to reinforce a best-performing culture and business oriented mindset to all work functions, the Bank will continue to build upon its competent and productive Human Resources.

With proper business strategy and good management practices along with prudential principles and compliance to internal and external regulations, it is expected that the Bank's business would grow and provide benefits to all stakeholders.

Transparency of Bank's Financial and Non Financial Condition That Has Not Been Disclosed in Other Reports

Bank has disclosed all financial and non financial conditions because Bank already implemented the transparency in delivering financial and non financial information to public in a timely, complete, accurate, up-to-date and comprehensive manner.

Shares Ownership and Financial and Family Relationships of The Member of the Board of Commissioners and Directors with Another Members of Directors and/or The Controlling Shareholders of the Bank

Shares Ownership of Board of Commissioners and Board of Directors

No.	Name	Position in PT Bank UOB Indonesia	Company Name (domestic & overseas)	Ownership Percentage per 31 Dec 2012 (%)
Board of Commissioners				
1.	Wee Cho Yaw	President Commissioner	United Overseas Bank Limited	17.86
			UOL Group Ltd	31.00
			United International Securities Ltd	6.19
			Haw Par Corporation Limited	33.81
			Pan Pacific Hotels Group	81.57
			C.Y. Wee Pte Ltd	100.00
			Wee Investment Pte Ltd	100.00
2.	Wee Ee Cheong	Vice President Commissioner	United Overseas Bank Limited	10.13
			UOL Group Ltd	25.19

No.	Name Position in PT Bank UOB Indonesia	Company Name (domestic & overseas)	Ownership Percentage per 31 Dec 2012 (%)
		Haw Par Corporation Limited	31.97
		Chappelis Pte Ltd	16.57
		Character Holdings Ltd	16.35
		Hollandwoods (Pte) Ltd	20.51
		Hollandwoods Securities Ltd	20.30
		K Investment Services Ltd	11.83
		Kheng Ann Investment Pte Ltd	23.03
		Kheng Leong (Guangzhou) Real Estate Consulting Co Ltd	14.91
		Kheng Leong (Shanghai) Investment Management	16.57
		Kheng Leong (Shanghai) Ventures Co Ltd	22.96
		Kheng Leong Company Pte Ltd	23.67
		Kheng Leong Company (HK) Ltd	23.03
		Kheng Venture Pte Ltd	14.20
		KLC Holdings (Hong Kong) Ltd	23.67
		KLC Holdings Ltd	16.57
		Peak Century Pte Ltd	15.90
		Peak Garden Pte Ltd	8.52
		Peak Homes Development Pte Ltd	15.10
		Peak Living Pte Ltd	21.30
		Peak Properties Pte Ltd	22.72
		Peak Real Estate Services Pte Ltd	22.72
		Peak Shines Pte Ltd	23.67
		Peak Square Pte Ltd	23.67
		Peak Star Pte Ltd	16.57
		Peak View Properties Pte Ltd	16.50
		Russville Pte Ltd	16.57
		Shanghai Jin Jun Realty Co., Ltd	23.67
		Peak Venture Pte Ltd	7.10
		Secure Venture Development (Simei) Pte Ltd	5.83
		Transit Mixed Concrete Ltd	5.19
		Eastern Century Limited	10.40
		KIP Industrial Holdings Ltd	13.33
		Phoebus Singapore Holdings Pte Ltd	26.67
		Portfolio Nominees Ltd	26.01
		Richly Joy Holdings Ltd	100.00
		Supreme Island Corporation	26.00
		UIP Holdings Ltd	10.00

Corporate Governance

No.	Name	Position in PT Bank UOB Indonesia	Company Name (domestic & overseas)	Ownership Percentage per 31 Dec 2012 (%)
			Wee Investment Pte Ltd	26.01
			Wee Venture (Overseas) Ltd	26.01
			E.C. Wee Pte Ltd	100.00
			C.Y. Wee Pte Ltd	30.00
3.	Francis Lee Chin Yong	Commissioner	NIL	
4.	Rusdy Daryono	Independent Commissioner	NIL	
5.	Wayan Alit Antara	Independent Commissioner	PT Citra Indah Prayasa Lestari	5.00
6.	Aswin Wirjadi	Independent Commissioner	NIL	

Board of Directors

1.	Armand B. Arief	President Director	NIL
2.	Iwan Satawidinata	Deputy President Director	NIL
3.	Safrullah Hadi Saleh	Director	NIL
4.	Ajeep Rassidi Bin Othman	Director	NIL
5.	Soehadie Tansol	Compliance Director	NIL

Shares Option

During 2012, PT Bank UOB Indonesia does not give Shares Option to Commissioners, Directors or Employees.

Number of Internal Fraud and Bank's Effort to Overcome Fraud

Number of fraud cases in 2012 are shown in the table below.

Internal Fraud in 1 (One) Year	Total Cases Conducted By					
	Management		Permanent Employee		Non Permanent Employee	
	Previous year (2011)	Current year (2012)	Previous year (2011)	Current year (2012)	Previous year (2011)	Current year (2012)
Total fraud	-	-	4	6	-	-
Settled	-	-	4	3	-	-
Settlement process internally	-	-	-	2*	-	-
Not yet in settlement process	-	-	-	-	-	-
Settled through legal process	-	-	-	1	-	-

* 1 (one) case is still undergoing investigation and 1 (one) case is still pending in legal process.

Number of Legal Cases and Bank's Efforts to settle the Cases

Until 31 December 2012 position, Bank still has some legal issues described in the table below:

Legal Issues	Number of issues		
	Civil Law		
	Bank UOB Indonesia as plaintiff	Bank UOB Indonesia as defendant	Criminal Law
Settled (has permanent legal status)	1	2	-
In settlement process	3	38	1
Total	4	40	1

The overview of the legal issues is as follow:

Bank UOB Indonesia as a Plaintiff

The reason that makes Bank UOB Indonesia become a plaintiff is:

- The debtor failed to pay their debt (bad debt) and the Loan Agreement and Mortgage value is lower than Debtor's obligation value.
- UOB Indonesia filed a lawsuit against the verdict made by Head of the Central Jakarta District Court which has made execution on UOB Indonesia's assets since UOB Indonesia is not the party involved in the concerned case.

Bank UOB Indonesia as a Defendant

The reasons that make Bank UOB Indonesia become a defendant are:

- Debtor reported a lawsuit to delay the implementation of the execution using some reasons, among other things: that the execution request made by UOB Indonesia is not valid and against the law.
- The Third Party filed a lawsuit with the reasons that the collateral submitted to UOB Indonesia is an inheritance which has not been divided yet among the heirs.
- The Third Party filed a lawsuit against UOB Indonesia, claiming that the collateral in dispute was bound to marital asset since it was submitted to UOB Indonesia without the spouse's consent.
- The Third Party filed a lawsuit in the form of resistance against the execution request made by UOB Indonesia to the Court as the property subject to execution, is still in dispute at civil court.
- The Debtor lodged a lawsuit against UOB Indonesia, citing that UOB Indonesia had paid Bank Guarantee without approval from the Debtor.
- The Third Party as the Plaintiff filed a lawsuit against UOB Indonesia, citing that UOB Indonesia had failed to fulfill its obligation.

Brief Description of the Criminal Case

One of the employees of UOB Indonesia has made fake prize savings programme.

Transactions Involving Conflict of Interest

Below is the list of transactions involving conflict of interest in 2012.

No.	Names and Positions involving conflict of interest	Names and Positions of Decision Makers	Type of Transaction	Value of Transaction	Remarks*
1.	UOB Limited as the Bank's Shareholders	Extraordinary General Meeting of Shareholders dated 20 June 2008	UOB Limited provides service for improving information systems and technology related to credit card, treasury and general system applications at the Bank.	IDR2.37 billion	-
2.	UOB Property and the Bank have the same ultimate shareholder, namely UOB Limited	Board of Commissioners	Loan disbursement in the form of Investment Loan to UOB Property	USD27.62 million (Debit Balance as at 31 December 2012)	-

* Does not comply with the applicable system and procedure.

Corporate Governance

Bank's Buy Back Shares and Buy Back Bond

During 2012, Bank did not perform any buy back on Bank's shares and bonds.

Donations for Social Activities and Corporate Social Responsibility programmes in 2012

UOB Indonesia's Corporate Social Responsibility (CSR) programmes are focusing on three key areas: children, education and arts. CSR activities are conducted based on the following principle values to lay a strong foundation for the bank in carrying on the respective CSR agendas:

1. Sustainable Contribution to Society
UOB Indonesia and its employee always aware that every CSR initiative is intended to empower the society. Through rapid business development and active participation with the community, UOB Indonesia showcases its commitment to supporting the sustainable Indonesian economic and social development. For this purpose, UOB Indonesia will work side by side with the government and the public in performing its role and responsibility among the society.
2. Diversity
The CSR activities transcend any form of discrimination, such as race, age, cultural background, ethnicity and so on. It serves a higher value for the good of the society where UOB Indonesia operates. The bank respects all the uniqueness and values embraced in the society and seriously consider the impact of the respective customs and traditions in the Bank's operations.
3. Open Communications
UOB Indonesia encourages open communication with all related stakeholders in ensuring the Bank's activities are in line with the local needs and provide positive impact to the Bank and community. This way, Bank will have a firm stance in raising the standard of CSR activities.

4. Integrity

In every activity/initiative, UOB Indonesia highly values integrity and fairness. UOB Indonesia will never compromise the value of integrity under any circumstances as a form of the Bank's responsibility to society.

Consumer Protection

Providing high quality and relevant advice for customer is part of our commitment in building a responsible company. As an integral part of the Bank's growth, customers deserve our best efforts in ensuring their needs are met with the appropriate products and services. To meet this objective, we implement customer complaints policy and establish the Bank Customer Service as well as a Call Centre Unit.

The Bank has implemented a customer complaints and dispute settlement procedure in accordance with BI, among others, through Circular Letter No. 12/CSQ/0009 regarding Revised Guidelines for Acceptance and Settlement of Customer Complaints which regulates the acceptance of customer complaints in branches and units as well as dispute settlement procedure. Referring to the Circular Letter mentioned above, we provide Customer Complaints Forms, which can be asked from every Customer Service officer in every operational officer, for any customers who wish to address their complaints to the Bank. In addition, to strengthen our effort in protecting our customers, we distribute relevant information on banking mediation by providing posters on every operational office of the Bank.

The Bank Call Centre is operational for 24 hours, serving all inquiries and requests on credit cards, banking and loans through IVR (Interactive Voice Response) and live Call Agents. All services would not be successful without well-trained personnel, thus the Bank provides a series of development programme to train all call agent staff to deepen their knowledge and skills in the area of service excellence and to ensure smooth information delivery to customers.

The table shown the data of customer complaints received by the Bank in 2012:

Period	> Service Level			Closing	Item		Closing Ratio (%)
	Within Service Level Agreement	> Service Level Agreement	> 20 days		In Process	Total	
	< 5 days	5 - 20 days	> 20 days				
1st Quarter	593	161	12	766	386	1,152	66.49
2nd Quarter	405	131	5	541	322	863	62.69
3rd Quarter	325	103	-	428	252	680	62.94
4th Quarter	250	141	1	392	277	669	58.59
Total	1,573	536	18	2,127	1,237	3,364	63.23

Community and Environmental Development

Bank UOB Indonesia believes in its ability to actively develop a better environment by participating in many activities to build up the community during 2012. The 2012 agenda is described as follows:

Category	Activity	Description	Total Fund (in IDR)
Social Causes	Donation for Event	Participation in the Lions Club Jakarta Charisma Foundation charity Dance event for children with cancer.	20,000,000
		Participation in the Creativity of Indonesian Child Performance event by AMEX Foundation.	5,000,000
	Donation for underprivileged children	Donation to help fund surgery for underprivileged children with cleft pallet deformities and provide books and school supplies through UOB Heartbeat.	1,511,638,553
Community relations	Giving out Basic Commodities Hampers	UOB Indonesia handed basic commodity hampers to 2,450 UOB Non Staff members.	452,488,000
	Islamic Day of Sacrifice donation	UOB Indonesia handed eight cows to be slaughtered during the commemoration of the Islamic Day of Sacrifice.	124,305,100
	Community donations	Participation in the Jakarta events as part of Singapore's National Day via the Singapore Embassy.	25,000,000
	Banking education	Participating in the Indonesian Banking Expo event held by the Central Bank to educate and raise awareness on Indonesia's banking landscape.	45,000,000
		Participation in UI's Alumni Association event to support education for underprivileged children.	25,000,000
		Participation in the cause to educate and raise awareness among the society about banking through event organised by Indonesian Bankers Association (IBI).	100,000,000
Art	Painting competition for students and non-professional painter	Organise The 2nd UOB Painting of The Year 2012. Painting competition for aspiring painters, students and non-professional painters in Indonesia. The purpose of the event was to introduce Indonesian arts to the regional level.	824,118,990

Corporate Governance

General Conclusion of The Result of Self Assessment of the Implementation of Good Corporate Governance at PT Bank UOB Indonesia

UOB Indonesia conducted a self assessment on its implementation of Good Corporate Governance principles as of December 2012. The results of the self assessment exercise are tabled below.

No.	Aspect of Assessment	Weight	Rank	Value
		(A)	(B)	(A)x(B)
1.	Implementation of Duties and Responsibilities of The Board of Commissioners	10.00%	1	0.10
2.	Implementation of Duties and Responsibilities of The Board of Directors	20.00%	1	0.20
3.	Completeness and Implementation Duties of Committees	10.00%	2	0.20
4.	Conflict of Interest Handling	10.00%	1	0.10
5.	Bank's Compliance Function Implementation	5.00%	2	0.10
6.	Internal Audit Function Implementation	5.00%	1	0.05
7.	External Audit Function Implementation	5.00%	1	0.05
8.	Risk Management and Internal Control Function	7.50%	2	0.15
9.	Prudential Principles in Provision of Funds To The Related Party and Large Exposure Debtors	7.50%	1	0.08
10.	Transparency of Financial and Non-Financial Condition, GCG Implementation Report and Internal Report	15.00%	2	0.30
11.	Bank's Strategic Plan	5.00%	2	0.10
Composite Value		100%		1.43

The Bank is rated by comparing its Good Corporate Governance implementation against the minimum criteria set by Bank Indonesia.

The composite value of 1.43 places the Bank under the 'Very Good' category.

The description of each composite value is reflected in the following table:

Composite Value	Composite Predicate
Composite Value < 1.5	Very Good
1.5 ≤ Composite Value ≤ 2.5	Good
2.5 ≤ Composite Value ≤ 3.5	Quite Good
3.5 ≤ Composite Value ≤ 4.5	Poor
Composite Value < 5	Very Poor

Management is fully aware that the Bank must practise Good Corporate Governance to gain credibility from customers and shareholders.

The Bank believes that it must meet high standards of Good Corporate Governance in order to support the business (for business growth, profitability and added value for all stakeholders) as well as to improve long-term sustainability of its business.

The strengths are reflected from:

1. The duties and responsibilities of Board of Commissioners have complied with GCG principles. The number and composition of Board of Commissioners have complied with the regulatory requirements and each member of the Board of Commissioners is able to act and makes decisions in an independent manner, has the competency and integrity according to the size and complexity of the Bank and also complied with prevailing regulations. In addition, the meetings of Board of Commissioners were conducted in an effective and efficient manner.
2. The duties and responsibilities of the Directors have complied with GCG principles. The number and composition of Director complied with regulatory requirements. Each member of Directors is also able to act and makes decisions independently, has the competency and integrity in accordance to the size and complexity of the Bank. In addition, the meetings of Directors were also conducted in an effective and efficient manner.
3. The composition and competence of the Committees is appropriate compared to size and business complexities of the Bank, duties of the Committees which have been effectively implemented. Minor weaknesses were noted and recommendations for improvement are useful and can be used as reference for decisions for the Board of Commissioners. Meetings of the Committees are conducted in accordance to internal guidelines and in an effective and efficient manner.
4. The conflict of interest has been well-managed as the Bank has very comprehensive and effective policies, system and

procedure for settling conflicts of interest. All transactions involving conflict of interest have been properly documented and disclosed. There is no conflict of interest disadvantaging the Bank or reducing its profit.

5. The Bank's Compliance function has run effectively as the Compliance Director and the Compliance Unit are independent and competent in their execution of duties. Compliance has conducted regular reviews on most of its operational units. The Bank has also completed and updated the guidelines and procedures at all levels of organisations in compliance with the prevailing regulations.
6. The implementation of Bank's Internal Audit function has run effectively. Bank has had internal guidelines complying with the minimum standards enacted in the SPFAIB. Also, Internal Audit Unit has run its functions independently and objectively.
7. The implementation of external audit function has run effectively. It is reflected from audit implementation by public accountant office who has already fulfilled the general requirement enacted in prevailing regulation and the scope of audit result is also very good. The public accountant office has executed its assignments very independently based on enacted criteria.
8. The implementation of risk management, including the internal control system, has run adequately and effectively in accordance with the objectives, size and business complexity and risk of the Bank. The Boards of Commissioner and Directors (Management) have performed supervision actively to the implementation of the risk management policy and strategy. Whereas the implementation of the internal control has weaknesses but has been corrected so that they do not cause significant impact to the Bank's condition.
9. Fund lending to related party and large exposure has already been executed and followed prevailing regulations. The Bank has also had written, updated and very comprehensive policy, system and procedure. In addition, decision making for fund lending to related parties and large exposure is done very independently and there has been no violation of Legal Lending Limit and diversification of exposures is even or the total exposure of core debtors compared to the total exposure is very insignificant.
10. Bank is always transparent in delivering its financial and non financial report and also the report of Good Corporate Governance. The submitted reports are complete, accurate, updated and on timely basis according to prevailing regulation.
11. Bank's business plan is prepared according to vision and mission of the Bank and also corporate plan which is prepared by considering external and internal factors, prudential principles and sound banking principles and also according to prevailing regulations. Bank is also consistent in doing the business plan to achieve its objectives.

Information Access

Internal Communications

The Bank uses its various internal communications channels to inform employees on business related activities, policies and plans. The internal communication network comprises:

- UOB Intranet Portal which contains information crucial to support the Bank's services as well as day-to-day operations.
- Monthly News email newsletter which carries CEO messages, business updates and reports.
- Daily News alerts which contain a summary of selected news reports on the national banking industry.
- Market Analysis is a daily bulletin containing information on the conditions of domestic and global markets.
- HR News is published periodically to inform the activities organised by Human Resources Directorate and other information relating to manpower.
- PFS News is published regularly to inform news, promotions and programmes launched by Personal Financial Services Directorate.
- TSB News contains information on activities conducted by Transaction Banking unit.
- CASQ News is a monthly publication containing any information related to customer service quality,
- OBOR is a quarterly publication as a communication media for operational risk coordinators (ORISCO) at the head office and branches.
- Legal Info is a monthly publication containing information on legal matters and activities conducted by Legal unit.
- RMG Bulletin is a bimonthly publication and contains information and activities conducted by Risk Management unit.

External Communications

Website

The Bank provides access for customers and the general public by providing www.uob.co.id website as a portal service that also provides the latest information. On this site, the public can find out among others, the Bank's profile, products and services, interest rates, financial performance, addresses of branches and subbranches and ATMs, as well as job vacancies.

Call Centre 14008

The customers can also access information regarding the Bank or its products and services by calling the 24-hours Call Centre at '14008'.

Press Release

Throughout 2012, the Bank issued 13 (thirteen) press releases to various media to promote and communicate its product and corporate actions.

Responsibility for Annual Reporting

STATEMENT FROM THE BOARD OF COMMISSIONERS AND DIRECTORS REGARDING RESPONSIBILITY FOR ANNUAL REPORTING 2012 PT BANK UOB INDONESIA

This Annual Report along with the accompanying financial statements and other related information are the responsibility of the Management of PT Bank UOB Indonesia and have been approved by the members of the Board of Commissioners and the Board of Directors whose signatures appear below:

Board of Commissioners



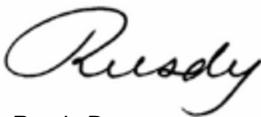
Wee Cho Yaw
President Commissioner



Wee Ee Cheong
Vice President Commissioner



Lee Chin Yong Francis
Commissioner



Rusdy Daryono
Independent Commissioner



Wayan Alit Antara
Independent Commissioner

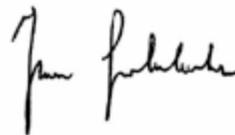


Aswin Wirjadi
Independent Commissioner

Board of Directors



Armand B. Arief
President Director



Iwan Satawidinata
Deputy President Director



Safrullah Hadi Saleh
Director



Ajeep Rassidi bin Othman
Director



Soehadie Tansol
Compliance Director

No. 13/DIR/0147A

**SURAT PERNYATAAN DIREKSI TENTANG
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN UNTUK TAHUN-TAHUN
YANG BERAKHIR 31 DESEMBER 2012 DAN 2011
PT Bank UOB Indonesia**

**DIRECTORS' STATEMENT LETTER RELATING TO
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
THE YEARS ENDED DECEMBER 31, 2012 AND 2011
PT Bank UOB Indonesia**

Kami yang bertandatangan dibawah ini / We, the undersigned :

- | | |
|-------------------------------------|---|
| 1. Nama/Name | : ARMAND B. ARIEF |
| Alamat Kantor/Office Address | : Gedung UOB Plaza Jl. M.H. Thamrin No. 10
Jakarta Pusat 10230 |
| Alamat Domisili/Address of Domicile | : Jl. Harapan No. 1, RT/RW. 001/003, Bintaro,
Jakarta Selatan |
| Nomor Telepon/Phone Number | : (62-21) 23506000 |
| Jabatan/Position | : Direktur Utama / President Director |
| 2. Nama/Name | : SAFRULLAH HADI SALEH |
| Alamat Kantor/Office Address | : Gedung UOB Plaza Jl. M.H. Thamrin No. 10
Jakarta Pusat 10230 |
| Alamat Domisili/Address of Domicile | : Jl. Malaka Raya No. 26, RT/RW. 001/008, Duren Sawit,
Jakarta Timur |
| Nomor Telepon/Phone Number | : (62-21) 23506000 |
| Jabatan/Position | : Direktur / Director |

Menyatakan Bahwa :

State that :

- | | |
|---|--|
| 1. Bertanggung jawab atas penyusunan dan penyajian Laporan Keuangan; | 1. We are responsible for the preparation and presentation of the Financial Statements; |
| 2. Laporan Keuangan telah disusun dan disajikan sesuai dengan prinsip akuntansi yang berlaku umum; | 2. The Financial Statements have been prepared and presented in accordance with generally accepted accounting principles; |
| 3. a. Semua informasi dalam Laporan Keuangan telah dimuat secara lengkap dan benar; | 3. a. All information contained in the Financial Statements is complete and correct; |
| b. Laporan Keuangan Perusahaan tidak mengandung informasi atau fakta material yang tidak benar dan tidak menghilangkan informasi atau fakta material; | b. The Financial Statements do not contain misleading material information or facts, do not omit material information and facts; |
| 4. Bertanggung jawab atas sistem pengendalian internal Bank. | 4. We are responsible for the Bank's internal control system. |

Demikian pernyataan ini dibuat dengan sebenarnya. This statement letter is made truthfully.

Jakarta, 4 Maret 2013 / March 4, 2013



ARMAND B. ARIEF
Direktur Utama / President Director

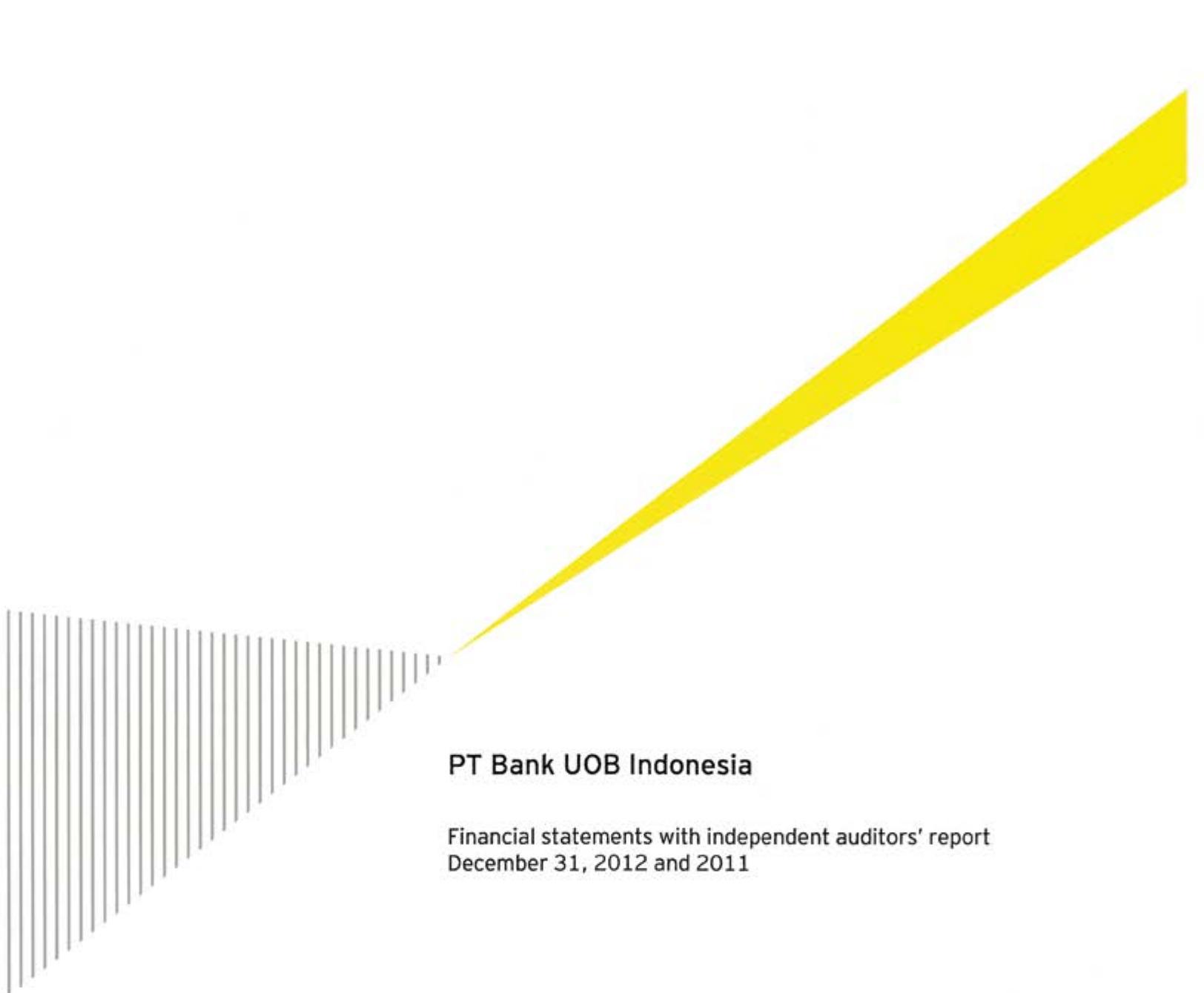


SAFRULLAH HADI SALEH
Direktur / Director

Financial Statements

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PT Bank UOB Indonesia

Financial statements with independent auditors' report
December 31, 2012 and 2011

Purwantono, Suherman & Surja

 **ERNST & YOUNG**

This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. RPC-3351/PSS/2013

The Shareholders, Boards of Commissioners and Directors of PT Bank UOB Indonesia

We have audited the statements of financial position of PT Bank UOB Indonesia ("Bank") as of December 31, 2012 and 2011, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2012 and 2011. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Bank UOB Indonesia as of December 31, 2012 and 2011, and the results of its operations, and its cash flows for the years then ended December 31, 2012 and 2011 in conformity with Indonesian Financial Accounting Standards.

Purwanto, Suherman & Surja



Benyanto Suherman
Public Accountant Registration No. AP.0685

March 4, 2013

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices applied to audit such financial statements are those generally accepted and applied in Indonesia.

PT Bank UOB Indonesia
Statements of Financial Position
December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)

	Notes	2012	2011
ASSETS			
Cash	2a,2c, 3,38,40	418,425	376,864
Current accounts with Bank Indonesia	2a,2c, 2d,4,38,40	4,047,388	3,553,147
Current accounts with other banks	2a,2c,2d, 2l,5,38,40		
Third parties		389,785	466,959
Related parties	2b,35	507,273	199,317
		897,058	666,276
Placements with Bank Indonesia and other banks	2a,2c,2e, 2l,6,38,40		
Third parties		2,644,529	2,809,270
Related parties	2b,35	105,075	280,294
		2,749,604	3,089,564
Trading securities	2a,2c,2f, 2l,7,38,40	621,532	1,301,802
Financial investments - net of unamortized discount of Rp3,106 and Rp46,667 as of December 31, 2012 and 2011	2a,2c,2g, 2l,8,38,40		
Available-for-sale		3,083,092	2,987,133
Held-to-maturity		259,755	403,263
		3,342,847	3,390,396
Allowance for impairment losses		(640)	(4,033)
Net		3,342,207	3,386,363
Securities sold under repurchase agreement	2c,2h, 9,38,40	-	1,164,522
Derivatives receivable	2b,2c,2i, 2l, 10,35,38,40	113,482	82,604
Loans	2c,2j,2l, 11,16,17, 18,38,40		
Third parties		44,630,059	39,002,485
Related parties	2b,35	348,724	354,423
		44,978,783	39,356,908
Allowance for impairment losses		(502,877)	(491,131)
Net		44,475,906	38,865,777

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT Bank UOB Indonesia
Statements of Financial Position (continued)
December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)

	Notes	2012	2011
ASSETS (continued)			
Acceptances receivable	2c,2k,2l, 12,38,40	1,409,828	1,472,001
Allowance for impairment losses		(3,326)	(15,125)
Net		1,406,502	1,456,876
Deferred tax assets - net	2x,20	-	13,104
Fixed assets	2n,13, 29,35		
Cost		1,483,561	1,407,655
Accumulated depreciation		(598,269)	(586,904)
Impairment in value		(3,110)	(3,417)
Net book value		882,182	817,334
Other assets - net	2c,2m, 2p,2q,14 35,38,40	418,789	474,014
TOTAL ASSETS		59,373,075	55,248,247

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT Bank UOB Indonesia
Statements of Financial Position (continued)
December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
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	Notes	2012	2011
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities	2c,15,38,40	217,802	80,001
Deposits	2c,2r,11, 16,38,40		
Demand deposits			
Third parties		4,984,869	4,836,886
Related parties	2b,35	2,262	3,744
		<u>4,987,131</u>	<u>4,840,630</u>
Savings deposits	11,17,38,40		
Third parties		8,143,000	7,773,980
Related parties	2b,35	21,732	31,147
		<u>8,164,732</u>	<u>7,805,127</u>
Time deposits	11,18,38,40		
Third parties		33,336,342	30,188,544
Related parties	2b,35	50,713	68,912
		<u>33,387,055</u>	<u>30,257,456</u>
Total deposits		46,538,918	42,903,213
Deposits from other banks	2b,2c,2s,19, 35,38,40	1,681,653	1,316,501
Interests payable	2t	151,373	174,216
Taxes payable	2x,20	85,071	69,539
Derivatives payable	2b,2c,2i,10, 35,38,40	116,151	82,005
Obligation on securities sold under repurchase agreements	2b,2c, 21,38	-	1,190,297
Acceptances liabilities	2c,2k, 12,38,40	1,389,757	1,472,001
Deferred tax liability - net	2x,20	40,181	-
Liabilities for employees' benefits	2w,33b	69,982	52,146
Other liabilities	2b,2c,23, 35,38,40	500,460	440,389
Total Liabilities		<u>50,791,348</u>	<u>47,780,308</u>

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT Bank UOB Indonesia
Statements of Financial Position (continued)
December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
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	Notes	2012	2011
EQUITY			
Share capital - Rp250 (full amount) par value per share Authorized - 36,000,000,000 shares in 2012 and 2011 Issued and fully paid - 9,553,885,804 shares in 2012 and 2011	24	2,388,471	2,388,471
Additional paid-in capital - net	25	812,595	812,595
Difference in the value of restructuring transactions of entities under common control	2y	1,289,647	1,289,647
Unrealized gain on available-for-sale securities - net	2g,8	35,868	3,177
Retained earnings	26		
Appropriated		45,000	42,500
Unappropriated		4,010,146	2,931,549
Total Equity		<u>8,581,727</u>	<u>7,467,939</u>
TOTAL LIABILITIES AND EQUITY		<u>59,373,075</u>	<u>55,248,247</u>

The accompanying notes form an integral part of these financial statements.

PT Bank UOB Indonesia
Statements of Comprehensive Income
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)

	Notes	2012	2011
INCOME AND EXPENSE FROM OPERATIONS			
Interest income and expenses			
Interest income	2b,2t,27	4,865,777	4,113,386
Interest expense	2b,2t,28,34	(2,060,725)	(1,774,928)
INTEREST INCOME - NET		2,805,052	2,338,458
Other operating income			
Administration fees and commissions - net	2b,2u,35	193,674	174,747
Realized and unrealized gain on securities sold and from changes in fair value of trading securities - net	2f,2g	74,156	50,697
Gain from foreign currency transactions	2i,2v	108,813	136,412
Others - net		96,885	111,327
Total Other Operating Income - Net		473,528	473,183
Provision for (Reversal of) impairment losses			
Financial assets and estimated losses on commitments and contingencies	2l,2m	(68,198)	(209,308)
Value of foreclosed assets	2m,14	(6,386)	19,686
Total Provision for Impairment Losses		(74,584)	(189,622)
Other operating expenses			
Salaries and employees' benefits	2w,30,33b 2b,2o,	(1,155,496)	(929,237)
General and administrative expense	13,29,35	(632,296)	(638,287)
Total Other Operating Expenses		(1,787,792)	(1,567,524)
INCOME FROM OPERATIONS		1,416,204	1,054,495
Non-operating income (expenses)			
Gain on sale of fixed assets and foreclosed assets	2n,2p,13,14	56,534	21,585
Others - net		16,169	(521)
Non-Operating Income - Net		72,703	21,064
INCOME BEFORE TAX EXPENSE		1,488,907	1,075,559
Tax expense	2x,20		
Current		(334,802)	(268,939)
Deferred		(42,388)	(13,064)
Total tax expense		(377,190)	(282,003)
NET INCOME FOR THE YEAR		1,111,717	793,556

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT Bank UOB Indonesia
Statements of Comprehensive Income (continued)
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
NET INCOME FOR THE YEAR		1,111,717	793,556
Other comprehensive income			
Unrealized gain on available-for-sale securities		43,588	20,940
Income tax relating to component of other comprehensive income		(10,897)	(5,315)
Other comprehensive income for the year - net of tax		32,691	15,625
Total comprehensive income for the year - net of tax		1,144,408	809,181

The accompanying notes form an integral part of these financial statements.

PT Bank UOB Indonesia
Statements of Changes in Equity
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

Notes	Issued and Fully Paid - Share Capital	Additional Paid-in Capital	Difference in the Value of Restructuring Transactions of Entities Under Common Control	Unrealized Gain (Loss) on Available - for-Sale Securities - net	Retained Earnings		Total Equity
					Appropriated	Unappropriated	
Balance, January 1, 2011	2,388,471	812,595	1,289,647	(12,448)	40,000	2,387,613	6,905,878
Appropriation for general reserve	-	-	-	-	2,500	(2,500)	-
Cash dividends	-	-	-	-	-	(247,120)	(247,120)
Unrealized gain on available-for-sale securities - net	-	-	-	15,625	-	-	15,625
Income for the year 2011	-	-	-	-	-	793,556	793,556
Balance, December 31, 2011	2,388,471	812,595	1,289,647	3,177	42,500	2,931,549	7,467,939
Appropriation for general reserve	-	-	-	-	2,500	(2,500)	-
Cash dividends	-	-	-	-	-	(30,620)	(30,620)
Unrealized gain on available-for-sale securities - net	-	-	-	32,691	-	-	32,691
Income for the year 2012	-	-	-	-	-	1,111,717	1,111,717
Balance, December 31, 2012	2,388,471	812,595	1,289,647	35,868	45,000	4,010,146	8,661,727

The accompanying notes form an integral part of these financial statements.

PT Bank UOB Indonesia
Statements Of Cash Flows
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, fees and commissions received		4,881,130	4,112,435
Other operating income received		433,167	355,773
Receipts from sales of foreclosed assets		31,515	50,888
Receipts from loans previously written-off		24,401	17,607
Payments of interest		(2,083,568)	(1,653,695)
Payments of other operating expenses		(1,684,511)	(1,498,239)
Payments of income tax		(319,639)	(275,770)
Receipts from claim of tax refund		1,040	-
(Receipts) payments of non-operating transactions - net		16,170	(521)
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets			
Placements with Bank Indonesia and other banks		398,270	(398,270)
Trading securities		1,295,842	(1,776,997)
Loans		(5,682,033)	(12,179,235)
Acceptance		(20,071)	-
Other assets		54,095	8,033
Increase (decrease) in operating liabilities			
Current liabilities		137,801	(7,662)
Deposits:			
Demand deposits		146,479	1,638,063
Savings deposits		359,627	496,163
Time deposits		3,129,598	12,506,066
Deposits from other banks		365,152	(659,601)
Taxes payable		368	15,538
Other liabilities		60,072	(51,932)
Net Cash Provided by Operating Activities		1,544,905	698,644
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of fixed assets	13	58,830	11,480
Purchase of securities - net		35,048	(242,926)
Acquisitions of fixed assets		(151,296)	(94,827)
Net Cash Used in Investing Activities		(57,418)	(326,273)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid		(30,620)	(247,120)
(Purchase of) receipt on sale of securities under repurchase agreements		(1,190,297)	1,190,297
Net Cash Provided by/(Used in) Financing Activities		(1,220,917)	943,177

The accompanying notes form an integral part of these financial statements.

These financial statements are originally issued in Indonesian language.

PT Bank UOB Indonesia
Statements of Cash Flows (continued)
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
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	Notes	2012	2011
NET INCREASE IN CASH AND CASH EQUIVALENTS		266.570	1.315.548
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2a	8.570.836	7.255.288
Cash and Cash Equivalents at End of Year	2a	8.837.406	8.570.836
Components of Cash and Cash Equivalents			
Cash	3	418.425	376.864
Current accounts with Bank Indonesia	4	4.047.388	3.553.147
Current accounts with other banks	5	897.058	666.276
Placements with Bank Indonesia and other banks maturing within 3 (three) months from the date of acquisition		2.749.604	2.691.294
Certificates of Bank Indonesia maturing within 3 (three) months from the date of acquisition		724.931	1.283.255
Total		8.837.406	8.570.836

The accompanying notes form an integral part of these financial statements.

PT Bank UOB Indonesia
Notes to The Financial Statements
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
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1. General

a. Establishment of the Bank and General Information

PT Bank UOB Indonesia (formerly PT Bank UOB Buana) (the "Bank") was established in Indonesia based on the Deed of Establishment No. 150 dated August 31, 1956 of Eliza Pondaag, S.H. The Deed of Establishment was approved by the Ministry of Laws of the Republic of Indonesia in its Decision Letter No. J.A 5/78/4 dated October 24, 1956, as recorded at the Jakarta Court of Justice under registration No. 1811 dated October 27, 1956 and was published in Supplement No. 1243 of the State Gazette No. 96 dated November 30, 1956.

On January 18, 2011, the Shareholders of the Bank through the Shareholders Extraordinary General Meeting (EGM) as notarized by Notarial Deed No. 24 of Fathiah Helmi, S.H., on the same date, approved the changes of entity name become PT Bank UOB Indonesia.

The Notarial Deed No. 24 dated January 18, 2011 was received and recorded in the database of the Legal Entity Administration System and the Ministry of Laws and Human Rights of the Republic of Indonesia No. AHU-16400.AH.01.12 which became effective on March 31, 2011.

The Bank's Articles of Association has been amended several times, the latest by Notarial Deed No. 51 dated August 23, 2011 of Fathiah Helmi, S.H., to amend article 19 of the Bank's Articles of Association. This amendment of the Bank's Articles of Association was received and recorded by the Ministry of Laws and Human Rights of the Republic of Indonesia as stated in the Letter No. AHU-AH.01.10-27766 dated August 25, 2011.

Based on Article 3 of the Bank's Articles of Association, the scope of Bank's business is to engage in general banking activities. The Bank was granted a license to conduct general banking activities based on the Decision Letter No. 203443/U.M.II dated October 15, 1956 of the Ministry of Finance of the Republic of Indonesia about Granting Business License of PT Bank Buana Indonesia located in Jakarta, as the latest amendment by the Decision Letter of the Governor of Bank Indonesia No. 12/45/KEP.GBI/2010 dated June 10, 2010, shall remain in force for PT Bank UOB Buana.

As stated in the Decision Letter of the Governor of Bank Indonesia No. 13/34/KEP.GBI/2011 on the change of a business license for PT Bank UOB Buana to become a business license for PT Bank UOB Indonesia. The Bank was also granted a license to conduct foreign exchange activities based on the Decision Letter No. 9/39/KEP/DIR/UD dated July 22, 1976 of Bank Indonesia. The Bank started its commercial banking activities on November 1, 1956.

The Bank's head office is located at M.H. Thamrin No. 10, Jakarta. As of December 31, 2012, the Bank has 41 branches and 166 sub-branches, which are all located in Indonesia.

The Bank is 68.943% owned by UOB International Investment Private Limited (UOBII), a subsidiary of United Overseas Bank Limited (UOB), Singapore and 30.056% owned by UOB (Note 24).

PT Bank UOB Indonesia
Notes to The Financial Statements
Years Ended December 31, 2012 and 2011
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Unless Otherwise Stated)

1. General (continued)

b. Board of Commissioners, Directors and Employees

The composition of the Bank's Board of Commissioners as of December 31, 2012 and 2011 are as follows:

Board of Commissioners

President Commissioner	:	Wee Cho Yaw
Vice President Commissioner	:	Wee Ee Cheong
Commissioner	:	Lee Chin Yong Francis
Independent Commissioner	:	Rusdy Daryono
Independent Commissioner	:	Wayan Alit Antara
Independent Commissioner	:	Aswin Wirjadi

The composition of the Bank's Board of Directors as of December 31, 2012 and 2011 are as follows:

Board of Directors	2012
President Director	: Armand Bachtiar Arief
Vice President Director	: Wang Lian Khee*
Vice President Director	: Iwan Satawidinata
Director	: Safrullah Hadi Saleh
Director	: Ajeep Rassidi Bin Othman
Compliance Director	: Soehadie Tansol

Board of Directors	2011
President Director	: Armand Bachtiar Arief
Vice President Director	: Wang Lian Khee
Vice President Director	: Iwan Satawidinata
Director	: Pardi Kendy**
Director	: Safrullah Hadi Saleh
Director	: Goh Seng Huat***
Director	: Ajeep Rassidi Bin Othman
Director	: Suhaimin Djohan****
Compliance Director	: Soehadie Tansol

The members of the Boards of Commissioners and Directors as of December 31, 2012 and 2011 were approved by Bank Indonesia.

The composition of the Bank's Audit Committee as of December 31, 2012 and 2011 is as follows:

Audit Committee

Head of Audit Committee	:	Rusdy Daryono
Member	:	Thomas Abdon
Member	:	Winnie Widya

* resigned in December 31, 2012 and until now that position is vacant.
 ** position changed to Head of Human Resources.
 *** position changed to Head of Technology and Operations.
 **** resigned in June 25, 2012 and per December 31, 2012 that position is vacant.

PT Bank UOB Indonesia
Notes to The Financial Statements
Years Ended December 31, 2012 and 2011
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1. General (continued)

b. Board of Commissioners, Directors and Employees (continued)

Salaries and benefits incurred for the directors of the Bank for the years ended December 31, 2012 and 2011 amounted to Rp30,419 and Rp37,275, respectively.

Salaries and benefits incurred for commissioners of the Bank for the years ended December 31, 2012 and 2011 amounted to Rp2,758 and Rp2,662, respectively.

As of December 31, 2012 and 2011, the Bank has 5,314 and 5,301 employees (unaudited), respectively.

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the financial statements for the year 2012 and 2011, are as follows:

a. Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with the Indonesian Financial Accounting Standards (FAS) issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK-IAI). As disclosed further in the relevant succeeding Notes, several amended and published accounting standards were adopted effective January 1, 2012.

The financial statements, except for the statements of cash flows, are prepared using the accrual basis and based on historical cost concept, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

The statement of cash flows have been prepared using the modified direct method and the cash flows have been classified on the basis of operating, investing and financing activities. Cash and cash equivalents consists of cash, current accounts with Bank Indonesia and current accounts with other banks, placements with Bank Indonesia and other banks and Bank Indonesia Certificates maturing within 3 (three) months or less from the acquisition date provided they are not used as collateral for borrowings nor restricted.

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires the use of estimates and assumptions that affect:

- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements.
- the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on Management's best knowledge of current events and activities, actual results may differ from those estimates.

The reporting currency used in the financial statement is Indonesian Rupiah. Figures in the financial statements are rounded to and stated in millions of Rupiah unless otherwise stated.

PT Bank UOB Indonesia
Notes to The Financial Statements
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
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2. Summary of Significant Accounting Policies (continued)

b. Transactions with Related Parties

In the normal course of its business, the Bank enters into transactions with related parties which are defined under PSAK No. 7 (Revised 2010), "Related Party Disclosures".

All significant transactions with related parties are disclosed in the notes to the financial statements.

c. Financial Assets and Liabilities

Effective January 1, 2012, the Bank adopted PSAK No. 50 (Revised 2010), "Financial Instruments: Presentation", PSAK No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and PSAK No. 60, "Financial Instruments: Disclosures", which superseded PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures", and PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement".

PSAK No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and liabilities should be offset. This PSAK requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

PSAK No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This PSAK provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships.

PSAK No. 60 requires disclosures of significance of financial instruments for financial position and performance; and the nature and extent of risks from financial instruments to which the Bank is exposed during the period and at the end of the reporting period, and how the Bank manages those risks.

The adoption of these new and revised PSAK have significant impact on disclosures in the financial statement.

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The Bank determines the classification of its financial assets at initial recognition.

Financial liabilities classified as financial liabilities are measured at amortized cost and financial liabilities at fair value through profit or loss.

PT Bank UOB Indonesia
Notes to The Financial Statements
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
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2. Summary of Significant Accounting Policies (continued)

c. Financial Assets and Liabilities (continued)

Recognition and Measurement

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value.

The subsequent measurement of financial assets and liabilities depends on their classification.

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value. In the case that financial assets or liabilities are not designated at fair value through profit or loss, the fair value should be added with attributable transaction costs directly from acquisition or issuance of financial assets or liabilities.

Financial assets measured at fair value through profit or loss are those assets that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking, or derivatives (unless they are designated as and effective hedging instruments).

The subsequent measurement of financial assets and liabilities depends on their classification.

Financial Assets

a) Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss comprises of financial assets classified as held for trading, and financial assets designated by management as at fair value through profit or loss upon initial recognition.

Financial assets are classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking, or derivatives (unless they are designated and effective as hedging instruments).

After initial recognition, the financial assets included in this category are measured at fair value, the unrealized gains or losses resulting from changes in fair value are recognized in the statements of comprehensive income as "Realized and unrealized gain on securities sold and from changes in fair value of trading securities - net".

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are neither classified as held-for-trading nor designated as at fair value through profit or loss. After initial measurement, available-for-sale financial instruments are subsequently measured at fair value. Unrealized gains and losses are recognized as other comprehensive income (as "Unrealized gain (loss) on available-for-sale securities - net").

PT Bank UOB Indonesia
Notes to The Financial Statements
Years Ended December 31, 2012 and 2011
(Expressed in Millions of Rupiah,
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2. Summary of Significant Accounting Policies (continued)

c. Financial Assets and Liabilities (continued)

Recognition and Measurement (continued)

Financial Assets (continued)

c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has positive intention and ability to hold the financial assets to maturity.

After initial measurement, held-to-maturity financial assets are measured at amortized cost using the Effective Interest Rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees/costs that are an integral part of the EIR. The amortization and the losses arising from impairment of such investments are recognized in the statements of comprehensive income.

d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets, other than:

- Those that the Bank intends to sell immediately or in the near term and loans and receivables that the Bank upon initial recognition designates as at fair value through profit or loss;
- Those that the Bank, upon initial recognition, designated as available-for-sale; or
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurements, loans and receivables are subsequently measured at amortized cost using the EIR, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The EIR amortization and losses arising from impairment is included in the statements of comprehensive income.

PT Bank UOB Indonesia
Notes to The Financial Statements
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2. Summary of Significant Accounting Policies (continued)

c. Financial Assets and Liabilities (continued)

Recognition and Measurement (continued)

Financial Liabilities

a) Financial liabilities designated at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of two sub-categories; financial liabilities classified as held for trading and financial liabilities designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of portfolio of identified financial instrument that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Derivatives are also categorized as held for trading unless they are designated and effectively as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading and designated at fair value through profit or loss are recorded in the statements of comprehensive income as "Gain from foreign currency transactions".

b) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost were financial liabilities that are not classified as fair value through profit or loss.

After initial recognition, the Bank measures all financial liabilities at amortized cost using EIR method.

The following table presents financial instruments classification of the Bank based on their characteristic:

<u>Financial Instruments</u>	<u>Classification</u>
<u>Financial assets:</u>	
Cash	Loans and receivables
Current accounts with Bank Indonesia	Loans and receivables
Current accounts with other banks	Loans and receivables
Placements with Bank Indonesia and other banks	Loans and receivables
Trading securities	Financial assets at fair value through profit or loss
Financial investments	Held-to-maturity financial assets and available-for-sale financial assets
Securities sold under repurchase agreements	Available-for-sale financial assets
Derivatives receivable	Financial assets at fair value through profit or loss
Loans	Loans and receivables
Acceptances receivable	Loans and receivables
Other assets - accrued income, interest receivable and security deposits	Loans and receivables

PT Bank UOB Indonesia
Notes to The Financial Statements
Years Ended December 31, 2012 and 2011
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2. Summary of Significant Accounting Policies (continued)

c. Financial Assets and Liabilities (continued)

Recognition and Measurement (continued)

The following table presents financial instruments classification of the Bank based on their characteristic: (continued)

<u>Financial Instruments</u>	<u>Classification</u>
<u>Financial liabilities:</u>	
Current liabilities	Financial liabilities measured at amortized cost
Deposits	Financial liabilities measured at amortized cost
Deposits from other banks	Financial liabilities measured at amortized cost
Derivatives payable	Financial liabilities at fair value through profit or loss
Obligation on securities sold under repurchase agreements	Financial liabilities measured at amortized cost
Acceptances liabilities	Financial liabilities measured at amortized cost
Other liabilities - Accrued expenses and guarantee deposits	Financial liabilities measured at amortized cost

Derecognition

The Bank derecognizes a financial asset if, and only if, the contractual rights to receive cash flows from the financial asset have expired; or the Bank has transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount are reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expenses are presented on a net basis only when permitted by accounting standards.

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2. Summary of Significant Accounting Policies (continued)

c. Financial Assets and Liabilities (continued)

Fair Value

Fair value is the value which is used to exchange an asset or to settle a liability between parties who understand and are willing to perform a fair transaction (arm's length transaction).

Fair value of a financial asset or liability can be measured by using the quotation in an active market, that is if the quoted price is available anytime and can be obtained routinely and the price reflects the actual and routine market transaction in a fair transaction.

In case there is no active market for a financial asset or liability, the Bank determines the fair value by using the appropriate valuation techniques. Valuation techniques include the usage of a recent market transaction performed fairly by those who are willing to and understand, and if there is available, the usage of discounted cash flow analysis and the usage of the recent fair value of other instrument which is substantially similar, and option pricing models.

Reclassification of Financial Instruments

The Bank shall not reclassify any financial instrument out of or into the fair value through profit or loss classification while it is held or issued.

The Bank does not reclassify any financial instrument out of fair value through profit or loss classification if upon initial recognition the financial instrument is designated by the Bank as at fair value through profit or loss.

The Bank reclassify a financial asset out of fair value through profit or loss classification if the financial asset no longer incurred for the purpose of selling or repurchasing it in the near term (although the financial asset may has been acquired or intended principally for the purpose of selling or repurchasing it in the near term).

Requirement for the reclassification are:

- a) Occurs in a rare circumstances,
- b) Qualifies as loans and receivables definition (if the financial asset is not designated as at held for trading upon initial recognition) and the Bank has the intention and ability to hold the financial assets for the future that can be forecasted or to maturity.

The Bank does not reclassify any financial instrument into fair value through profit or loss classification after initial recognition.

The Bank reclassify a financial asset at available-for-sale classification which qualifies as loans and receivable definition (if the financial asset is not designated as at available-for-sale) from available-for-sale if the Bank has the intention and ability to hold the financial asset for the future that can be forecasted or to maturity.

The Bank does not reclassify any financial asset categorized as held-to-maturity. If there is a sale or reclassification of held-to-maturity financial asset for more than an insignificant amount before maturity (other than in certain specific circumstances), the entire held-to-maturity financial assets will have to be reclassified as available-for-sale financial assets. Subsequently, the Bank shall not classify financial asset as held-to-maturity during the following two years.

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2. Summary of Significant Accounting Policies (continued)

c. Financial Assets and Liabilities (continued)

Reclassification of Financial Instruments (continued)

The certain specific circumstances are as follows:

- a) Performed if financial assets are so close to maturity or call date, that changes in the market rate of interest would not have a significant effect on their fair value.
- b) When the Bank have collected substantially all of the financial assets original principal through scheduled payment or prepayment; or
- c) Attributable to an isolated event that is beyond the Bank's control, is non-recurring and could not have been reasonably anticipated by the Bank.

Reclassification of fair value through profit or loss financial asset to loans and receivables is recorded at cost or amortized cost. Unrealized gain or loss that has been recognized as profit or loss shall not be reversed.

Reclassification of available-for-sale financial asset to loans and receivables is recorded at cost or amortized cost. Any previous gain or loss which has been recognized directly in equity shall be accounted for as follows:

- a) In the case of a financial asset with a fixed maturity, the gain or loss shall be amortized to profit or loss over the remaining life of the investment using the EIR.
- a) In the case of a financial asset that does not have a fixed maturity, the gain or loss shall remain in equity until the financial asset is sold or otherwise disposed of, when it shall be recognized in statements of comprehensive income.

Reclassification of held-to-maturity financial asset to available-for-sale is recorded at fair value. The unrealized gain or loss is recognized in equity until the time financial assets is derecognized and at the time the cumulative gain or loss previously recognized in equity shall be recognized in the statement of comprehensive income.

Loan Restructuring

Losses on loan restructuring in respect of modification of the terms of the loans are recognized only if the cash value of total future cash receipt specified in the new terms of the loans, including both receipt designated as interest and those designated as loan principal, are less than the recorded amounts of loans before restructuring.

For loan restructuring which involve a conversion of loans into equity or other financial instruments, a loss on loan restructuring is recognized only if the fair value of the equity or other financial instruments received, reduced by estimated costs to sell the equity or other financial instruments, is less than the carrying value of loan.

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2. Summary of Significant Accounting Policies (continued)

d. Current Accounts with Bank Indonesia and Other Banks

Subsequent to initial recognition, current accounts with other banks and Bank Indonesia are measured at their amortized cost using the EIR method. Allowance for impairment losses is assessed if there is an indication of impairment using the impairment methodology as disclosed in Note 2I.

e. Placements with Bank Indonesia and Other Banks

Placements with Bank Indonesia and other banks consist of call money, Bank Indonesia Deposit Facilities, time deposits and others.

Placements with Bank Indonesia are stated at the outstanding balances.

Placements with other banks are initially measured at fair value plus incremental direct transaction cost, if any, and subsequently measured at their amortized cost using EIR. Allowances for impairment losses is assessed if there is an objective evidence of impairment using the impairment methodology as disclosed in Note 2I.

f. Trading securities

Trading securities comprises of Government Bonds, State Treasury Notes, and Certificates of Bank Indonesia that are classified as held for trading, and recorded in the statements of financial position at fair value.

Unrealized gains or losses resulting from the increase or decrease in fair value are recognized in the current year statements of comprehensive income. The interest income from debt securities is recorded in the statements of comprehensive income according to the terms of the contract. At the time of sale of trading securities portfolio, the difference between the selling price and the purchase price is recognized as a gain or loss in the year when the securities are sold.

g. Financial Investments

Financial investments are classified as follows:

Available-for-Sale Securities

Available-for-sale securities are recognized and measured at fair value by calculating income and/or expenses directly attributable to the purchase of securities. After initial recognition, gains and losses from changes in fair value of securities, net of tax, are recognized directly to equity.

When the investment is disposed the cumulative gain or loss, net of tax, previously recognized in other comprehensive income is recognized in the statements of comprehensive income. The losses arising from impairment of such investments are recognized in the statements of comprehensive income and removed from other comprehensive income.

Premium and/or discount is amortized and reported as interest income using the EIR.

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2. Summary of Significant Accounting Policies (continued)

g. Financial Investments (continued)

Held-to-Maturity Securities and Loans and Receivables

Held-to-maturity securities and loans and receivables are recognized and measured at fair value by calculating income and/or expenses directly attributable to the purchase of securities. After initial recognition, securities are measured at amortized acquisition cost using EIR.

h. Securities Sold under Repurchase Agreements

Securities sold under repurchase (repo) agreements are recognized at the agreed repurchase price less unamortized interest. The unamortized interest represents the difference between the selling price and the agreed repurchase price and is recognized as interest expense during the period from the sale of securities to the date of repurchase by using EIR. The securities sold are recorded as assets on the statements of financial position because in substance the ownership of the securities remains with the Bank as the seller.

i. Derivatives Financial Instruments

All derivatives instruments are recognized in statements of financial position at fair value. The fair value is based on the market rate, Reuters exchange rate at statements of financial position date, discounted cash flows, price valuation or broker quoted price on other instruments with similar characteristics or price model.

Gain or loss on a derivative contract not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognized in the current year statements of comprehensive income.

Embedded derivatives instruments are separated from their host non-derivative contract and accounted for as a derivative instrument if all of the following criteria are met:

1. The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
3. The hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in statements of comprehensive income (i.e a derivative that is embedded in a financial asset or financial liability at fair value through profit or loss is not separated).

j. Loans

Loans are measured at amortized cost using the EIR less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and cost/fee that are an integral part of the EIR. The amortization is recognized in the statements of comprehensive income. The allowance for impairment losses are assessed if there is an objective evidence of impairment using the impairment methodology as disclosed in Note 21.

Syndicated loans are stated at the loan principal amount based on the risk participation by the Bank.

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2. Summary of Significant Accounting Policies (continued)

k. Acceptances Receivable and Liabilities

Acceptances receivable are measured at amortized cost using the EIR, less allowance for impairment losses. Acceptances payable are measured at amortized cost by using the EIR.

The allowance for impairment losses are assessed if there is an objective evidence of impairment by using the impairment methodology as disclosed in Note 2l.

l. Impairment of Financial Instruments

The Bank assesses at each statements of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired and impairment losses incurred if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The estimated period between the occurrence of the event and identification of loss is determined by Management for each identified portfolio. In general, the periods used vary between 3 (three) months to 12 (twelve) months; in exceptional cases, longer periods are warranted.

For financial assets carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

Individual assessment is performed on the significant financial assets that had objective evidence of impairment. The insignificant financial assets includes in the group of financial assets with similar credit risk characteristics and assessed collectively.

However, if the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, the Bank includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The Bank determines loans to be evaluated for impairment through individual evaluation if one of the following criteria is met:

1. Loans which individually have certain significant value and objective evidence of impairment;
2. Restructured loans which individually have significant value.

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2. Summary of Significant Accounting Policies (continued)

I. Impairment of Financial Instruments (continued)

Allowance for impairment losses on impaired financial assets that was assessed individually by using discounted cash flows method.

The Bank determines that loans to be evaluated for impairment through collective evaluation if one of the following criteria is met:

1. Loans which individually have significant value and there is no objective evidence of impairment.
2. Loans which individually have insignificant value.
3. Restructured loans which individually have insignificant value.

Starting on January 1, 2012, the Bank implemented allowance for impairment loss on impaired financial assets that was assessed collectively, the Bank uses statistical method of the historical data such as the probability of defaults, time of recoveries, the amount of loss incurred (Loss Given Default), and by considering for management's judgment of current economic and credit conditions.

The Bank uses statistical model analysis method, roll rate analysis method to assess financial asset impairment collectively.

In accordance with the Appendix to the Bank Indonesia Circular Letter No. 11/33/DPNP dated December 8, 2009 (SE-BI), the Bank determines the allowance for collective impairment losses of loans with reference to general allowance and specific allowance in accordance with Bank Indonesia regulations regarding the assessment of commercial banks' asset quality. In accordance with the abovementioned SE-BI, the transition rule for collective impairment calculation on loans can be applied until December 31, 2011.

Collective allowance for loans classified as special mention, substandard, doubtful and loss is calculated after deducting the value of allowable collateral in accordance with Bank Indonesia regulations. The calculation of allowance for impairment losses is based on carrying amount (amortized cost).

The Bank uses the fair value of collateral as the basis for future cash flow if one of the following conditions is met:

1. Loans are collateral dependent, i.e. if the source of loans repayment is made only from the collateral;
2. Foreclosure of collateral is most likely to occur and supported by legally binding collateral agreement.

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2. Summary of Significant Accounting Policies (continued)

I. Impairment of Financial Instruments (continued)

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of estimated future cash flows discounted at the financial assets original effective interest rate. If a loan or held-to-maturity securities and Government Bonds have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical guideline, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price, the calculation of the present value of the estimated future cash flows of a collateralized financial assets which reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Losses are recognized in the statements of comprehensive income and reflected in an allowance for impairment losses account against financial assets carried at amortized cost. Interest income on the impaired financial assets continues to be recognized using the original rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss previously recognized is reversed through the statements of comprehensive income.

For financial assets classified as available-for-sale, the Bank assesses at each statements of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. Impairment losses on available-for-sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the statements of comprehensive income. The cumulative loss that has been removed from equity and recognized in the statements of comprehensive income is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in the statements of comprehensive income.

Impairment losses recognized in the statements of comprehensive income on investments in equity instruments classified as available-for-sale shall not be reversed.

If in a subsequent period, the fair value of debt instrument classified as available-for-sale securities increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statements of comprehensive income, the impairment loss is reversed, with the amount of reversal recognized in the statements of comprehensive income.

If the terms of the loans and receivables or held-to-maturity marketable securities are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the terms is modified.

If, in the next period, the amount of allowance for impairment losses is decreased and the decrease can be related objectively to an event that occurred after the recognition of the impairment losses (i.e. upgrade debtor's or issuer's collectability), the impairment loss that was previously recognized shall be reversed, by adjusting the allowance account. The reversal amount of financial assets is recognized in the statements of comprehensive income.

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2. Summary of Significant Accounting Policies (continued)

l. Impairment of Financial Instruments (continued)

The recoveries of written-off financial assets in the current year are credited by adjusting the allowance for impairment losses accounts. Recoveries of written-off loans from previous years are recorded as operational income other than interest income.

m. Impairment of Non-Financial Assets

Based on the letter of Bank Indonesia No. 13/658/DPNP/IDPnP dated December 23, 2011, Bank is no longer required to provide the provision for possible losses on non-earning assets and estimated losses on commitments and contingencies. However, the Bank still need to calculate the allowance for impairment losses in accordance with applicable accounting standards. The Bank has made certain adjustments by reversing the provision for possible losses on non-earning assets and estimated losses on commitments and contingencies and charged to the statements of comprehensive income for the year ended December 31, 2011 considering materiality.

n. Fixed Assets

Starting on January 1, 2012, the Bank adopted PSAK No. 16 (revised 2011) "Fixed Assets". The adoption of PSAK No. 16 (revised 2011) has no significant impact on the financial reporting and disclosures in the financial statement.

Fixed assets is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statements of comprehensive income as incurred.

Depreciation is calculated on a straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings and building improvements	10 - 20
Furniture and fixtures, office equipment and vehicles	5 - 10

The residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each period end.

The Bank evaluates any indication of asset impairment at the end of the year. The Bank determines the estimated realizable amount of its assets if there is an event or condition which indicates the asset impairment.

Land rights are recorded at cost and are not depreciated. In accordance with SFAS No.47, "Accounting for Land", certain expenses incurred in the acquisition or extension of the terms of the land rights are deferred and amortized over the terms of the land rights or their useful lives, whichever is shorter, using the straight line method. Land rights is not amortized unless it meets certain required conditions.

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2. Summary of Significant Accounting Policies (continued)

n. Fixed Assets (continued)

Starting January 1, 2012, the Bank implemented ISAK No. 25 "Land Rights". All costs and expenses incurred in connection with the acquisition of land right are recognized as part of the land rights's acquisition. The legal cost incurred when the land was first acquired is recognized as part of the land acquisition cost. The cost of the extension or renewal of legal right over land is recognized as an intangible asset and amortized over the legal life or economic life of the land, whichever is shorter.

o. Lease

Starting January 1, 2012, Bank adopted PSAK No. 30 (Revised 2011), "Lease".

Leases that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Otherwise, leases are classified as operating leases. Under operating lease, operating lease payments are recognized as an expense in the statements of comprehensive income on a straight-line method over the lease term.

The adoption of PSAK No. 30 (Revised 2011) has no impact on the financial reporting and disclosures in the financial statements.

p. Foreclosed Assets

Collaterals acquired through loan foreclosures related to the loans settlement are presented as part of "Other Assets" account. At initial recognition, foreclosed assets are stated at fair value, net of estimated costs to sell at the maximum at the borrower's liabilities as stated the in statements of financial position. After initial recognition, foreclosed assets are recorded at the amount whichever is lower of the carrying amount and fair value, net of estimated costs to sell. The excess of the uncollectible loan balance over the value of the collateral is charged to allowance for impairment losses.

Maintenance expenses of foreclosed assets are charged to the statements of comprehensive income as incurred.

Gains or losses earned or incurred from the sale of foreclosed assets are presented as part of "Non-Operating Income (Expense) - Others - Net" in the statements of comprehensive income for the current year.

q. Prepaid Expenses

Prepaid expenses are charged to operations over the period benefited and presented as part of "Other Assets" account.

r. Deposits

Deposit are deposits of customers (excluding other banks) with the Bank based on deposit agreements. Deposits consist of demand deposits, saving deposits and time deposit.

Demand deposits, saving deposits and time deposits are initially recognized at fair value and subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium related to the initial recognition of deposits and transaction costs that are an integral part of the EIR.

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2. Summary of Significant Accounting Policies (continued)

s. Deposits from Other Banks

Deposits from other banks represent liabilities to other domestic and overseas banks, in the form of demand deposits, saving deposits, interbank call money with maturity period based on agreement less than or equal to 90 days and time deposits.

Deposits from other banks are initially recognized at fair value and subsequently measured at amortized cost using the EIR. Amortized cost is calculated by taking into account any discount or premium related to the initial recognition of deposits from other bank and transaction costs that are an integral part of the EIR.

t. Interest Income and Expense

All financial instruments measured at amortized cost, financial assets and liabilities classified as available-for-sale, its interest income and expenses is recognized using the EIR, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and included any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR.

The carrying amount of the financial asset or liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated using the original EIR and the change in carrying amount is recorded in the statements of comprehensive income. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Loans and other earning assets (excluding securities) are considered as non-performing when they are classified as substandard, doubtful, or loss. While securities are categorized as non-performing when the issuer of securities defaults on its interest and/or principal payments or, if they are rated at least 1 (one) level below investment grade.

u. Fees and Commissions Income and Expense

Fees and commissions that have material amount directly related with the acquisition of financial assets are recognized as part/(deduction) or addition of acquisition cost of related financial assets and will be recognized as income and amortized using the EIR during the expected life of financial assets or liabilities.

The outstanding balances of deferred fees and commission income on loans receivable terminated or settles prior to maturity are recognized as income on settlement.

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2. Summary of Significant Accounting Policies (continued)

v. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah based on the exchange rates at the transaction date. As of December 31, 2012 and 2011, monetary assets and liabilities denominated in foreign currencies were adjusted to Rupiah based on the Reuters middle rates on December 31, 2012 and 2011, respectively. The resulting gains or losses are credited or charged to the statements of comprehensive income for the current year.

As of December 31, 2012 and 2011, the middle rates of the foreign currencies are as follows:

	2012	2011
Kuwait Dinar	34,232.62	32,532.68
Great Britain Pound Sterling	15,514.93	13,975.29
European Euro	12,731.62	11,714.76
Swiss Franc	10,536.25	9,631.94
Australian Dollar	10,007.10	9,205.78
United States Dollar	9,637.50	9,067.50
Canadian Dollar	9,686.91	8,885.35
New Zealand Dollar	7,918.18	7,000.57
Singapore Dollar	7,878.61	6,983.55
Brunei Darussalam Dollar	7,878.60	6,976.88
Malaysian Ringgit	3,147.97	2,863.00
Saudi Arabian Riyal	2,569.62	2,417.87
Hong Kong Dollar	1,243.27	1,167.23
Japanese Yen	111.77	116.82
Swedish Croner	1,478.66	1,308.97

w. Employee Benefits

Effective on January 1, 2012, the Bank adopted PSAK No. 24 (Revised 2010) "Employee Benefit", which supersedes PSAK No. 24 (Revised 2004) ,"Employee Benefits". The Bank has chosen to continue the use of "10% corridor method" to recognize actuarial gain and loss. The adoption of the new revised PSAK has not significant impact to the Bank's financial consolidated statements.

The Bank recognizes employee benefits obligation for severance pay, gratuity and compensation in accordance with Labor Law No. 13 Year 2003 dated March 25, 2003 (UU No. 13/2003) and the Bank's labor agreement. Actuarial gains or losses are recognized as income or expense if the unrecognized accumulated gains or losses at the end of the prior period exceed 10% of the higher of the present value of the defined benefit obligation and 10% of fair value of the plan assets at that date. Gains or losses in excess of the 10% corridor are recognized over the average remaining service years of the employees in the program.

The Bank has a defined contribution plan. The benefit to be received by employees is determined based on the amount of contribution paid by the employer and employee and the investment earnings of the fund.

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2. Summary of Significant Accounting Policies (continued)

x. Income Tax

Effective January 1, 2012, the Bank applied PSAK No. 46 (Revised 2010), which requires the Bank to present interest and penalties for the underpayment/overpayment of income tax, if any, as part of "Income Tax Expense (Benefit) - Current" in the statement of comprehensive income.

Current tax expense is provided based on the estimated taxable income for the year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as the carry-forward of unused tax losses (if any), are recognized to the extent that realization of such benefits in the future is probable.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax regulations) that have been enacted or substantively enacted at the statements of financial position date. Change in the carrying amounts of deferred tax assets and liabilities due to a change in tax rate is charged to current year operations, except to the extent that it relates to items previously charged or credited to equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the benefit of the deferred tax assets to be utilized.

Amendment to tax obligations is recorded when an assessment is received or, if objected or appealed against by the Bank, when the result of the objection or appeal is determined.

y. Restructuring transactions among entities under common control

Restructuring transactions among entities under common control are accounted in accordance with PSAK No. 38 (Revised 2004), "Accounting for Restructuring of Entities under Common Control".

z. Judgments and Significant Accounting Estimates

In the process of applying the Bank's accounting policies, Management has exercised professional judgment and made estimates in determining the amounts recognized in the financial statements. The most significant uses of the professional judgment and estimates are as follows:

Going concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for foreseeable future. Furthermore, the management is realized of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

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2. Summary of Significant Accounting Policies (continued)

z. Judgments and Significant Accounting Estimates (continued)

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management judgment is required to establish fair values.

Management judgments include considerations of liquidity and model inputs such as volatility for long term derivatives and discount rates, early payment rates and default rate assumptions.

Starting January 1, 2012 upon the adoption of PSAK No. 60, the Bank and subsidiaries present the fair value of financial instruments based on the following fair value hierarchy:

- Level 1: quoted (unadjusted) prices in active markets for identical financial assets or liabilities;
- Level 2: valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly; and
- Level 3: valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Impairment losses on loans

The Bank reviews its loans at each statements of financial position date to assess whether an impairment loss should be recorded in the statements of comprehensive income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgment about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ in future changes to the allowance.

Impairment in value of available-for-sale securities

The Bank reviews securities which are classified as available-for-sale at each financial position date to assess whether impairment has occurred. The assessment uses the same considerations as applied to individual assessment on loans.

Deferred tax assets

Deferred tax assets are recognized for the future recoverable taxable income arising from temporary difference. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing on level of future taxable profits together with future tax planning strategics.

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2. Summary of Significant Accounting Policies (continued)

z. Judgments and Significant Accounting Estimates (continued)

Classification of financial assets and financial liabilities

The Bank determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2006). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Bank's accounting policies disclosed in Note 2c.

Employee benefits

The determination of the Bank's employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries and the Bank's management in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate.

Depreciation of fixed assets

The costs of fixed assets are depreciated on a straight-line method over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 5 to 20 years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

Income tax

The Bank recognize liabilities for corporate income tax based on estimation of whether additional corporate income tax will be due.

3. Cash

This account consists of:

	<u>2012</u>	<u>2011</u>
Rupiah	370,219	340,509
Foreign currencies		
United States Dollar	27,953	19,760
Singapore Dollar	20,253	16,595
Total	<u>418,425</u>	<u>376,864</u>

Cash in Rupiah includes cash in Automatic Teller Machines (ATM) amounting to Rp23,712 and Rp15,866 as of December 31, 2012 and 2011, respectively.

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4. Current Accounts with Bank Indonesia

This account consists of:

	2012	2011
Rupiah	2,878,330	2,529,508
United States Dollar (US\$121,303,000 and US\$112,891,000 as of December 31, 2012 and 2011)	1,169,058	1,023,639
Total	4,047,388	3,553,147

The statutory reserves ratio as of December 31, 2012 and 2011 is calculated based on Bank Indonesia's regulation (PBI) No. 13/10/PBI/2011 dated February 9, 2011, regarding "Changes on PBI No. 12/19/PBI/2010 dated October 4, 2010 regarding Minimum Statutory Reserves of Commercial Banks with Bank Indonesia in Rupiah and Foreign Currencies". Starting March 1, 2011 until May 31, 2011, GWM in foreign currencies is set at 5% of the total third party funds in foreign currencies and starting June 1, 2011, GWM in foreign currencies is set at 8% of total third party funds in foreign currencies.

Based on the above Bank Indonesia regulations, the Bank is required to maintain minimum primary reserves in Rupiah and in United States Dollar of 8%, respectively. The Bank is also required to maintain secondary reserves in Rupiah of 2.5% as of 2012 and 2011.

The Bank's Minimum Reserve Requirements are as follows:

	2012	2011
Primary Rupiah	8.10 %	8.10 %
Secondary Rupiah	7.75 %	13.74 %
United States Dollar	8.10 %	8.31 %

The Bank's Minimum Reserve Requirement as of December 31, 2012 and 2011 have complies with the Bank Indonesia regulation.

5. Current Accounts with Other Banks

Current accounts with other banks consist of:

Types of Current Accounts with Other Banks	2012	2011
Third parties		
Rupiah:		
PT Bank Central Asia Tbk,	15,164	6,852
Others (below Rp2,000 each)	979	1,178
Sub-total - Third parties - Rupiah	16,143	8,030

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5. Current Accounts with Other Banks (continued)

Types of Current Accounts with Other Banks	2012	2011
Third parties (continued)		
Foreign currencies:		
JP Morgan Chase Bank, United States of America	149,398	139,843
Bank of Tokyo - Mitsubishi UFJ, Japan	82,427	11,281
The Royal Bank of Scotland, Netherlands	55,408	41,133
ANZ Bank Ltd., Australia	38,632	78,907
Unicredit Bank AG, Germany	22,241	16,309
ANZ National Bank, New Zealand	12,586	20,860
Danske Stockholm Bank, Sweden	3,766	392
National Australia Bank, Australia	2,856	1,501
Citibank N.A., United States of America	2,141	3,187
Union Bank of Switzerland, Zurich	1,576	8,326
Canadian Imperial Bank of Commerce, Canada	747	4,077
Bank of New York, United States of America	-	128,470
Bank of Bangkok, Great Britain	-	2,482
Others (below Rp2,000 each)	1,864	2,161
Sub-total - Third parties - Foreign currencies	373,642	458,929
Total - Third parties	389,785	466,959
Related parties (Note 35)		
Foreign Currencies:		
United Overseas Bank Ltd., Singapore	420,176	146,064
United Overseas Bank Ltd., Great Britain	53,081	35,283
United Overseas Bank Ltd., Japan	31,995	17,117
United Overseas Bank Ltd., Hong Kong	1,478	357
United Overseas Bank Ltd., Australia	504	460
United Overseas Bank Ltd., Malaysia	39	36
Total - Related parties	507,273	199,317
Total current accounts with other Banks	897,058	666,276

The annual average interest rate for current accounts with other banks are as follows:

	2012	2011
Rupiah	0.35%	0.32%
Foreign currency	0%	0%

The Bank's management believes that as of December 31, 2012 and 2011, current accounts with other banks are classified as current and not impaired.

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6. Placements with Bank Indonesia and Other Banks

Placements with Bank Indonesia and other banks consist of:

Description	2012	2011
Third parties		
Rupiah:		
Deposit Facilities of Bank Indonesia	14,000	1,547,000
Term Deposit Bank Indonesia	1,494,904	398,270
Call Money:		
PT ANZ Bank, Indonesia	100,000	-
Bank of Tokyo - Mitsubishi UFJ, Indonesia	100,000	180,000
PT Bank Bukopin, Tbk	90,000	-
PT Bank OCBC NISP, Tbk	75,000	72,000
PT BPD Jawa Barat dan Banten, Tbk	50,000	24,000
PT Bank Commonwealth, Indonesia	30,000	26,000
PT Bank Rabobank International Indonesia	16,000	-
PT Bank Negara Indonesia (Persero), Tbk	-	262,000
PT Bank Pan Indonesia, Tbk	-	110,000
PT Bank DBS Indonesia	-	80,000
Citibank, Indonesia	-	40,000
JP Morgan Chase, Indonesia	-	40,000
PT Bank Chinatrust, Indonesia	-	30,000
Foreign currencies:		
Term Deposit Bank Indonesia	578,250	-
Call money:		
PT Bank Internasional Indonesia Tbk, (\$AS25.000.000)	48,187	-
PT Bank Mega, Tbk (\$AS35.000.000)	48,188	-
Total - Third parties	2,644,529	2,809,270
Related parties (Note 35)		
Foreign currencies:		
Call Money		
United Overseas Bank Ltd., Singapore	105,075	280,294
Total - Related parties	105,075	280,294
Total placements with Bank Indonesia and Other Banks	2,749,604	3,089,564

The annual average interest rate for placement with Bank Indonesia and Other Banks are as follows:

	2012	2011
Rupiah	3.90 %	4.62 %
Foreign currency	1,13 %	1.39 %

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6. Placements with Bank Indonesia and Other Banks (continued)

The details of placements with Bank Indonesia and other banks based on the type of placements and remaining maturities are as follows:

	2012		
	Placements with Bank Indonesia	Call Money	Total
Rupiah			
< 1 month	913,092	461,000	1,374,092
≥ 1 month	595,812	-	595,812
Total Rupiah	1,508,904	461,000	1,969,904
Foreign currencies			
< 1 month	578,250	201,450	779,700
Total Foreign Currencies	578,250	201,450	779,700
Total Placements with Bank Indonesia and Other Banks	2,087,154	662,450	2,749,604
	2011		
	Placements with Bank Indonesia	Call Money	Total
Rupiah			
< 1 month	1,547,000	864,000	2,411,000
≥ 1 month	398,270	-	398,270
Total Rupiah	1,945,270	864,000	2,809,270
Foreign currencies			
< 1 month	-	280,294	280,294
Total Foreign Currencies	-	280,294	280,294
Total Placements with Bank Indonesia and Other Banks	1,945,270	1,144,294	3,089,564

The Bank's management believes that as of December 31, 2012 and 2011, placements with other banks are classified as current and not impaired.

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7. Trading Securities

Trading securities consist of:

	2012			2011		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Trading securities						
Certificates of Bank						
Indonesia	555,324	-	555,324	1,126,663	-	1,126,663
Government Bonds	2,655	2,362	5,017	144,332	30,807	175,139
State Treasury Notes	61,191	-	61,191	-	-	-
Total trading securities	619,170	2,362	621,532	1,270,995	30,807	1,301,802

As of December 31, 2012 and 2011 all trading securities are the securities that issued by government and categorized as non-rated, which consist of government bonds and State Treasury Notes (SPN).

As of December 31, 2012 and 2011, all trading securities are classified as current and not impaired.

The details of trading securities based on remaining maturities can be referred to Note 38.

8. Financial Investments

Financial investments consist of:

	2012			2011		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Available-for-sale securities						
Certificates of Bank						
Indonesia	667,777	-	667,777	2,534,964	-	2,534,964
Government Bonds	650,706	777,054	1,427,760	432,265	-	432,265
State Treasury Notes	193,997	-	193,997	19,904	-	19,904
Retail Islamic Bonds	585,732	-	585,732	-	-	-
Medium Term Notes	207,826	-	207,826	-	-	-
Total available-for-sale securities	2,306,038	777,054	3,083,092	2,987,133	-	2,987,133
Held-to-maturity securities						
Export bills	49,581	210,174	259,755	219,611	183,652	403,263
Total financial investments	2,355,619	987,228	3,342,847	3,206,744	183,652	3,390,396
Allowance for impairment losses	(122)	(518)	(640)	(2,196)	(1,837)	(4,033)
Net	2,355,497	986,710	3,342,207	3,204,548	181,815	3,386,363

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8. Financial Investments (continued)

a. The available-for-sale financial investments as of December 31, 2012 and 2011 are as follows:

	2012	2011
Fair Value		
Rupiah		
Certificates of Bank Indonesia	667,777	2,534,964
Government Bonds	650,706	432,265
Medium Term Note	207,826	19,904
State Treasury Notes	193,997	-
Retail Sukuk	585,732	-
Sub - Total	2,306,038	2,987,133
Foreign currencies		
Government Bonds	777,054	-
Total	3,083,092	2,987,133

b. The available-for-sale financial investments as of December 31, 2012 and 2011 are as follows:

	2012	2011
Cost	3,050,330	3,030,623
Unmortized Discount	(3,106)	(46,667)
Unrealized gain	35,868	3,177
Total	3,083,092	2,987,133

c. The medium term note issued by PT Mandiri Tunas Finance is not rated.

The classification of held-to-maturity financial investments based on the remaining maturities before allowance for impairment losses is as follows:

	2012			2011		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
< 1 month	28,840	144,543	173,383	34,290	164,015	198,305
≥ 1 month ≤ 3 months	20,741	63,234	83,975	184,905	14,108	199,013
> 3 months ≤ 6 months	-	2,397	2,397	-	5,529	5,529
> 6 months	-	-	-	416	-	416
Total	49,581	210,174	259,755	219,611	183,652	403,263

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8. Financial Investments (continued)

The details of financial investment based on remaining maturities can be referred to Note 38.

The changes in the allowance for impairment losses on financial investments are as follows:

	2012	2011
Beginning balance	4,033	2,508
(Reversal of) provision for allowance during the year	(3,420)	1,363
Foreign exchange translation	27	162
Ending Balance	640	4,033

As of December 31, 2012 and 2011, the collectability of all financial investments is classified as current.

The Bank's management believes that the allowance for impairment losses is adequate to cover possible impairment losses from uncollectible financial investments.

The annual interest rates of financial investments in Rupiah range from 4.15% to 6.44% in 2012 and from 2.93% to 8.42% in 2011, and the annual interest rates of financial investments in foreign currencies range from 1.64% to 4.26% in 2012 and from 1.63% to 4.51% in 2011.

There are no financial investments to related parties as of December 31, 2012 and 2011.

9. Securities Sold under Repurchase Agreements

2011					
Counterparty	Type of Government Bonds	Nominal Amount	Commencement Date	Due Date	Carrying Value
UOB Singapore	RI14N	72,540	December 8, 2011	January 9, 2012	84,781
UOB Singapore	RI15	181,350	December 29, 2011	January 27, 2012	205,379
UOB Singapore	RI15	63,472	December 5, 2011	January 5, 2012	71,883
UOB Singapore	RI15	40,804	December 9, 2011	January 9, 2012	46,210
UOB Singapore	RI16	163,215	December 5, 2011	January 5, 2012	188,921
UOB Singapore	RI16	117,878	December 9, 2011	January 10, 2012	136,443
UOB Singapore	RI17	154,147	December 9, 2011	January 11, 2012	179,197
UOB Singapore	RI17	216,523	December 29, 2011	January 31, 2012	251,708
Sub-Total		1,009,929			1,164,522

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10. Derivatives Receivable and Payable

The summaries of derivatives receivable and payable are as follows:

2012			
Type	Notional Value (Contract) (Equivalent Rupiah)	Derivatives Receivable	Derivatives Payable
Forward sold			
US\$	222,193	2,066	1,451
Forward bought			
US\$	488,414	922	2,829
Interest rate swap sold			
IDR	163,725	4,531	2,263
US\$	3,190,408	22,735	27,819
Interest rate swap bought			
IDR	11,760	793	-
US\$	158,055	-	1,960
Cross currency interest rate swap sold			
IDR	186,682	26,152	-
US\$	551,850	-	45,684
Cross currency interest rate swap bought			
IDR	568,594	-	34,145
US\$	956,290	56,283	-
Total		113,482	116,151
2011			
Type	Notional Value (Contract) (Equivalent Rupiah)	Derivatives Receivable	Derivatives Payable
Forward sold			
US\$	641,280	4,419	2,319
Forward bought			
US\$	334,563	109	1,726
Interest rate swap sold			
IDR	55,826	1,419	579
US\$	3,946,184	27,733	32,101
Interest rate swap bought			
US\$	192,231	-	1,066
Cross currency interest rate swap sold			
IDR	293,508	24,887	30,204
US\$	665,840	-	-
Cross currency interest rate swap bought			
IDR	645,404	-	14,010
US\$	1,011,958	24,037	-
Total		82,604	82,005

The details of financial investment based on remaining maturities can be referred to Note 38.

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10. Derivatives Receivable and Payable (continued)

In the normal course of the business, the Bank enters into some derivatives transaction to meet the specific needs of its customers, as well as to manage its liquidity and hedging position. The Bank has its own risk management policy and the risk amount limit in controlling the foreign exchange and interest rate risks. The changes in variable market risk are actively monitored in the ALCO (Asset and Liability Committee) meeting, whereby the changes serve as the benchmark in determining the Bank's strategies.

As of December 31, 2012 and 2011, the Bank has positions in the following types of derivative instruments:

Forward exchange

Forward exchange contracts are contractual agreements to buy or sell a foreign currency at specified rates and on certain dates. These transactions are conducted in the over-the-counter market. Specifically, the Bank enters into this transaction with the objective to control the exchange rate risk. The period of contract for forward exchange transactions undertaken by the Bank ranged between 7 days - 6 months.

Interest rate swap

Interest rate swap contracts are contractual agreements between two parties to exchange movements of interest rates and to make payments with respect to defined credit events based on specified notional amount. Specifically, the Bank has enters into these contracts to hedge its future interest cash flows on its interest income from Rupiah loan receivables from customers (corporate and individual at a pool basis) and its interest income from United States Dollar denominated available-for-sale securities. The contract period for the interest rate swap transacted by the Bank is between 1 year - 5 years.

Cross currency interest rate swap

Cross currency interest rate swap are contractual agreements between two parties to exchange cash flows from loan principal and interest payments which are in different denominations. The contract period for the cross currency interest rate swap transacted by the Bank is between 1 year - 5 years.

The above transactions are not treated as effective hedging for accounting purposes. The changes in the fair value of the derivative instruments are credited or charged to the statements of comprehensive income in the current year.

As of December 31, 2012 and 2011, derivatives receivable are classified as current and not impaired.

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11. Loans

1) By type of loan

	2012			2011		
	Third Parties	Related Parties (Note 35)	Total	Third Parties	Related Parties (Note 35)	Total
Rupiah						
Current accounts	7,487,214	479	7,487,693	6,978,240	3,457	6,981,697
Promissory notes	8,334,325	-	8,334,325	7,743,190	8,900	7,752,090
Investment	8,929,760	15,412	8,945,172	6,900,598	13,947	6,914,545
Housing	4,199,830	45,355	4,245,185	3,518,806	27,793	3,546,599
Installment	3,892,724	-	3,892,724	3,328,021	-	3,328,021
Credit card	864,785	2,794	867,579	956,785	2,726	959,511
Fixed	88,126	-	88,126	613,146	-	613,146
Multi-purpose	508,361	12,416	520,777	349,612	5,482	355,094
Syndicated	735,702	-	735,702	44,346	-	44,346
Motor vehicles	22,042	6,543	28,585	19,090	5,388	24,478
Others	1,460,488	-	1,460,488	903,340	121	903,461
	<u>36,523,357</u>	<u>82,999</u>	<u>36,606,356</u>	<u>31,355,174</u>	<u>67,814</u>	<u>31,422,988</u>
Foreign currencies						
Promissory notes	1,919,862	-	1,919,862	1,827,251	16,322	1,843,573
Investment	1,866,847	265,725	2,132,572	2,147,935	268,619	2,416,554
Syndicated	725,099	-	725,099	1,112,664	-	1,112,664
Installment	1,302,462	-	1,302,462	897,502	-	897,502
Housing	276	-	276	370	-	370
Others	2,292,156	-	2,292,156	1,661,589	1,668	1,663,257
	<u>8,106,702</u>	<u>265,725</u>	<u>8,372,427</u>	<u>7,647,311</u>	<u>286,609</u>	<u>7,933,920</u>
Total	<u>44,630,059</u>	<u>348,724</u>	<u>44,978,783</u>	<u>39,002,485</u>	<u>354,423</u>	<u>39,356,908</u>
Allowance for impairment losses	(502,136)	(741)	(502,877)	(487,686)	(3,445)	(491,131)
Net	<u><u>44,127,923</u></u>	<u><u>347,983</u></u>	<u><u>44,475,906</u></u>	<u><u>38,514,799</u></u>	<u><u>350,978</u></u>	<u><u>38,865,777</u></u>

2) By economic sector

	2012	2011
Processing Industry	12,703,837	10,241,145
Wholesale and retail	12,049,495	10,995,988
Household sector	4,774,416	3,926,706
Transportation, warehousing, and communication	4,023,748	3,460,568
Real estate and business service	3,490,450	3,615,147
Accommodation provider	2,646,185	1,873,861
Construction	2,170,845	1,768,188
Mining and excavation	733,032	911,123
Agriculture, hunting and forestry	587,039	520,071
Electricity, water and gas	361,186	234,765
Social Service	236,056	229,175
Financial intermediaries	170,133	440,622
Health service	54,901	65,230
Fishery	50,289	47,035
Educational service	17,788	15,850
Personal Service	11,648	12,140
Others	897,735	999,294
Total	<u>44,978,783</u>	<u>39,356,908</u>
Allowance for impairment losses	<u>(502,877)</u>	<u>(491,131)</u>
Net	<u><u>44,475,906</u></u>	<u><u>38,865,777</u></u>

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11. Loans (continued)

3) By Terms

a. Based on loan agreement

	2012	2011
Rupiah		
≤ 1 year	17,037,446	15,324,695
< 1 year ≤ 2 years	945,427	1,018,382
< 2 years ≤ 5 years	8,396,381	7,633,833
> 5 years	10,227,102	7,446,078
	<u>36,606,356</u>	<u>31,422,988</u>
Foreign currencies		
≤ 1 year	4,084,595	3,246,583
< 1 year ≤ 2 years	72,278	88,306
< 2 years ≤ 5 years	1,992,306	3,087,611
> 5 years	2,223,248	1,511,420
	<u>8,372,427</u>	<u>7,933,920</u>
Total	44,978,783	39,356,908
Allowance for impairment losses	(502,877)	(491,131)
Net	<u>44,475,906</u>	<u>38,865,777</u>

b. Based on remaining maturities

	2012	2011
Rupiah		
≤ 1 year	17,981,354	16,185,878
< 1 year ≤ 2 years	2,261,879	2,334,022
< 2 years ≤ 5 years	9,474,656	7,963,888
> 5 years	6,888,467	4,939,200
	<u>36,606,356</u>	<u>31,422,988</u>
Foreign currencies		
≤ 1 year	4,206,890	3,419,403
< 1 year ≤ 2 years	358,259	290,266
< 2 years ≤ 5 years	3,033,312	3,501,377
> 5 years	773,966	722,874
	<u>8,372,427</u>	<u>7,933,920</u>
Total	44,978,783	39,356,908
Allowance for impairment losses	(502,877)	(491,131)
Net	<u>44,475,906</u>	<u>38,865,777</u>

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11. Loans (continued)

4) Collectability based on Bank Indonesia Regulation

	2012	2011
Rupiah		
Current	35,437,391	30,449,694
Special Mention	410,634	444,684
Sub-standard	70,633	37,353
Doubtful	204,169	50,595
Loss	483,529	440,662
	<u>36,606,356</u>	<u>31,422,988</u>
Foreign currencies		
Current	8,300,293	7,817,446
Special Mention	16,768	42,054
Sub-standard	-	-
Doubtful	14,704	-
Loss	40,662	74,420
	<u>8,372,427</u>	<u>7,933,920</u>
Total	44,978,783	39,356,908
Allowance for impairment losses	(502,877)	(491,131)
Net	<u>44,475,906</u>	<u>38,865,777</u>

The significant information relating to loans are as follows:

- a. Loans are secured by time deposits, registered mortgages over collateral or power of attorney to sell or to liquidate and by other guarantees generally acceptable to the Bank.
- b. Demand deposits amounting to Rp132,710 and Rp175,621 as of December 31, 2012 and 2011, respectively, are pledged as collateral for loans and other bank facilities (Note 16).
- c. Savings deposits amounting to Rp109,849 and Rp43,603, as of December 31, 2012 and 2011, respectively, are pledged as collateral for loans (Note 17).
- d. Time deposits amounting to Rp3,007,126 and Rp4,437,576, as of December 31, 2012 and 2011, respectively, are pledged as collateral for loans (Note 18).
- e. The average contractual annual interest rate for loans are as follows:

	2012	2011
Rupiah	10.98 %	11.53 %
Foreign currency	5.28 %	4.78 %

- f. Loans to employees represent, among others, housing and car loans. These loans granted to employees bear a lower interest rates than interest rate charged to non-employee which amounted to Rp277,513 and Rp194,362 as of December 31, 2012 and 2011, respectively.

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11. Loans (continued)

- g. As of December 31, 2012 and 2011, total restructured loans amounting to Rp52,319 and Rp71,521, respectively, are provided with allowance for impairment losses of Rp6,488 and Rp9,589, respectively. The restructuring of loans represents extension of maturity dates. There are no losses resulting from those loans restructured and the Bank does not have any commitments to grant additional loans to these customers.
- h. Non-Performing Loans (NPL) amounted to Rp813,784 and Rp603,030 as of December 31, 2012 and 2011, respectively.

Gross NPL ratio as of December 31, 2012 and 2011 represents 1.81% and 1.53% of the total loans, respectively, and net NPL ratio represents 1.13% and 1.17% of the total loans, respectively. Net NPL ratio is calculated in accordance with Bank Indonesia Regulation. Based on Bank Indonesia Regulation No. 10/27/PBI/2008 dated October 30, 2008, net NPL ratio should not exceed 5% of a bank's total loans.

- i. The changes in the allowance for impairment losses of loans are as follows:

	2012	2011
Beginning balance	491,131	405,199
Provision during the year	83,580	209,210
Recovery of loans previously written-off	24,401	17,607
Loans written-off during the year	(100,592)	(142,302)
Foreign exchange translation	4,357	1,417
Ending balance	502,877	491,131

The Bank's management believes that the allowance for impairment losses on loans is adequate to cover any possible losses on uncollectible loans.

- j. The Bank's participation in the total syndicated loans ranged from 5.00% to 40.00% for 2012 and 2.30% to 33.33% for 2011.
- k. The ratio of loans to small business to the total loans is 0.92% in 2012 and 1.57% in 2011.
- l. Bank assessed the individual impairment for significant credit above Rp12 billion.
- m. Based on the report submitted by the Bank to Bank Indonesia as of December 31, 2012 and 2011, the Bank is in compliance with the legal lending limit (BMPK) regulations, both for the related and non-related party borrowers.

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12. Acceptances Receivable and Liabilities

Acceptances receivable and payable represent acceptances arising from import bills, supported by letters of credit, which are received from third party customers, with details as follows:

1. Based on type of currency

a. Acceptances Receivable

	2012	2011
United States Dollar	1,162,747	1,018,141
Rupiah	184,081	308,987
European Euro	50,061	61,883
Japanese Yen	12,939	42,372
Swiss Franc	-	40,618
Total	1,409,828	1,472,001
Allowance for impairment losses	(3,326)	(15,125)
Net	1,406,502	1,456,876

b. Acceptances Liabilities

	2012	2011
United States Dollar	1,157,449	1,018,141
Rupiah	169,308	308,987
European Euro	50,061	61,883
Japanese Yen	12,939	42,372
Swiss Franc	-	40,618
Net	1,389,757	1,472,001

2. Based on period

a. Acceptances Receivable

	2012	2011
Rupiah		
< 1 month	54,857	45,998
≥ 1 month < 3 months	90,875	234,187
≥ 3 months	38,349	28,802
	184,081	308,987

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12. Acceptances Receivable and Liabilities (continued)

2. Based on period (continued)

a. Acceptances Receivable (continued)

	2012	2011
Foreign currencies		
< 1 month	684,157	327,369
≥ 1 month < 3 months	310,308	328,831
≥ 3 months < 6 months	227,467	476,279
≥ 6 months	3,815	30,535
	<u>1,225,747</u>	<u>1,163,014</u>
Total	1,409,828	1,472,001
Allowance for impairment losses	(3,326)	(15,125)
Net	<u>1,406,502</u>	<u>1,456,876</u>

b. Acceptances Liabilities

	2012	2011
Rupiah		
< 1 month	49,569	45,998
≥ 1 month < 3 months	81,390	234,187
≥ 3 months	38,349	28,802
	<u>169,308</u>	<u>308,987</u>
Foreign currencies		
< 1 month	683,343	327,369
≥ 1 month < 3 months	306,816	328,831
≥ 3 months < 6 months	226,475	476,279
≥ 6 months	3,815	30,535
	<u>1,220,449</u>	<u>1,163,014</u>
Net	<u>1,389,757</u>	<u>1,472,001</u>

The changes in the allowance for impairment losses of acceptances receivable are as follows:

	2012	2011
Beginning balance	15,125	3,628
(Reversal) addition of allowance for impairment loss	(11,963)	11,472
Foreign exchange translation	164	25
Ending balance	<u>3,326</u>	<u>15,125</u>

The Bank's management believes that the allowance for impairment losses as of December 31, 2012 and 2011 is adequate to cover any possible losses on uncollectible acceptances receivable.

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13. Fixed Assets

Fixed assets consist of:

2012	Changes During One Year			Ending Balance
	Beginning Balance	Additions and Reclassification	Deductions and Reclassification	
Cost				
Land	163,064	1,084	6,163	157,985
Buildings and building improvements	522,079	2,475	8,753	515,801
Infrastructure	130,208	9,506	1,928	137,786
Office equipments	501,792	77,867	26,008	553,651
Vehicles	62,626	3,483	34,483	31,626
Sub - Total	1,379,769	94,415	77,335	1,396,849
Construction in Progress				
Land, buildings and building improvements	21,655	62,313	21,655	62,313
Office equipment	6,231	24,399	6,231	24,399
Sub - Total	27,886	86,712	27,886	86,712
Total cost	1,407,655	181,127	105,221	1,483,561
Accumulated Depreciation				
Buildings and building improvements	126,424	25,645	4,367	147,702
Infrastructure	21,428	12,993	1,900	32,521
Office equipments	381,122	36,154	24,812	392,464
Vehicles	57,930	1,996	34,344	25,582
Total accumulated depreciation	586,904	76,788	65,423	598,269
Impairment in value	820,751 (3,417)	-	(307)	885,292 (3,110)
Net Book Value	817,334			882,182

2011	Changes During One Year			Ending Balance
	Beginning Balance	Additions and Reclassification	Deductions and Reclassification	
Cost				
Land	158,789	5,266	991	163,064
Buildings and building improvements	630,195	6,964	115,080	522,079
Infrastructure	2,599	140,085	12,476	130,208
Office equipment	490,842	70,703	59,753	501,792
Vehicles	72,518	4,366	14,258	62,626
Sub - Total	1,354,943	227,384	202,558	1,379,769
Construction in Progress				
Land, buildings and building improvements	7,559	21,655	7,559	21,655
Office equipments	1,106	6,231	1,106	6,231
Sub - Total	8,665	27,886	8,665	27,886
Total cost	1,363,608	255,270	211,223	1,407,655
Accumulated Depreciation				
Buildings and building improvements	112,767	28,517	14,860	126,424
Infrastructure	502	22,285	1,359	21,428
Office equipments	379,091	20,949	18,918	381,122
Vehicles	70,069	2,089	14,228	57,930
Total accumulated depreciation	562,429	73,840	49,365	586,904
Impairment in value	801,179 (3,444)	-	(27)	820,751 (3,417)
Net Book Value	797,735			817,334

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13. Fixed Assets (continued)

Depreciation charged to statements of comprehensive income amounted to Rp76,788 and Rp73,840 for the years ended December 31, 2012 and 2011, respectively (Note 29).

As of December 31, 2012, all fixed assets (except land), are covered by insurance against fire and other risks under blanket policies, amounting to Rp592,495 and US\$25,463,743 (full amount).

The impairment on fixed assets represents the difference between the net book value and fair value of certain land and buildings based on an independent appraisal.

The Bank's management believes that there is no further impairment in fixed assets or recovery on allowance of impairment as mentioned in PSAK No. 48.

The proceeds from the sale of fixed assets amounted to Rp58,830 and Rp11,480 for the years ended December 31, 2012 and 2011, respectively. The related gains on sales of fixed assets of Rp49,170 and Rp8,957 are presented as part of "Non-Operating Income - Gain on Sale of Fixed Assets and Foreclosed Assets - net" during the year.

14. Other Assets

Other assets consist of:

	<u>2012</u>	<u>2011</u>
Interests receivables	199,652	187,364
Foreclosed assets (net of allowance for decline in value of Rp24,514 and Rp18,128 as of December 31, 2012 and 2011, respectively)	103,917	134,173
Prepaid expenses - net	47,200	55,858
Deferred employee benefits	26,816	43,999
Settlement of credit card transaction	11,248	1,065
Security deposits	6,947	6,639
Temporary debet	5,262	8,634
ATM receivable	4,719	7,558
Stamp duty	3,471	2,937
Advances	1,563	1,494
Estimated claim for tax refund	1,174	2,214
Interbranch account	413	5,396
Others	6,407	16,683
Net	<u>418,789</u>	<u>474,014</u>

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14. Other Assets (continued)

The changes in the allowance for decline in value of foreclosed assets are as follows:

	2012	2011
Beginning balance	18,128	37,814
Addition (reversal) of allowance during the year	6,386	(19,686)
Ending balance	24,514	18,128

The Bank's management believes that the allowance for decline in value of foreclosed assets is adequate and the carrying value of foreclosed assets is stated at net realizable value.

15. Current Liabilities

Current liabilities amounting to Rp217,802 and Rp80,001 as of December 31, 2012 and 2011 represent cash remittances/draft payables, customers' funds, unsettled clearing/transfer transactions and other short-term liabilities.

16. Demand Deposits

Demand deposits consist of:

	2012			2011		
	Rupiah	Foreign Currency	Total	Rupiah	Foreign Currency	Total
Third parties	4,479,920	504,949	4,984,869	4,422,276	414,610	4,836,886
Related parties (Note 35)	2,262	-	2,262	3,744	-	3,744
Total	4,482,182	504,949	4,987,131	4,426,020	414,610	4,840,630

The annual average interest rate for demand deposits are as follows:

	2012	2011
Rupiah	2.21 %	2.59%
Foreign Currency	0.00 %	0.00%

As of December 31, 2012 and 2011, demand deposits amounting to Rp132,710 and Rp175,621 are pledged as collateral for loan facilities and other Bank's facilities (Note 11).

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17. Savings Deposits

Savings deposits consist of:

Product	2012			2011		
	Third Parties	Related Parties (Note 35)	Total	Third Parties	Related Parties (Note 35)	Total
Produktif	6,894,989	6,100	6,901,089	6,618,643	26,822	6,645,465
Saving Plan	365,458	329	365,787	427,116	366	427,482
High Yield	440,352	20	440,372	328,128	12	328,140
Gold	281,361	540	281,901	292,608	264	292,872
Buana Plus	75,422	14,642	90,064	66,899	3,524	70,423
Tabunganku	85,418	101	85,519	40,586	159	40,745
Total	8,143,000	21,732	8,164,732	7,773,980	31,147	7,805,127

The annual average interest rate for savings deposits are as follows:

	2012	2011
Rupiah	2.56 %	3.38%
Foreign currencies	0.55 %	0.43%

As of December 31, 2012 and 2011, savings deposits pledged as collateral for loan facilities amounted to Rp109,849 and Rp43,603, respectively (Note 11).

18. Time Deposits

Time deposits consist of:

	2012			2011		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Third parties	25,801,518	7,534,824	33,336,342	24,433,344	5,755,200	30,188,544
Related parties (Note 35)	27,953	22,760	50,713	48,931	19,981	68,912
Total	25,829,471	7,557,584	33,387,055	24,482,275	5,775,181	30,257,456

The details of time deposits based on maturities are as follows:

	2012			2011		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
< 1 month	1,220,952	32,311	1,253,263	1,627,565	134,094	1,761,659
≥ 1 month < 3 months	13,976,826	2,945,869	16,922,695	13,123,008	3,172,609	16,295,617
≥ 3 months < 6 months	7,018,310	804,940	7,823,250	4,754,422	1,036,610	5,791,032
≥ 6 months < 12 months	3,613,383	3,774,464	7,387,847	2,656,577	962,116	3,618,693
≥ 12 months	-	-	-	2,320,703	469,752	2,790,455
Total	25,829,471	7,557,584	33,387,055	24,482,275	5,775,181	30,257,456

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18. Time Deposits (continued)

The details of time deposits based on remaining maturities are as follows:

	2012			2011		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
< 1 month	15,080,270	2,550,947	17,631,217	15,484,054	3,662,281	19,146,335
≥ 1 month < 3 months	9,701,067	1,977,664	11,678,731	6,103,422	1,167,363	7,270,785
≥ 3 months < 6 months	949,075	2,705,574	3,654,649	1,535,058	790,489	2,325,547
≥ 6 months	99,059	323,399	422,458	1,359,741	155,048	1,514,789
Total	25,829,471	7,557,584	33,387,055	24,482,275	5,775,181	30,257,456

Time deposits pledged as collateral for loan facilities granted amounted to Rp3,007,126 and Rp4,437,576 as of December 31, 2012 and 2011, respectively (Note 11).

The annual average interest rate for time deposits are as follows:

	2012	2011
Rupiah	6.29 %	7.21%
Foreign currency	2.46 %	1.97%

19. Deposits from Other Banks

Deposits from other banks consist of:

	2012	2011
Rupiah		
Call money	370,000	35,000
Time deposits	226,285	280,273
Savings deposits	30,654	26,138
Demand deposits	12,987	27,536
	639,926	368,947
Foreign currency		
Call money	992,663	938,486
Time deposits and deposit on-call	48,188	9,068
Savings deposits	876	-
	1,041,727	947,554
Total	1,681,653	1,316,501

The terms of deposits from other banks in call money are less than one month, while the terms of time deposits and deposit on-call from other banks are one month.

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19. Deposits from Other Banks (continued)

The average annual interest rate for deposits from other banks are as follows:

	<u>2012</u>	<u>2011</u>
Rupiah	4.38%	4.56%
Foreign currency	0.26%	0.46%

20. Taxes Payable

Taxes payable consist of:

	<u>2012</u>	<u>2011</u>
Income Taxes Payable		
Article 4 (2)	29,677	31,414
Article 21	18,484	15,852
Article 23	45	249
Article 25	32,314	21,296
Article 29	4,251	105
Value Added Taxes	300	623
Total taxes payable	<u>85,071</u>	<u>69,539</u>

The reconciliation between income before tax expense, as shown in the statements of comprehensive income, and taxable income for the years ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Income before tax expense as stated in the statements of comprehensive income	1,488,907	1,075,559
Temporary differences:		
Provision for (reversal of) decline in value of foreclosed assets	6,387	(19,686)
Provision for employees' benefits	17,836	13,853
Unrealized gain (loss) on trading securities - net	7,435	(8,604)
Depreciation of fixed assets	(7,872)	(9,781)
Reversal of allowance for impairment losses on earning assets and non-earning assets	(193,325)	(29,163)
Interest accretion income	2,971	4,462
Gain on sale of fixed assets - net	(2,981)	(3,337)
Permanent differences:		
Maintenance	1,445	614
Depreciation of fixed assets	1,097	-
Gain on sale of fixed assets - net	(33,532)	-
Rental income	1,931	1,525
Others - net	48,912	50,314
Taxable income - Bank	<u>1,339,211</u>	<u>1,075,756</u>

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20. Taxes Payable (continued)

The computation of tax expense - current and tax expense - deferred - net for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
Taxable income	1,339,211	1,075,756
Income tax expense - current	334,802	268,939
Income tax expense- deferred		
Provision (recovery) for decline in value of foreclosed assets	1,597	(4,922)
Provision for employees' benefits - net	4,459	3,463
Unrealized gain (loss) on trading securities - net	1,859	(2,151)
Depreciation of fixed assets	(1,968)	(2,445)
Interest accretion income	741	1,116
Reversal for impairment losses on earning assets and non-earning assets	(48,331)	(7,291)
Gain on sale of fixed assets - net	(745)	(834)
Income tax expense - deferred - net	(42,388)	(13,064)
Tax expense - net	377,190	282,003

The computation of taxable income and income tax payable for 2011 is consistent with what was reported in the Annual Tax Return (SPT) filed to the Tax Office.

The reconciliation between tax expense calculated by using the applicable tax rate from income before tax benefit (expense), and tax expense presented in the statements of comprehensive income for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
Income before tax expense	1,488,907	1,075,559
Income tax expense at applicable tax rate	372,227	268,890
Effects of permanent differences on income tax expense		
Maintenance	361	153
Depreciation of fixed assets	274	-
Loss on sale of fixed assets - net	(8,383)	-
Rental income	483	381
Others - net	12,228	12,579
Tax expense - net	377,190	282,003

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20. Taxes Payable (continued)

The computations of tax expense - current and income tax payable are as follows:

	2012	2011
Tax expense - current	334,802	268,939
Prepayments of income taxes - Article 25	(330,551)	(268,834)
Income tax payable	4,251	105

The details of deferred tax (liabilities) assets are as follows:

	2012	2011
Deferred Tax Assets (Liabilities) - Net		
Allowance for decline in value of foreclosed assets	6,128	4,531
Allowance for impairment losses on earning assets and non-earning assets	(40,298)	8,033
Liability for employees' benefits	17,495	13,036
Depreciation of fixed assets	(5,396)	(3,428)
Unrealized gain on available-for-sale securities	(12,074)	(1,177)
Unrealized gain on trading securities - net	(1,511)	(3,370)
Interest accretion income	(2,946)	(3,687)
Gain on sale of fixed assets - net	(1,579)	(834)
Deferred Tax (Liability) Assets - Net	(40,181)	13,104

On 2011, Bank has submitted a Tax Objection Letter to the Tax Office for Tax Underpayment Assessment Letter (SKPKB) of Value Added Tax on sale of foreclosed assets amounting to Rp2,214. The objection has been granted by Tax Office based on decision of Directorate General of Tax No. KEP.-1167/WPJ.19/2012 dated August 30, 2012 and has received as a tax returned amounting to Rp1,040.

On 2012, Bank has re-submitted an appeal for the objection to Court regarding decision of Directorate General of Tax No. KEP.-1167/WPJ.19/2012 with Letter No. 12/DIR/0743 amounting to Rp1,174.

21. Obligation on Securities Sold under Repurchase Agreements

2011					
Counterparty	Type of Government Bonds	Nominal Amount	Starting Date	Due Date	Carrying Value
UOB Singapore	RI14N	72,540	December 8, 2011	January 9, 2012	86,868
UOB Singapore	RI15	181,350	December 29, 2011	January 27, 2012	207,256
UOB Singapore	RI15	63,472	December 5, 2011	January 5, 2012	72,947
UOB Singapore	RI15	40,804	December 9, 2011	January 9, 2012	46,927
UOB Singapore	RI16	163,215	December 5, 2011	January 5, 2012	195,349
UOB Singapore	RI16	117,878	December 9, 2011	January 10, 2012	142,540
UOB Singapore	RI17	154,147	December 9, 2011	January 11, 2012	182,649
UOB Singapore	RI17	216,523	December 29, 2011	January 31, 2012	255,761
Sub - Total		1,009,929			1,190,297

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22. Estimated Losses on Commitments and Contingencies

The changes in the estimated losses on commitments and contingencies are as follows:

	2012	2011
Beginning balance	-	11,210
Reversal of allowance during the year	-	(11,356)
Foreign exchange translation	-	146
Ending balance	-	-

The Bank's management believes that the allowance for impairment losses is adequate to cover any possible losses on unrealized commitment and contingency transactions.

23. Other Liabilities

Other liabilities consist of:

	2012	2011
Unearned income	252,888	282,744
Accrued expenses	168,953	88,361
Guarantee deposits	41,138	38,895
Others	37,481	30,389
Total	500,460	440,389

24. Share Capital

The Bank's shareholders and percentage of ownership as of December 31, 2012 and 2011 are as follows (Note 1):

Shareholders	2012		
	Issued and Fully Paid Shares	Percentage of Ownership	Total Capital
UOB International Investment Private Limited, Singapore	6,586,706,877	68.943 %	1,646,676
United Overseas Bank Limited, Singapore	2,871,523,512	30.056 %	717,881
Sukanta Tanudjaja	95,539,288	1.000 %	23,885
Others (below 1% each)	116,127	0.001%	29
Total	9,553,885,804	100.000%	2,388,471

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24. Share Capital (continued)

Shareholders	2011		
	Issued and Fully Paid Shares	Percentage of Ownership	Total Capital
UOB International Investment Private Limited, Singapore	6,586,706,067	68.943 %	1,646,676
United Overseas Bank Limited, Singapore	2,871,523,512	30.056 %	717,881
Sukanta Tanudjaja	95,539,288	1.000 %	23,885
Others (below 1% each)	116,937	0.001 %	29
Total	9,553,885,804	100.000%	2,388,471

In 2012 and 2011, UOB International Investment Private Limited, Singapore bought 810 and 49,561 shares from certain shareholders.

At the Shareholder Extraordinary General Meeting (EGM) held on January 18, 2011, the minutes of which were notarized under Deed No. 24 of Fathiah Helmi, S.H., on the same date, the shareholders agreed to amend the Company's authorized capital from 18,000,000,000 shares to 36,000,000,000 shares amounted Rp250 (full amount) per shares.

Capital Management

The primary objective of the Bank's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

In addition, the Bank is also required by the Corporate Law effective August 16, 2007 to contribute and maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid up share capital. This capital requirements are considered by the Bank at the Annual General Shareholders' Meeting ("AGM").

The Bank manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Bank may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes as of December 31, 2012 and 2011.

The Bank's policy is to maintain a healthy capital structure in order to secure access to finance at a reasonable cost.

25. Additional Paid-in Capital

This account consists of paid-in capital-net of issuance cost of the Bank's shares as follows:

Paid-in capital	
Limited Public Offering III year 2006	576,625
Stock dividend	238,276
Issuance cost	
Limited Public Offering III year 2006	(2,306)
Total	812,595

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26. Retained Earnings

At the Shareholders' Annual General Meeting held on April 19, 2011, the minutes of which were notarized under Deed No. 50 of Fathiah Helmi, S.H., on the same date, the shareholders agreed to increase the amount appropriated for general reserve amounting to Rp2,500 to comply with Article 70 of the Corporation Law and Article 20 of the Bank's Articles of Association and registered the entire net profit earned in 2010 after deduction against reserve as retained earnings.

The Board of Directors and the Board of Commissioners have ratified the distribution of dividends for 2011 fiscal year amounting to Rp277,740 which were distributed as interim dividends amounting to Rp247,120 on September 27, 2011 and the remaining dividends amounting to Rp30,620 were distributed on June 12, 2012.

At the Shareholders' Annual General Meeting held on May 25, 2012, the minutes of which were notarized under Deed No. 67 of Fathiah Helmi, S.H., on the same date, the shareholders agreed to increase the amount appropriated for general reserve amounting to Rp2,500 to comply with Article 70 of the Corporation Law and Article 20 of the Bank's Articles of Association and registered the entire net profit earned in 2011 after deduction against reserve and dividends as retained earnings.

27. Interest Income

Interest income is derived from the following:

	2012	2011
Loans	4,535,996	3,700,246
Financial investments and placements with Bank Indonesia	287,478	360,867
Placements with other banks	24,960	38,822
Current accounts with Bank Indonesia and other banks	17,343	13,451
Total	4,865,777	4,113,386

Interest income earned from related parties from loans for the years ended December 31, 2012 and 2011 is 0.56% and 0.63% of the total interest income for each related years, respectively.

28. Interest Expense

This account represents interest expense incurred on the following:

	2012	2011
Time deposits	1,715,222	1,425,258
Savings deposits	119,940	137,755
Demand deposits	114,853	113,691
Premium on Government guarantee (Note 34)	94,568	64,887
Deposits from other banks	16,142	33,337
Total	2,060,725	1,774,928

Interest expense on transactions with related parties is 0.89% and 1.90% of the total interest expense for the years ended December 31, 2012 and 2011, respectively.

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29. General and Administrative Expenses

This account consists of:

	2012	2011
Outsourcing service	107,766	93,265
Telecommunication, electricity and water	102,680	89,307
Depreciation of fixed assets (Note 13)	76,788	73,840
Advertising and promotion	56,857	77,961
Rental	55,199	37,685
Repairs and maintenance	49,463	72,997
Education and training	42,429	55,177
Printed materials and office supplies	31,968	37,194
Professional fees	20,296	16,548
Security	5,291	6,912
Insurance	4,982	4,976
Others	78,577	72,425
Total	632,296	638,287

30. Salaries and Employee Benefits Expenses

This account consists of:

	2012	2011
Salaries and wages	536,444	477,321
Gratification	192,208	95,470
Lebaran bonus	102,929	86,906
Medical	45,842	42,884
Employee benefits	59,311	32,314
Meals, transportation and other allowance	35,789	27,303
Overtime	22,871	19,605
Obligatory employee insurance (Jamsostek)	22,052	19,223
Others	138,050	128,211
Total	1,155,496	929,237

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32. Commitments and Contingencies

The Bank's commitments and contingencies are as follows:

	2012	2011
Commitments		
Commitment receivables		
Outstanding irrevocable letters of credit	1,287,469	1,165,001
Commitment liabilities		
Unused loan facilities granted	(7,706,149)	(7,668,584)
Outstanding irrevocable letters of credit	(1,309,164)	(1,172,341)
Commitment liabilities - net	(7,727,844)	(7,675,924)
Contingencies		
Contingent receivables		
Interest on non-performing loans	386,751	185,007
Standby letters of credit	274,741	192,629
Contingent liabilities		
Bank guarantees	(893,267)	(800,165)
Standby letters of credit	(274,741)	(192,629)
Contingent liabilities - net	(506,516)	(615,158)
Commitments and contingent liabilities - net	(8,234,360)	(8,291,082)

33. Liability for Employee Benefits

The Bank has defined contribution retirement plan and also recognizes estimated liability for termination, gratuity and compensation benefits to cover any deficiency as provided under Law No. 13/2003 and the Bank's labor agreement.

The Bank's defined contribution retirement plan is managed by PT Asuransi Jiwa Manulife Indonesia.

The contribution is determined at 16% of the employees' salary who joined the pension plan, of which 10% is contributed by the Bank and the remaining 6% is contributed by the employee. The Bank's pension expense for the years ended December 31, 2012 and 2011 amounted to Rp61,374 and Rp51,702, respectively.

The estimated liabilities for employee benefits as of December 31, 2012 and 2011 were determined based on the actuarial valuations performed by PT Sienco Aktuarindo Utama, an independent actuary, in its reports dated January 10, 2013 and January 19, 2012, respectively, using the "Projected Unit Credit" method. The principal assumptions used in the valuations are as follows:

	2012	2011
Discount interest rate	5.65%	8.50%
Salary projection rate	6%	6%
Mortality rate	TMI2011	CSO 1980
Retirement age	55 years old	55 years old

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33. Liability for Employee Benefits (continued)

Employee benefits expense - net

	2012	2011
Current service cost	18,180	11,199
Interest cost	5,205	7,290
Amortization of unrecognized past service cost - non-vested benefits	106	106
Recognized actuarial losses	380	3,808
Employee benefits expense - net (Note 30)	23,871	22,403

Amounts for the year ended December 31, 2012 and previous four annual periods of employee benefits:

	2012	2011	2010	2009	2008
Present value of employee benefit obligations	103,204	64,258	93,171	41,121	53,578
Unrecognized past service costs	(1,172)	(1,278)	(1,384)	(2,210)	(3,649)
Unrecognized actuarial losses	(32,050)	(10,834)	(53,494)	(14,165)	(26,308)
Employee benefits liability	69,982	52,146	38,293	24,746	23,621

The amounts of experience adjustments arising on the plan liabilities and plan assets for the year ended December 31, 2012 and previous four annual periods of employee benefits:

	2012	2011	2010	2009	2008
Present value of benefit obligation	103,204	64,258	93,171	41,121	53,578
Experience adjustment on liability	(5,488)	45,462	(27,006)	15,062	(21,805)

The movements of employees' benefits liability for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Beginning balance	52,146	38,293
Provisions during the year	23,871	22,403
Payments of benefits	(6,035)	(8,550)
Ending balance	69,982	52,146

34. The Government Guarantee for The Payment of Obligations of Commercial Banks

In connection with the obligations guaranteed by commercial bank under the Government Guarantee Program, the Indonesian Government has established an independent institution in accordance with the Republic of Indonesia Law No. 24 year 2004 dated September 22, 2004. Under this Law, The Deposit Guarantee Institution (Lembaga Penjamin Simpanan/LPS), guarantees third party deposits including deposits from other banks in the form of demand deposits, time deposits, certificates of deposit, savings deposits and/or other equivalent forms. On October 13, 2008, the President of the Republic of Indonesia approved Government Regulation No. 66 Year 2008 regarding the amount of guarantee on deposits guaranteed by LPS. Based on such Regulation, the guaranteed customers' deposit amount in a Bank which was previously based Law No. 24 Year 2004 amounted to a maximum of Rp100 was amended to a maximum of Rp2,000.

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34. The Government Guarantee for The Payment of Obligations of Commercial Banks (continued)

In relation to this program, the Bank paid premium amounting to Rp94,568 and Rp64,887 for the years ended December 31, 2012 and 2011 (unaudited), respectively, which is recorded as part of interest expense in the statements of comprehensive income (Note 28).

35. Nature and Transaction Balances with Related Parties

In the Bank's normal operations, the Bank have operational and financial transactions with related parties.

The details of transactions with related parties are as follows:

	2012		2011	
	Total	Percentage (%)	Total	Percentage (%)
Current accounts with other banks (Note 5)				
United Overseas Bank Ltd., Singapore	420,176	0.71	146,064	0.27
United Overseas Bank, Great Britain	53,081	0.09	35,283	0.06
United Overseas Bank, Japan	31,995	0.05	17,117	0.03
United Overseas Bank, Hong Kong	1,478	0.00	357	0.00
United Overseas Bank, Australia	504	0.00	460	0.00
United Overseas Bank, Malaysia	39	0.00	36	0.00
Total current accounts with other banks	507,273	0.85	199,317	0.36
Placements with other banks (Note 6)				
Call Money				
United Overseas Bank Ltd., Singapore	105,075	0.18	280,294	0.51
Derivatives Receivable				
Cross currency interest rate swap				
United Overseas Bank Ltd., Singapore (Note 10)	339	0.00	631	0.00
Loans (Note 11)				
<u>Outstanding balances above Rp1,000 each</u>				
PT UOB Property	265,725	0.45	265,224	0.48
PT Strada Multiperkasa	15,308	0.03	13,947	0.03
Adhiputra Tanoyo	3,564	0.01	-	0.00
Bratha	2,847	0.01	-	0.00
Howard Lee Liofery	2,738	0.01	-	0.00
Salvy Gunawan	2,705	0.01	-	0.00
Dellyanna	2,568	0.00	1,551	0.00
Richard Bonar Silalahi	2,410	0.00	2,513	0.01
Jeanny Halim	2,085	0.00	-	0.00
Roy Fahrizal Permana	1,943	0.00	2,010	0.01
Sisilia Tjandra	1,884	0.00	-	0.00
Ld Ari Lastina	1,564	0.00	1,673	0.00
Miko Andidjaja	1,380	0.00	1,111	0.00
Bontor Sitio	1,277	0.00	1,270	0.00
Bambang Simon Simarno	1,262	0.00	1,302	0.00
Aris Damawi	1,256	0.00	1,441	0.00
Soehadi Tansol	1,227	0.00	1,548	0.00
Wenny Ekawulan Handoyo	1,217	0.00	1,292	0.00
Indah Krisnawati	1,199	0.00	1,088	0.00
Drs Yongky Hartono	986	0.00	1,077	0.00
Hisar Edwar Marbun	825	0.00	1,971	0.01
<u>Outstanding balances below Rp1,000 each</u>				
Consisting of 85 and 121 debtors as of December 31, 2012 and 2011, respectively	32,754	0.06	55,405	0.10
Total loans	348,724	0.58	354,423	0.64

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35. Nature and Transactions Balances with Related Parties (continued)

The details of transactions with related parties are as follows: (continued)

	2012		2011	
	Total	Percentage (%)	Total	Percentage (%)
Deposits:				
Demand deposits (Note 16)	2,262	0.01	3,744	0.01
Savings deposits (Note 17)	21,732	0.04	31,147	0.07
Time deposits (Note 18)	50,713	0.10	68,912	0.14
Total deposits	74,707	0.15	103,803	0.22
Deposits from other banks				
Call Money				
United Overseas Bank Ltd., Singapore (Note 19)	819,188	1.61	507,780	1.06
Derivatives payable				
Cross currency interest rate swap				
United Overseas Bank Ltd., Singapore (Note 10)	667	0.00	425	0.00
Interest rate swap				
United Overseas Bank Ltd., Singapore (Note 10)	9,406	0.02	15,161	0.03
Total derivatives payable	10,073	0.02	15,586	0.03
Other liabilities				
Accrued expenses				
United Overseas Bank Ltd., Singapore	15,066	0.03	4,558	0.01
Outsourcing cost				
United Overseas Bank Ltd., Singapore				
Capitalized to fixed assets				
Cardlink	5,820	0.01	7,506	0.01
Charged to operations				
Cardlink	7,622	0.43	7,784	0.50
CACS	2,605	0.14	3,379	0.22
Wallstreet	2,582	0.14	2,746	0.18
Merva	2,256	0.13	2,143	0.14
SAP/CARS	286	0.02	483	0.03
	15,351	0.86	16,535	1.07

Notes:

- a. The percentages of current accounts with other banks, placements with other banks, derivatives receivable, other assets and loans are computed based on the total assets at statements of financial position date.
- b. The percentages of demand deposits, savings deposit, time deposits, deposits from other banks, derivatives payable, and accrued expenses are computed based on the total liabilities at statements of financial position date.
- c. The percentages of building maintenance expenses are computed based on the total general and administrative expenses in each related year. The building maintenance expense represent the maintenance expenses of UOB Plaza - Thamrin Nine which was paid to PT UOB Property.

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35. Nature and Transactions Balances with Related Parties (continued)

- d. The percentage of other general and administrative expenses is computed based on the total general and administrative expenses for each year.
- e. The percentage of outsourcing costs capitalized to fixed assets is computed based on total assets at statements of financial position, while the percentage of outsourcing costs charged to operations is computed based on the total other operational expenses for each related year. Outsourcing costs represent costs charged by United Overseas Bank Limited (UOB) to the Bank in connection with the amended Master Outsourcing Agreement dated April 1, 2008. UOB renders system enhancement and information technology related services on credit card, treasury and common systems applications in the Bank. As compensation to the services, the Bank is obliged to pay one time cost and recurring costs such as development and enhancement costs on the application stated in the agreement. This agreement shall remain in force for a period of one year commencing from the effective date of the agreement and shall be automatically renewed for another one year unless either of the party shall give the other party a written notice of intention not to renew the agreement at least six months prior to expiry. These transactions have been approved by the Bank's independent shareholders on June 20, 2008.
- f. Interest income and expenses from/to related parties, which are received/incurred by the Bank is less than 10% of the Bank's total interest income and expenses, respectively, for each related year.
- g. All related parties are related to the Bank due to common ownership/ shareholders, the key management personnel and their close family members.

36. Net Open Position

The Net Open Positions (NOP) as of December 31, 2012 and 2011 are as follows:

	2012				
	Foreign Currencies (in full amount)		Rupiah Equivalent		Net Open Position
	Assets	Liabilities	Assets	Liabilities	
<u>Aggregate (statements of financial position and administrative accounts)</u>					
United States Dollar	4,610,678,681	4,610,731,140	44,435,416	44,435,921	505
Singapore Dollar	675,941,698	676,762,181	5,325,477	5,331,942	6,465
Australian Dollar	16,983,645	16,204,101	169,957	162,156	7,801
European Euro	49,915,100	49,820,445	635,500	634,295	1,205
Japanese Yen	1,950,118,094	1,935,018,860	217,955	216,267	1,688
Swiss Franc	1,409,403	1,198,015	14,850	12,623	2,227
Swedish Kroner	15,546,592	15,408,159	22,988	22,783	205
Canadian Dollar	121,511	120,567	1,177	1,168	9
New Zealand Dollar	1,663,286	1,591,201	13,170	12,599	571
Malaysian Ringgit	12,533	-	39	-	39
Hong Kong Dollar	9,845,195	9,984,350	12,240	12,413	173
Great Britain Pound Sterling	11,790,967	11,823,661	182,936	183,444	508
Total			51,031,705	51,025,611	21,396

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36. Net Open Position (continued)

The Net Open Positions (NOP) as of December 31, 2012 and 2011 are as follows: (continued)

	2012				
	Foreign Currencies (in full amount)		Rupiah Equivalent		Net Open Position
	Assets	Liabilities	Assets	Liabilities	
<u>Statements of Financial Position</u>					
United States Dollar	3,924,652,808	3,948,020,652	37,823,841	38,049,048	225,207
Singapore Dollar	661,795,388	674,494,405	5,214,024	5,314,075	100,051
Australian Dollar	16,024,083	15,989,251	160,354	160,006	348
European Euro	21,572,429	21,696,162	274,652	276,227	1,575
Japanese Yen	1,147,942,943	1,126,959,384	128,300	125,955	2,345
Swiss Franc	177,320	83,965	1,868	885	983
Swedish Kroner	2,546,592	2,408,159	3,766	3,561	205
Canadian Dollar	121,511	120,567	1,177	1,168	9
New Zealand Dollar	1,603,293	1,591,201	12,695	12,599	96
Malaysian Ringgit	12,533	-	39	-	39
Hong Kong Dollar	2,345,195	2,232,716	2,916	2,776	140
Great Britain Pound Sterling	3,427,481	3,282,817	53,177	50,933	2,244
Total			43,676,809	43,997,233	333,242
Total Tier I and Tier II Capital November 2012 (unaudited) net of capital deduction					8,073,544
Percentage of NOP to November 2012 capital (unaudited) (Statements of Financial Financial Position)					4.13%
Percentage of NOP to November 2012 capital (Aggregate) (unaudited)					0.27%
Total Tier I and Tier II Capital December 2012 net of capital deduction (Note 37)					8,100,744
Percentage of NOP to December 2012 capital (Statements of Financial Position)					4.11%
Percentage of NOP to December 2012 capital (Aggregate)					0.26%

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36. Net Open Position (continued)

	2011				
	Foreign Currencies (in full amount)		Rupiah Equivalent		Net Open Position
	Assets	Liabilities	Assets	Liabilities	
<u>Aggregate (statements of financial position and administrative accounts)</u>					
United States Dollar	3,389,418,634	3,386,370,182	30,733,553	30,705,912	27,641
Singapore Dollar	400,780,563	399,612,487	2,798,869	2,790,712	8,157
Australian Dollar	22,350,885	21,975,108	205,757	202,298	3,459
European Euro	37,507,921	37,592,667	439,396	440,389	993
Japanese Yen	969,033,177	962,091,060	113,202	112,391	811
Swiss Franc	7,599,682	7,526,442	73,200	72,494	706
Swedish Kroner	13,299,359	12,987,838	17,408	17,001	407
Canadian Dollar	543,469	498,732	4,829	4,431	398
New Zealand Dollar	3,110,113	3,073,809	21,773	21,518	255
Malaysian Ringgit	12,510	-	36	-	36
Hong Kong Dollar	1,455,257	1,435,404	1,699	1,675	24
Great Britain Pound Sterling	7,217,589	7,218,257	100,868	100,877	9
Total			34,510,590	34,469,698	42,896
<u>Statements of Financial Position</u>					
United States Dollar	2,603,616,392	2,587,498,227	23,608,292	23,462,140	146,152
Singapore Dollar	349,947,710	395,554,144	2,443,876	2,762,370	318,496
Australian Dollar	20,592,756	17,209,161	189,572	158,424	31,148
European Euro	31,478,735	31,514,954	368,766	369,190	424
Japanese Yen	602,176,095	606,331,295	70,346	70,832	486
Swiss Franc	5,042,879	5,044,207	48,573	48,585	12
Swedish Kroner	299,331	117,838	392	154	238
Canadian Dollar	543,469	488,363	4,829	4,339	490
New Zealand Dollar	2,987,672	2,951,369	20,915	20,661	254
Malaysian Ringgit	12,510	-	36	-	36
Hong Kong Dollar	1,455,257	1,435,404	1,699	1,675	24
Great Britain Pound Sterling	6,206,250	6,798,319	86,734	95,008	8,274
Total			26,844,030	26,993,378	506,034
Total Tier I and Tier II Capital November 2011 (unaudited) net of capital deduction					7,531,910
Percentage of NOP to November 2011 capital (unaudited) (Statements of Financial Position)					6.72%
Percentage of NOP to November 2011 capital (Aggregate) (unaudited)					0.57%
Total Tier I and Tier II Capital December 2011 net of capital deduction (Note 37)					7,394,259
Percentage of NOP to December 2011 capital (Statements of Financial Position)					6.84%
Percentage of NOP to December 2011 capital (Aggregate)					0.58%

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36. Net Open Position (continued)

In accordance with BI regulation concerning NOP as amended by BI Regulation No. 6/20/PBI/2004 on July 15, 2004 and as further amended by BI Regulation No. 12/10/PBI/2010 dated July 1, 2010, the maximum NOP of banks should be 20% of capital. NOP represents an absolute amount arising from the differences between the assets and liabilities in foreign currencies in the statements of financial position and administrative accounts. The NOP of the Bank as of December 31, 2012 and 2011 is in compliance with BI regulations.

37. Significant Information

a. Capital Adequacy Ratio

As of December 31, 2012 and 2011, the Bank's Capital Adequacy Ratio (CAR) is computed in accordance with BI Regulation No. 10/15/PBI/2008 dated September 24, 2008 and SE No. 13/30/DPNP dated December 16, 2011 as follows:

	2012	2011
Core capital		
Paid-in capital	2,388,471	2,388,471
Additional capital		
Additional paid-in capital	812,595	812,595
Current year income	555,859	273,218
General reserves	45,000	42,500
Prior years' income	2,795,148	2,281,793
Under difference between productive asset provision and reserve of financial asset losses over productive asset	(231,520)	(105,997)
Difference in the value of restructuring transactions of entities under common control	1,289,647	1,289,647
Non productive asset provision required	(61,845)	(30,481)
Total core capital	7,593,355	6,951,746
Supplementary capital (maximum of 100% of core capital)		
Revaluation increment on fixed assets which previously has been classified to retained earnings	46,476	46,476
General reserves on allowance for possible losses on earning assets (maximum of 1.25% of RWA)	460,913	396,037
Total supplementary capital	507,389	442,513
Total capital	8,100,744	7,394,259

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37. Significant Information (continued)

a. Capital Adequacy Ratio (continued)

	2012	2011
Credit Risk Weighted Assets	43,525,036	37,693,549
Market Risk Weighted Assets	60,125	131,321
Operational Risk Weighted Assets	4,706,403	4,155,263
Capital Adequacy Ratio for Credit Risk	18.61%	19.62%
Capital Adequacy Ratio for Credit Risk and Market Risk	18.59%	19.55%
Capital Adequacy Ratio for Credit Risk, Market Risk and Operational Risk	16.77%	17.61%
Required Capital Adequacy Ratio	8.00%	8.00%

Based on Circular Letter No. 11/3/DPNP dated January 27, 2009 regarding the calculation of RWA for Operational Risk using the Basic Indicator Approach, the Bank has made the calculation of Risk Weighted Assets (RWA) for Operational Risk. According to the Circular Letter, the calculation of RWA for Operational Risk is applied gradually, as follows:

1. Since January 1, 2011 until June 30, 2011, the calculation of Operational Risk capital charge is set at 5% (five percent) of the average positive annual gross income during the last three years.
2. Since July 1, 2011 until December 31, 2011, the calculation of Operational Risk capital charge is set at 10% (ten percent) of average positive annual gross income during the last three years.
3. Since January 1, 2012, the calculation of Operational Risk capital charge is set at 15% (fifteen percent) of the average positive annual gross income during the last three years.

In 2012, BI did a revision of the regulation and issued circular letter No. 14/37/DPNP regarding Capital Adequacy Ratio with Risk Profile and Capital Equivalency Maintained Assets (CEMA).

The Bank is obliged to have and apply the process of capital adequacy calculation internally or Internal Capital Adequacy Assessment Process (ICAAP). The components of ICAAP :

- a. Active Supervision of Board of Commissioners and Board of Directors
- b. Capital Adequacy Assessment
- c. Monitoring and Reporting
- d. Internal control

Bank also provides the minimum capital required according to the risk profile, as follow:

- a. 8% of the RWA for bank with a rating of 1 risk profile;
- b. 9% until less than 10% of the RWA for bank with a risk profile rating 2;
- c. 10% until less than 11% of the RWA for bank with a risk profile rating 3;
- d. 11% until 14% of RWA for bank with risk profile ratings of 4 or 5.

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37. Significant Information (continued)

b. Other financial ratios

	<u>2012</u>	<u>2011</u>
Capital:		
CAR for:		
credit risk (point a)	18.61%	19.62%
credit risk and market risk (point a)	18.59%	19.55%
credit risk, market risk and operational risk (point a)	16.77%	17.61%
Fixed assets to equity	18.28%	18.99%
Earning Assets Quality:		
NPL - gross (Note 11)	1.81%	1.53%
NPL - net (Note 11)	1.13%	1.17%
Rentability:		
Return on assets	2.60%	2.30%
Return on equity	14.97%	11.43%
Net interest income to average total earning assets	5.07%	5.14%
Operational expenses to operational income	74.61%	77.55%
Liquidity:		
Loan to deposit ratio	96.64%	91.70%
Compliance:		
Legal Lending Limit:		
Related parties	0.00%	0.00%
Primary Minimum Reserve Requirement - Rupiah (Note 4)	8.10%	8.10%
Net Open Position (Note 36)	0.26%	0.58%

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38. Remaining Maturity Periods of Financial Assets and Liabilities

As of December 31, 2012 and 2011, the Bank's financial assets and liabilities based on the remaining period of maturities are as follows:

Description	2012						Total
	up to 1 Month	1 Month up to 3 Months	3 Months up to 12 Months	1 Year up to 5 Years	More than 5 Years	On Demand	
Assets							
Cash	418,425	-	-	-	-	-	418,425
Current accounts with Bank Indonesia	4,047,388	-	-	-	-	-	4,047,388
Current accounts with other banks - net	897,058	-	-	-	-	-	897,058
Placements with Bank Indonesia							
and other banks - net	2,153,792	595,812	-	-	-	-	2,749,604
Trading securities	29,415	89,484	497,616	1,382	3,635	-	621,532
Financial investments - net	172,953	193,139	754,796	2,138,334	82,985	-	3,342,207
Derivatives receivable - net	1,468	1,520	7,048	101,940	1,506	-	113,482
Loans - net	2,691,717	4,925,750	14,318,982	14,981,124	7,558,333	-	44,475,906
Acceptances receivable - net	737,237	400,277	266,078	2,910	-	-	1,406,502
Other assets - net	209,125	-	-	-	-	6,947	216,072
Total Assets	11,358,578	6,205,982	15,844,520	17,225,690	7,646,459	6,947	58,288,176

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38. Remaining Maturity Periods of Financial Assets and Liabilities (continued)

As of December 31, 2012 and 2011, the Bank's financial assets and liabilities based on the remaining period of maturities are as follows (continued):

Description	2012					Total
	up to 1 Month	1 Month up to 3 Months	3 Months up to 12 Months	1 Year up to 5 Years	More than 5 Years	
Liabilities						
Current liabilities	217,802	-	-	-	-	217,802
Deposits	30,783,080	11,678,731	4,077,107	-	-	46,538,918
Deposits from other banks	1,681,653	-	-	-	-	1,681,653
Interest payable	151,373	-	-	-	-	151,373
Derivatives payable	1,902	2,144	6,346	96,840	8,919	116,151
Acceptances payable	732,912	388,206	265,722	2,917	-	1,389,757
Other liabilities	4,052	-	168,953	-	-	173,005
				41,138	-	41,138
Total Liabilities	33,572,774	12,069,081	4,518,128	99,757	8,919	50,309,797
Net	(22,214,196)	(5,863,099)	11,326,392	17,125,933	7,637,540	7,978,379

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38. Remaining Maturity Periods of Financial Assets and Liabilities (continued)

As of December 31, 2012 and 2011, the Bank's financial assets and liabilities based on the remaining period of maturities are as follows (continued):

Description	2011						Total
	up to 1 Month	1 Month up to 3 Months	3 Months up to 12 Months	1 Year up to 5 Years	More than 5 Years	On Demand	
Assets							
Cash	376,864	-	-	-	-	-	376,864
Current accounts with Bank Indonesia	3,553,147	-	-	-	-	-	3,553,147
Current accounts with other banks - net	666,276	-	-	-	-	-	666,276
Placements with Bank Indonesia and other banks - net	2,691,295	398,269	-	-	-	-	3,089,564
Trading securities	49,935	-	1,076,728	101,026	74,113	-	1,301,802
Financial investments - net	575,838	854,426	1,523,834	304,065	128,200	-	3,386,363
Securities sold under repurchase agreement - net	-	-	-	1,164,522	-	-	1,164,522
Derivatives receivable - net	3,962	176	391	78,075	-	-	82,604
Loans - net	2,158,575	4,051,388	13,229,022	13,824,661	5,602,131	-	38,865,777
Acceptances receivable - net	369,275	557,341	525,954	4,306	-	-	1,456,876
Other assets - net	269	-	-	-	-	473,745	474,014
Total Assets	10,445,436	5,861,600	16,355,929	15,476,655	5,804,444	473,745	54,417,809

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38. Remaining Maturity Periods of Financial Assets and Liabilities (continued)

As of December 31, 2012 and 2011, the Bank's financial assets and liabilities based on the remaining period of maturities are as follows (continued):

Description	2011					Total
	up to 1 Month	1 Month up to 3 Months	3 Months up to 12 Months	1 Year up to 5 Years	More than 5 Years	
Liabilities						
Current liabilities	80,001	-	-	-	-	80,001
Deposits	31,792,091	7,270,785	3,840,337	-	-	42,903,213
Deposits from other banks	1,316,501	-	-	-	-	1,316,501
Interest payable	174,216	-	-	-	-	174,216
Derivatives payable	3,525	190	330	69,874	8,086	82,005
Securities sold under repurchase agreement	1,190,297	-	-	-	-	1,190,297
Acceptances payable	373,367	563,018	531,266	4,350	-	1,472,001
Other liabilities	1,954	-	-	-	-	440,389
Total Liabilities	34,931,952	7,833,993	4,371,933	74,224	8,086	47,658,623
Net	(24,486,516)	(1,972,393)	11,983,996	15,402,431	5,796,358	6,759,186

To anticipate the maturity gaps resulting from differences in the remaining maturity periods between assets and liabilities, the Bank always maintains its liquidity through maintenance of the minimum reserve requirement (GWM) of the current accounts with Bank Indonesia in accordance with BI regulation.

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39. Risk Management Policies

Financial and non-financial risks are inherent in the Bank's business. Risks are managed within levels approved by the Board of Commissioners. A comprehensive framework of policies and procedures is established for the identification, measurement, monitoring and control of risks.

Credit Risk

Credit risk is defined as the risk of loss arising from any failure by a debtor or a counterparty to fulfill its financial obligations as and when they fall due.

In managing credit risk exposure, the Bank applies several basic principles as follows:

1. Segregation of Credit Approval from Credit Origination

There is segregation of duties between Business Unit, Credit Administration Unit, Credit Approval Unit, and Risk Management Unit to maintain independence and integrity of the various credit functions.

Credit Risk Management ("CRM") Unit, provides independent oversight of credit risk and is responsible for the analysis and reporting of all elements of credit risk to the senior management and the Board of Director.

2. Credit Risk Policies and Procedures

The Bank has put in place the following policies, among others, to manage credit risk:

- a. The General Credit Policy that governs the principles of credit extension and the broad credit principles and standards by which the Bank undertakes and manages credit risk.
- b. The Credit Classification Policy that governs the assessment of credit activities based on five credit grades of Pass, Special Mention, Substandard, Doubtful and Loss.
- c. The Consumer Credit Policy that governs the principles of consumer credit extension, the credit principles and standards by which the Bank undertakes and manages credit risk for the consumer segment.
- d. The Credit Concentration Risk Management Policy that manages credit concentration risk.
- e. The Credit Risk Mitigation Policy that specifies the types and minimum requirements for collateral, guarantees and credit derivatives to be eligible for capital relief.
- f. The Credit Restructuring Guidelines that gives guidance on credit restructuring for borrowers who have difficulties to meet their obligation to the bank.
- g. The Asset Classification Policy that gives the guidelines for classifying exposures into the Basel II Asset Classes for Risk Weighted Asset calculation.

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39. Risk Management Policies (continued)

Credit Risk (continued)

3. Management and Monitoring of Credit Portfolio

Credit Risk Management Division provides independent oversight and performs portfolio monitoring by conducting regular reviews of internal and external risk environment and risk parameters (i.e delinquency trend, special mention, watch list accounts, concentration risk, loan quality movement, et cetera).

Credit Concentration Risk Management

Credit risk concentration is defined as any single exposure or group of exposures with the potential to produce losses large enough (relative to the Bank's capital, total assets, or overall risk level) to threaten the Bank's health or ability to maintain its core operations. As lending is the Bank's primary activity, credit risk concentration is its most material risk concentration.

Managing Non-Performing Credits

Non-performing credits are centrally managed by an independent unit, Special Asset Management (SAM). SAM consists of two units:

1. The Restructuring Unit which proactively manages the non-performing credits. Its primary goal is to handle non-performing credits back to health so that these accounts can be transferred back to the Business Units; and
2. The Recovery Group which manages non-performing credits with the primary goal to maximize debt recovery.

Credit write-offs reduced in 2012 with the majority write-off from credit card portfolio. Non-performing credit cards were automatically written-off when the delinquency exceeded 180 days.

Credit exposures under Basel II

Bank currently uses the Standardized Approach under Basel II to measure the risk weighted asset (RWA) for credit risk. The information and guidelines for classifying exposures to measure credit risk RWA is specified in the Asset Classification Policy.

Under the Standardized Approach, Bank's exposures are classified into 8 asset classifications and portfolios, as follows:

- a. Sovereign
- b. Non Central Government Public Sector Entities
- c. Multilateral Development Bank
- d. Banks
- e. Corporate
- f. Employee / Retiree
- g. Claim Secured by Residential Property
- h. Claim Secured by Commercial Real Estate

Currently, the Bank only recognizes international ratings from Moody's, Standard & Poor's and Fitch.

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39. Risk Management Policies (continued)

Credit Risk (continued)

3. Management and Monitoring of Credit Portfolio (continued)

Development of Infrastructures and Preparation of Basel II Internal Rating Based Implementation

The Bank has commenced its preparation for the adoption of Basel II Internal Rating Based (IRB) Approach. The Basel II Steering Committee has been established to drive this initiative. To this end, significant enhancements have been made to the Bank's risk management systems, processes and practices to achieve Basel II IRB compliance.

The information on the credit quality of neither past due nor impaired financial assets:

	Neither past due not impaired	Past-due but not impaired	Impaired	Total
Cash	418,425	-	-	418,425
Current account with Bank Indonesia	4,047,388	-	-	4,047,388
Current accounts with other banks	897,058	-	-	897,058
Placements with Bank Indonesia and other banks	2,749,604	-	-	2,749,604
Trading securities	621,532	-	-	621,532
Derivatives receivable	113,482	-	-	113,482
Financial investment	3,342,847	-	-	3,342,847
Acceptances receivable	1,409,828	-	-	1,409,828
Loans	43,737,735	427,403	813,645	44,978,783
Other assets - net	216,072	-	-	216,072
Total	57,553,971	427,403	813,645	58,795,019
Allowance for impairment losses	121,937	80,257	304,649	506,843
Net	57,432,034	347,146	508,996	58,288,176

The aging analysis of past due but not impaired loans:

	Less than 30 days	31 to 60 days	More than 60 days	Total
Loans	280,977	60,370	86,056	427,403
Allowance for impairment losses	(40,505)	(15,630)	(24,122)	(80,257)
Net	240,472	44,740	61,934	347,146

Market Risk

Changes in the global banking business affecting business conditions, monetary policies and economic conditions within the country, have posed various market risks to the Bank.

Market risk is defined as the risk arising from movement in market variables in portfolios held by the Bank that could incur losses for the bank (adverse movement). Market risk exists in the business lines such as treasury and investment in securities and money market, loans, trade financing, et cetera.

The Bank's market risk framework consists of market risk policies and practices, including delegation of authority and market risk limits, validation of valuation and risk models, et cetera. This framework also encompasses the new products and activities to ensure the identified market risk issues are adequately addressed prior to launch.

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39. Risk Management Policies (continued)

Market Risk (continued)

The Board of Commissioners authorizes the Asset and Liabilities Committee (ALCO) to formulate policies, preventive measures and directions, approve limits for market risk and to ensure that the assets and liabilities are well allocated. ALCO meetings are held at least once a month or according to the Bank's requirement depending on changes in economic conditions, the Bank's condition, and risk profile, particularly in relation to market risk and liquidity risk.

The Bank adopts the Standardized Approach to calculate the regulatory market risk capital in compliance with Bank Indonesia's regulation on Capital Adequacy Ratio. The Bank has a strong capital base with Capital Adequacy Ratio of 16.71% as of December 2012, which is considerably higher than Bank Indonesia's minimum requirement of 8%. The Bank's capital is more than sufficient to cover any potential loss that might arise from interest rate and exchange rate fluctuations.

The Bank adopts the Value-at-Risk ("VaR") to measure the potential loss at a 99% confidence interval using the historical simulation method. VaR are back tested against the profit or loss of trading book in order to validate the robustness of the methodology. To complement the VaR measurement, stress test is performed on the trading portfolio in order to identify the Bank's vulnerability in the event of crisis.

	2012			
	Year end	High	Low	Average
	\$ million	\$ million	\$ million	\$ million
Total VaR	202	527	199	285

The Bank noted no back-testing exceptions during the year 2012.

a. Foreign Exchange Risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuation in foreign exchange rates.

Foreign exchange risk is managed through policies and risk limits approved by the Asset and Liability Committee ("ALCO"). The limits include Value-at-risk limit, FX NOP Limit, PV01 Limit, exposure by currency, maximum maturities and et cetera. Market Risk Control ("MRC") Unit on a daily basis monitors market risk activities and/or exposures against the approved ALCO limits, and escalates any excesses to appropriate channel for approval/ratification.

Interest rate risk is the impact to earnings and economic value of the Bank due to fluctuations in interest rates.

b. Interest Rate Risk in Banking Book

Interest rate exposure arises from differences in the maturity and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Bank's policies as approved by the ALCO.

Both the earnings and EVE approaches are applied to assess interest rate risk. They provide indications of the potential impact of interest rate changes on interest income and net present value.

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39. Risk Management Policies (continued)

b. Interest Rate Risk in Banking Book (continued)

Stress testing is also performed regularly to provide early warnings of potential extreme losses, facilitating the proactive management of interest rate risks in an environment of rapid financial market changes.

Liquidity Risk

Liquidity risk is defined as the risk to the Bank's earnings or capital from its inability to meet its financial obligations as they fall due. Liquidity risk arises from the general funding of the Bank's banking activities and in the management of its assets and liabilities, including off-balance sheet items.

Liquidity is managed in a manner to address known as well as unanticipated cash funding needs in accordance with the framework of policies, controls and limits approved by ALCO. In line with the regulatory liquidity risk management framework, liquidity risk is measured and managed using short term liquid assets against short term liabilities, 1 month maturity mismatch ratio, LDR and projected cash flow. Behavioral modeling is carried out to ensure that the cash flows reflect business-as-usual behavior. Core deposits generally consist of stable non-bank deposits, such as current account, savings account and fixed deposit. The Bank monitors the stability of its 'core deposits' by analyzing their volatility over time. Balance Sheet Risk Management Unit reviews the assumptions, methodology, data sources, and procedures used to measure liquidity risk. Cash flow mismatch limits are established to limit the liquidity exposures to the Bank.

The Bank also employs liquidity early warning indicators and trigger points to signal possible contingency situations. Contingency funding plans are in place to identify a liquidity crisis through early warning indicators. The Contingency Funding Plan ("CFP") would be activated in the event of a liquidity stress situation. In addition, the Bank has also established a Liquidity Crisis Management Team ("LCMT") which is responsible to evaluate the liquidity position and decides the actions to be taken when crisis occurs.

In order to minimize concentration risk, the Bank also diversifies its sources of funds and financing. At the end of 2012, the Bank increased the total third party funds to IDR46.54 trillion, up by 8.48% compared to the end of 2011. Savings account increased by 4.23% to IDR8.13 trillion, fixed deposit increased by 10.34% to IDR33.39 trillion and current account increased by 3.63% to IDR5.02 trillion at the end of 2012. Loan Deposit Ratio, which identifies the extent to which the Bank's loans are funded by customer deposits, was still within the LDR target set by Bank Indonesia. The Bank will, on an ongoing basis, continue to maintain the LDR in the range of 78% and 100% as well as maintain the CAR above 14%.

Given the Bank's excellent reputation and effective liquidity management/funding strategies, the Bank is well equipped to maintain its existing funding sources (third party fund) as well as to gain easy access to new sources of funds.

Bank's disclosure of the remaining contractual maturities of its financial liabilities is disclosed in Note 38.

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39. Risk Management Policies (continued)

Operational Risk

Operational risk is the risk resulting from inadequate or failed internal processes, people and systems or from external events affecting the operations of the Bank.

Operational risk may cause financial loss (or gain) directly or indirectly as well as the potential loss of opportunities for profit. This risk is inherent in all operational activities of the Bank.

In 2012, the following processes and initiatives were carried out to improve the Bank's capability in managing its operational risk:

- Conduct review on Outsourcing Policy and Insurance Management Procedure & Guideline.
- Establish Anti Fraud Policy.
- Implement General Control Environment Self Assessment (GCESA) bankwide.
- Implement Business Process – Operational Risk Self Assessment (BP-ORSA) tool to identify the inherent risks and controls in key operational processes for branches, Treasury & Capital Market Operations Centre (TCM), Trade & Remittance Operations Centre (TRO) and Custody & Investment Operations Centre (CIO).
- Develop Control Checklist for Quality Assurance (QA) staff.
- Validate the assessment results of operational risk tools, particularly GCESA, BP-ORSA, and QA Checklist through sample reviews of several branches to measure the compliance level of branches.
- Validation of Clean Desk Policy.
- Develop recovery strategy of Wide Area Disruption for Jakarta.
- Conduct briefing and training for Quality Assurance (QA) staff in branches to increase risk awareness.
- Develop Fraud and Risk Management E-Learning Module.
- Assist units in reviewing new products/activities/procedures.
- Business Continuity Plan Exercise, as follows:
 - Simulation of Business Continuity Plan (BCP).
 - Disaster Recovery Exercise for IT system.
 - Management & Unit Call Tree Exercise.

Compliance Risk

Compliance risk is defined as the risk of the Bank's failure to comply with the prevailing laws, regulations and policies applicable to the Bank's business activities and operations. Non compliance might result in financial penalties or warnings from the regulators and might trigger an adverse impact to the Bank's reputation.

The Compliance Unit has put in place the following measures to mitigate and manage the regulatory compliance risk:

A. Compliance Policies and Procedures

1. Compliance Charter

The Compliance Charter establishes the fundamental principles of the Compliance function. The Bank is committed to adhere to these principles as outlined in the Directors's Decision Letter.

The Compliance Charter defines the role and responsibilities of the compliance function. The vision and mission of the Compliance function embraces forward looking approach working in partnership with the business.

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39. Risk Management Policies (continued)

Compliance Risk (continued)

A. Compliance Policies and Procedures (continued)

2. Compliance Policy

In line with the Regulations, the Compliance Policy is formulated to define the scope, principles and responsibilities for the effective management of the compliance function. It sets the parameters for effective management of Compliance risks.

It aims to provide guidance to mitigate and manage regulatory compliance risk accurately and expeditiously in line with the overall risk management to minimize risk in a timely manner.

B. Monitoring the Financial Indicator

Several key indicators such as minimum capital adequacy ratio, earning asset quality, NPL ratio, legal lending limit, statutory reserve requirement, loan to deposit ratio and net open position have been established to monitor and identify the potential compliance risks that may arise if the Bank fails to comply.

Operational Risk Management Unit works collaboratively with Compliance Directorate to report any potential violation or breach of the applicable regulations. On an ongoing basis, the bank has progressively enhanced the management of regulatory compliance risks. The outcome of this effective management is the reduction in the number of regulatory warnings received in 2012 from Bank Indonesia in comparison to 2011.

In 2012, Compliance Unit has revised the Anti Money Laundering and Countering the Financing on Terrorism (AML & CFT) Program Implementation Guideline, facilitated AML & CFT Training, revised the AML Committee structure, published the incomplete Customer Due Dilligence (CDD) procedure and developed the Review & Testing program.

Apart from the above, Compliance Directorate also plays an important advisory role as it provides the business and other units with regulatory and compliance advice on an ongoing basis.

Strategic Risk

Strategic Risk is defined as the current or prospective impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions and/or lack of responsiveness to industry, economic and/or technological changes.

Strategic Risk Management Policy has been established in order to support the identification, measurement, monitoring and reporting of strategic risk.

Strategic Risk is managed on an ongoing basis, and one measure is by monitoring the achievement of the Bank's vision and mission, including the monitoring of the following 5 pillars:

1. Financial
2. Branding
3. Customer Satisfaction Index (CSI)
4. Organization/People
5. IT/Infrastructure Support

All business units are responsible for the monitoring of strategic risk.

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39. Risk Management Policies (continued)

Legal Risk

Legal Risk is defined as risks that may arise from unenforceable/unfavorable/defective/ unintended contracts; lawsuits or claims involving the Bank; developments in laws and regulations; and non-compliance with applicable laws, rules, and professional standards.

Bank has monitored the potential legal risk that might arise from the weaknesses of juridical aspects or lawsuits, nonexistence of clear regulations, lack of clarity of contracts, litigations, or collaterals. In managing the legal risk, Bank conducted monitoring in all operational activities, mainly those involving the third parties, which potentially cause conflict of interest as well as lawsuits. Monitoring is conducted by developing standard agreements that include regulations and internal policies, reviewing transactional agreements, and analyzing new products or activities for potential legal risks.

In 2012, for the purpose of increasing the legal culture and legal awareness in the Bank, Legal Unit has conducted Legal Training for front liners (Customer Service), Branch Officials, as well as Legal Credit staffs. In 2012, Legal unit performed an annual review of all standard contracts/agreements, all standard loan agreements and standard letters of offer, and made improvements on Legal Risk Management Procedures.

Reputation Risk

Reputation Risk is the adverse impact on the Bank's income, liquidity, or capital arising from negative stakeholder perception or opinion of the Bank's business practices, activities, and financial condition.

Reputation Risk Management Policy has been established in order to support the identification, measurement, monitoring and reporting of reputation risk. Reputation Risk Management Framework includes establishing preventive control, detection, recovery, and monitoring the potential reputation risk impact in the operational areas. In 2012, Bank has revised the Reputation Risk Management Policy by adding reputation risk escalation process, establishment of Reputation Risk Management Panel and reputation risk issue owner, et cetera.

Mitigation of reputation risk was performed through intensive monitoring and management of negative publications in media and all service tools by Customer Advocacy and Service Quality Unit.

Service quality and handling of customer complaints have improved through the regular monitoring and development program by Customer Advocacy and Service Quality Unit. The Bank's effort in mitigating reputation risk has resulted in the achievement of customer complaints settlement in the year 2012 by 97% of all incoming complaints. Those efforts are made through:

- Revising policy and guidance for complaint handling.
- Socialization the revised policy to all units.
- Maximizing Call Center by improving the mechanism to handle hard/media threat complaints.
- Educate the customers on the precautionary against fraud by using posters placed in branches and ATMs as well as through the display space on the ATM screen.
- Service management training for all collection agents.
- Establishment of Service Quality Committee for periodic evaluation and monitoring Bank's service blue print.
- Establishment of Command Center for the escalation of credit card issues.

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40. Fair Value of Financial Instruments

Below is presented the comparison between the carrying values, as reported in the statements of financial position, and the fair values of all financial assets and liabilities.

	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Loans and receivables		
Cash	418,425	418,425
Currents accounts with Bank Indonesia	4,047,388	4,047,388
Current accounts with other banks	897,058	897,058
Placement with Bank Indonesia and other banks - net	2,749,604	2,749,604
Loans - net	44,475,906	44,475,906
Acceptances receivable - net	1,406,502	1,406,502
Other assets	216,072	216,072
Financial assets designated at fair value through profit or loss		
Trading securities	621,532	621,532
Derivatives receivable	113,482	113,482
Available-for-sale financial assets		
Financial investments available-for-sale	3,083,092	3,083,092
Held-to-maturity financial assets		
Held-to-maturity	259,115	259,115
Total	58,288,176	58,288,176
Financial Liabilities		
Financial liabilities designated at fair value through profit or loss		
Derivatives payable	116,151	116,151
Other Liabilities		
Current liabilities	217,802	217,802
Deposits	46,538,918	46,538,918
Deposits from other banks	1,681,653	1,681,653
Interests payable	151,373	151,373
Acceptances liabilities	1,389,757	1,389,757
Other liabilities	214,143	214,143
Total	50,309,797	50,309,797

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40. Fair Value of Financial Instruments (continued)

The fair value of financial assets and liabilities approximate then its carrying values because financial assets and liabilities in significant amount have short-term period and/or the interest rate is frequently reviewed, except for derivatives receivable and liabilities whose fair value is based on valuation technique and financial investment whose fair value is based on quoted or observable prices.

	December 31, 2012			Total
	Level 1	Level 2	Level 3	
Financial Assets				
Derivatives receivable	-	113,482	-	113,482
Trading securities	621,532	-	-	621,532
Financial investments available-for-sale	2,875,266	207,826	-	3,083,092
Total financial assets	3,496,798	321,308	-	3,818,106
Financial Liabilities				
Derivatives payable	-	116,151	-	116,151
Total Financial Liabilities	-	116,151	-	116,151

41. Custodianship

The Bank engages in the provision of custodial services. Total fees received from custodial services during 2012 and 2011 amounted to Rp2,978 and Rp4,400, respectively. On July 6, 2010, the Bank has obtained a Decree of the Capital Market and Financial Institutions Supervisory Agency No. KEP-287/BL/2010 about the Stipulation of Use Approval of Commercial Bank as Custodian on behalf of PT Bank UOB Indonesia.

42. New Accounting Standard

Accounting standard which effective on or after January 1, 2013 is as follow:

PSAK No. 38 "Common Controls Business Combinations", that replaced PSAK No. 38 (Revised 2004) "Accounting for Restructuring Entities Under Common Control".

43. Completion of the Financial Statements

The financial statements were completed and authorized for issuance by the Bank's Board of Directors on March 4, 2013.

Corporate Information

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PT Bank UOB Indonesia

Head Office

UOB Plaza
Jl. M.H. Thamrin No. 10
Jakarta 10230, Indonesia
Phone : (021) 23506000 (Hunting)
Fax : (021) 29936632
Call Centre : 14008
Email : corporatecomm@uob.co.id
Website : www.uob.co.id
Swift Code : BBIJIDJA

Line of Business

Commercial Banking and Foreign Exchange Bank

Ownership

UOB International Investment Private Ltd 68.943%
United Overseas Bank Ltd 30.056%
Others 1.001%

Share Capital

Par Value IDR250
Authorised Shares 36,000,000,000
Issued and Fully Paid 9,553,885,804 shares

Date of Establishment

31 August 1956

Legal Basis of Incorporation

- The Deed Establishment No. 150 of Eliza Pondaag, SH, Notary Public in Jakarta, dated 31 August 1956
- Decree of the Minister of Justice of the Republic of Indonesia (now Minister of Justice and Human Rights) No. J.A.5/78/4 dated 24 October 1956
- State Gazette No. 96 dated 30 November 1956
- Additional State Gazette No. 1243/1956

Business License

Pursuant to the Decree of the Finance Minister of the Republic of Indonesia No. 203443/U.M.II dated 15 October 1956 concerning Business License for PT Bank Buana Indonesia, domiciled in Jakarta, as amended the last with the Decree of Bank Indonesia Governor No. 12/45/KEP.GBI/2010 dated 10 June 2010, declared to remain in full force for PT Bank UOB Indonesia, domiciled in Central Jakarta. This matter is set forth in the Decree of Bank Indonesia Governor No. 13/34/KEP.GBI/2011 concerning the change from business license on behalf of PT Bank UOB Buana to business license on behalf of PT Bank UOB Indonesia.

Public Accountant

Purwanto, Suherman & Surja (Ernst & Young)
Indonesia Stock Exchange Building
Tower 2, 7th Floor
Jl. Jend. Sudirman, Kav. 52-53
Jakarta 12910, Indonesia
Phone : (021) 52895000
Fax : (021) 52894100

Share Registrar

PT Sirca Datapro Perdana
Wisma Sirca
Jl. Johar No. 18, Menteng
Jakarta 10340, Indonesia
Phone : (021) 3140032
Fax : (021) 3900652

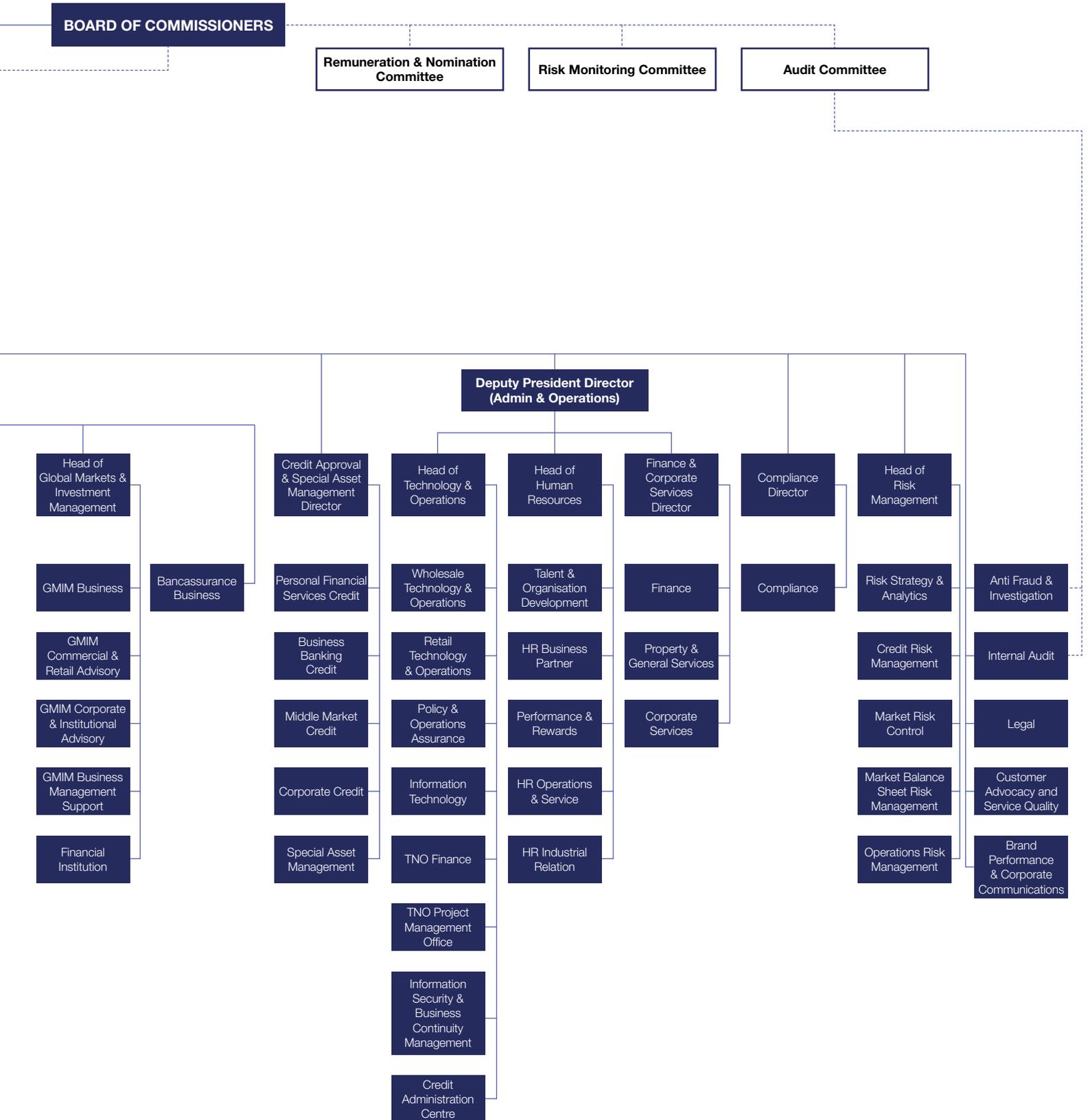
Corporate Rating

PT Fitch Ratings Indonesia
Prudential Tower, 20th Floor
Jl. Jend. Sudirman Kav. 79
Jakarta 12910, Indonesia
Phone : (021) 57957755
Fax : (021) 57957750
Website : www.fitchratings.com

Organisational Structure



Organisational Structure



Profiles of Board of Commissioners



Wee Cho Yaw

President Commissioner

Age 84. Dr Wee has been the President Commissioner of UOB Indonesia since December 2005. A banker with more than 50 (fifty) years' experience, Dr Wee has been the Chairman and Chief Executive Officer (CEO) of UOB since 1974. He relinquished his CEO position on 27 April 2007. He was appointed to the UOB Board on 14 May 1958 and last re-appointed as Director on 29 April 2011. He is the Chairman of the UOB Executive, Remuneration and Board Risk Management Committees and a member of the Nominating Committee.

Dr Wee is the Chairman of UOB subsidiaries, Far Eastern Bank, United Overseas Insurance, United Overseas Bank (Malaysia) and United Overseas Bank (Thai) Public Company and Supervisor of United Overseas Bank (China). He is the Chairman of United International Securities, Haw Par Corporation, UOL Group, Pan Pacific Hotels Group, United Industrial Corporation and Singapore Land and its subsidiary, Marina Centre Holdings. He is also the Chairman of Wee Foundation.

Dr Wee was conferred the Businessman of the Year award twice at the Singapore Business Awards in 2001 and 1990. In 2006, he received the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award for his outstanding achievements in the Singapore business community. In 2009, he was conferred the Lifetime Achievement Award by The Asian Banker. Dr Wee is the Pro-Chancellor of Nanyang Technological University and Honorary President of Singapore Chinese Chamber of Commerce & Industry, Singapore Federation of Chinese Clan Associations and Singapore Hokkien Huay Kuan. He received Chinese high school education and was conferred an Honorary Doctor of Letters by the National University of Singapore in 2008. He was also conferred the Distinguished Service Order, Singapore's highest National Day Awards in 2011, for his outstanding contributions in community work.



Wee Ee Cheong

Vice President Commissioner

Age 60. Mr Wee had been appointed as Board of Commissioners' member of UOB Indonesia since August 2007. He was appointed to the Board of UOB on 3 January 1990 and last re-elected as Director on 29 April 2011.

A career banker, Mr Wee joined UOB in 1979 and has extensive experience handling various functions across the Bank. He served as Deputy Chairman and President of UOB from 2000 to April 2007 before being appointed as Chief Executive Officer on 27 April 2007. He is a member of the UOB Executive and Board Risk Management Committees.

He also holds directorships in several UOB subsidiaries and affiliates including Far Eastern Bank, United Overseas Insurance, United Overseas Bank (Malaysia), United Overseas Bank (Thai) Public Company and United International Securities. He is the Chairman of United Overseas Bank (China).

Mr Wee is actively engaged in regional business development through his participation in key industry bodies. He serves as

a council member of The Association of Banks in Singapore and as a director of The Institute of Banking & Finance and chairs the Financial Industry Competency Standards (FICS) Steering Committee. He is a member of the Board of Governors of Singapore-China Foundation, Visa APCEMEA Senior Client Council and Advisory Board of INSEAD East Asia Council and International Council.

He is a director of the Wee Foundation, as well as patron of the Nanyang Academy of Fine Arts. Mr Wee is an honorary council member of Singapore Chinese Chamber of Commerce & Industry. He had previously served as Deputy Chairman of the Housing & Development Board and as a director of the Port of Singapore Authority, UOL Group and Pan Pacific Hotels Group.

He holds a Bachelor of Science (Business Administration) and a Master of Arts (Applied Economics) from The American University, Washington, DC.

Profiles of Board of Commissioners



Lee Chin Yong Francis

Commissioner

Age 59. Mr Lee has been appointed as a member of the Board of Commissioners of UOB Indonesia since December 2005. He joined UOB in 1980. He currently leads the Group's consumer and small business retail divisions. Prior to his appointment in Singapore in 2003, he was the Chief Executive Officer (CEO) of UOB (Malaysia). Between 2003 and 2008, Mr Lee was the Head of International and spearheaded the Group's expansion in the region. He was also responsible for the Bank's consumer banking business in Singapore and the region. He holds a Malaysia Certificate of Education and has 33 years of experience in the financial industry.



Rusdy Daryono

Independent Commissioner

Age 63. Mr Rusdy joined UOB Indonesia in 2006 and currently serves as Independent Commissioner and Chairman of the Audit Committee. He started his career at the public accounting firm of Drs Utomo, Mulia & Co in 1973. He joined PT Salim Economic Development Corp in 1978, PT Hardy Trading in 1982 and the public accounting firm of Drs Mulia Iskandar & Co in 1983. He served as a Partner and Division Head at the public accounting firm of Prasetio, Utomo & Co from 1987 to 2002 and was a Partner at Osman Ramli Satrio & Partner from 2003 to 2006. He holds a Bachelor of Economics from the University of Indonesia.

Profiles of Board of Commissioners



Wayan Alit Antara

Independent Commissioner

Age 65. Mr Antara joined UOB Indonesia in 2009. He currently serves as Independent Commissioner and Chairman of the Risk Monitoring Committee. He started his banking career in Bank Rakyat Indonesia in 1976. His last held position is Vice President Director and retired in 2006. Throughout his 30 years of career at Bank Rakyat Indonesia, he had also served in several positions such as Director of Treasury and International Banking, Chief Financial Officer and Director of Micro and Retail Credit. He also had been an Independent Commissioner of PT Bhakti Securities (from 2007 to 2008) and a Commissioner of PT Sumber Abadi Tirtasentosa (from 2008 until now). He holds a Bachelor of Agriculture Economy degree from the Agriculture Faculty of the University of Gajah Mada, Yogyakarta.



Aswin Wirjadi

Independent Commissioner

Age 65. Mr Aswin joined UOB Indonesia in 2009 and currently serves as Independent Commissioner and Chairman of the Remuneration and Nomination Committee. He started his career at PT IBM Indonesia in 1972. He joined Chase Manhattan Bank, NA, in 1977 and last held the position of Country Consumer and Private Banking Head at its Jakarta Branch in 1989. He was appointed as a Director of MIS at PT Indomobil Niaga International in 1989. He joined PT Bank Central Asia in 1990 and last held the position of Vice President Director in 2008. He has been the Chairman of Financial Wealth Pte Ltd since 2008. He holds a Bachelor of Engineering from the Catholic University of Atma Jaya, Jakarta.

Profiles of Board of Directors



Armand Bachtiar Arief

President Director

Age 61. Mr Armand joined UOB Indonesia in 2007 as President Director. He holds a Bachelor of Business Administration from Curry College, Milton, Massachusetts, USA and a Master of Business Administration from Suffolk University, Boston, Massachusetts, USA. He has more than 25 years of experience in the banking industry.



Iwan Satawidinata

Deputy President Director

Age 45. Mr Iwan has been appointed as Deputy President Director of UOB Indonesia since 2010. Prior to his appointment, he joined with ex. PT Bank UOB Indonesia (previously known as United Overseas Bank Bali) from 1991 to June 2010 where he last held the position of President Director. He received Bachelor of Science in Business Administration degree from University of Southern California – USA and has more than 20 years of experience in banking industry.

Profiles of Board of Directors



Safrullah Hadi Saleh

Director

Age 58. Mr Safrullah joined UOB Indonesia in 2001 as Director. He holds a Bachelor of Science in Accounting from De La Salle University, Manila, the Philippines and has more than 30 years of experience in finance & accounting and banking industry.



Soehadie Tansol

Compliance Director

Age 54. Mr Soehadie joined PT Bank UOB Indonesia in 1980 and was appointed as Compliance Director in 2003. He participated in overseas banker programmes at the Pacific Bankers Management Institute at the University of Washington, USA and has more than 30 years of experience in banking industry.

Profiles of Board of Directors



Ajeep Rassidi Bin Othman

Director

Age 52. Mr Ajeep joined UOB Indonesia in 2006 and currently serves as Director. Prior to his appointment in UOB Indonesia, he served at UOB (Malaysia) Bhd from 1988 until 2006, with last position as Head of Commercial Credit Division. He holds a Bachelor of Science (Hons) degree from University of Reading, United Kingdom and has more than 25 years of experience in financial service industry.

Remuneration & Nomination Committee



Lee Chin Yong Francis

Member

Profile of Mr Lee Chin Yong Francis can be found on page 196.

Aswin Wirjadi

Chairman

Profile of Mr Aswin Wirjadi can be found on page 197.

Roy Fahrizal Permana

Member

Age 37. Joined UOB Indonesia in 2009. He currently serves as Performance & Rewards Head and member of Remuneration and Nomination Committee. He has 14 years of experience in human resources and holds Bachelor of Industrial Engineering from UPN Veteran, Surabaya and Magister of Industrial Engineering from Institute of Technology Bandung.

Audit Committee



Thomas Abdon

Member (Independent Party)

Age 71. Joined UOB Indonesia in 2001. He has been appointed as a member of Audit Committee since 2007 and Risk Monitoring Committee since 2009. He holds a Bachelor of Economics from the University of Indonesia and has 47 years of experience in finance & accounting as well as banking industry.

Rusdy Daryono

Chairman

Profile of Mr Rusdy Daryono can be found on page 196.

Winny Widya

Member (Independent Party)

Age 61. Joined UOB Indonesia in 1981. She was appointed as a member of the Audit Committee since June 2007. She has 35 years of experience in banking industry and holds Bachelor of Economics in Accounting from the University of Indonesia.



Yohanes Lilis Sujanarto

Member (Independent Party)

Age 46. Joined UOB Indonesia in 2010 as a member of Risk Monitoring Committee. He has more than 20 years of experience in banking industry and risk management. Mr Lilis is also active as a risk management lecturer and consultant. He holds a Bachelor of Economics from the University of Indonesia and Bachelor of Physic from the Institute of Meteorology and Geophysics and also holds a Magister of Management from Post Graduate Programme of the University of Indonesia.

Wayan Alit Antara

Chairman

Profile of Mr Wayan Alit Antara can be found on page 197.

Thomas Abdon

Member (Independent Party)

Profile of Mr Thomas Abdon can be found on page 202.

Profiles of Board of Management



Pardi Kendy

Head of Human Resources

Age 54. Mr Pardi joined UOB Indonesia in 1996 and serves as Head of Human Resources. He is a certified Wealth Manager of University of Greenwich, England and has more than 30 years of experience in banking industry. He is also an active member of Honorary member of Association Cambiste Internationale, Indonesia and Indonesian Banking Human Capital Forum.



Goh Seng Huat

Head of Technology & Operations

Age 52. Mr Goh joined UOB Indonesia in 2006 and serves as Head of Technology & Operations. Prior to his appointment in Indonesia, he served as UOB First Vice President, International in 2005 after his tenure in UOB Malaysia from 1981 to 1994. He holds a Banking Diploma from the Associate Chartered Institute of Bankers, United Kingdom and has more than 30 years of experience in banking industry.



Widjaja Hendra

Head of Business Banking

Age 44. Mr Widjaja joined UOB Indonesia in 2008 and serves as Head of Business Banking. He holds a Bachelor of Art degree from University of Auckland – New Zealand and has nearly 20 years of experience in banking industry.



Adhiputra Tanoyo

Head of Risk Management

Age 40. Mr Adhi joined UOB Indonesia in 2009 and serves as Head of Risk Management. He holds a Master of Science in Financial Economics from Erasmus Universiteit Rotterdam in the Netherlands and has more than 15 years of experience in banking industry.

Profiles of Board of Management



Frederikus P. Weoseke

Head of Global Markets & Investment Management

Age 49. Mr Frederikus joined UOB Indonesia in 2009 and serves as Head of Global Markets & Investment Management. He holds a BSC degree in Business Administration from Goldey Beacom College and a Master of Business Administration from Wilmington College, Wilmington Delaware – USA and has more than 20 years of experience in banking industry.



Bonar Silalahi

Head of Corporate Banking

Age 43. Mr Bonar joined UOB Indonesia in 2010 and serves as Head of Corporate Banking. He holds a Bachelor of Economics from the Advent Indonesia University, Bandung and has nearly 20 years of experience in financial service industry.

Internal Audit



Ridwan Moezwir

Head of Internal Audit

Age 50. Mr Ridwan joined UOB Indonesia in 2008 as Head of Internal Audit. He has 26 years experience as an auditor in financial services industry and holds a Bachelor of Economics in Accounting from Padjajaran University, Bandung and Master of Management from the Gadjah Mada University, Yogyakarta.

Corporate Secretary



Lina

Corporate Secretary

Age 36. Mrs Lina joined UOB Indonesia in 2008. She serves as Corporate Secretary and has more than 10 years of experience in banking industry. She holds a Bachelor of Economics from the Tarumanegara University, Jakarta.

Executive Officers

HEAD OFFICE

Agatha Indah Krisnawati

Business Banking Credit Head

Joined UOB Indonesia since 2008, has more than 20 years of experience in banking industry.

Amandalia Johanes

Market Balance Sheet Risk Management Head

Joined UOB Indonesia since 2007, has more than 20 years of experience in banking industry.

Ari Lastina

Privilege Banking Head

Joined UOB Indonesia since 2010, has more than 10 years of experience in banking industry.

Aries Dawami

Channel Development & Infrastructure Head

Joined UOB Indonesia since 2011, has more than 18 years of experience in banking industry, especially in branch development.

Bambang Eko Karjono Joewono

Deputy Global Markets & Investment Management Business Head

Joined UOB Indonesia since 2007, has more than 22 years of experience in banking industry, especially in treasury.

Bambang Widodo

Channel Operations Centre Head

Joined UOB Indonesia since 2008, has more than 20 years of experience in banking industry, especially in Banking Operations.

Bambang Simon Simarno

Deposit, Investment & Insurance Head

Joined UOB Indonesia since 2008, has more than 12 years of experience in banking industry.

Bratha

Middle Market Credit Head

Joined UOB Indonesia since 2010, has more than 17 years of experience in banking industry.

Budi Sanjaya

Trade Product Management Head

Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry.

Budi Wardana

Middle Office & Support Function Head

Joined UOB Indonesia since 2011, has more than 22 years of experience in various industries.

Budy Setiawan

Unsecured Business Head

Joined UOB Indonesia since 2011, has more than 21 years of experience in banking industry, especially in credit card business.

Bontor Sitio

Channel People Development Head

Joined UOB Indonesia since 2010, has more than 16 years of experience in banking industry, especially in human resources.

Candra Putra

Operation Risk Management Head

Joined UOB Indonesia since 2011, has more than 7 years of experience in banking industry, especially in Risk Management.

Chrystina Ambarwati

Property and General Services Head

Joined UOB Indonesia since 2011, has more than 18 years of experience in various industries, especially as Area Business Manager.

Ciauciau Kusumawati

Corporate Business Finance & Support Head

Joined UOB Indonesia since 2010, has more than 7 years of experience in banking industry.

Daniel Prabawa

Trade Sales Head

Joined UOB Indonesia since 2010, has more than 18 years of working experience including banking industry.

Denny Irawan

Risk & Decision Management Head

Joined UOB Indonesia since 2011, has more than 11 years of experience in banking industry.

Dewi Arimbi Kurniawati

Compliance Head

Joined UOB Indonesia since 1990, has more than 22 years of experience in banking industry.

Ditto Harnando

Sales Specialist & Marketing Head

Joined UOB Indonesia since 2010, has more than 9 years of experience in banking industry.

Djoni Latipah

Treasury & Capital Market Operations Centre Head

Joined UOB Indonesia since 1990, has more than 20 years of experience in banking industry.

Dwi Sari Suwarman

Corporate Liabilities Head

Joined UOB Indonesia since 2011, has more than 17 years of experience in banking industry.

Dwiyono Bayuwintio

Customer Advocacy And Service Quality Head

Joined UOB Indonesia since 2011, has more than 27 years of experience in banking industry, especially in human resources and service quality.

Edwin Jaya Prayitno

PFS MIS and Business Support Head

Joined UOB Indonesia since 2008, has more than 14 years of experience in various industries.

Elisa Majasari Halim

Cash Management Sales Head

Joined UOB Indonesia since 2011, has more than 19 years of experience in banking industry, especially in Transaction Banking.

Endang Prastiwi

Human Resources Operations and Service Head

Joined UOB Indonesia since 2007, has more than 14 years of experience in various industries.

Endang Santi

GMIM Business Management Support Head

Joined UOB Indonesia since 2010, has more than 10 years of experience in banking industry, especially in treasury support.

Epri Senowibowo Apyanto

Credit Card Operations Head

Joined UOB Indonesia since 2009, has more than 20 years of experience in banking industry.

Erry Erawan Priolaksono

TNO Finance Head

Joined UOB Indonesia since 2011, has more than 12 years of experience in finance & accounting.

F. Ririn Endang Diatri Nariratih

Client Servicing Head

Joined UOB Indonesia since 2011, has more than 24 years of experience in banking industry.

Felicia Recisca Handojo

Industry Group Head 2

Joined UOB Indonesia since 2001, has more than 21 years of experience in banking industry, especially in credit and marketing.

Fera Indratie Prajitno

Brand Performance & Corporate Communications Head

Joined UOB Indonesia since 2010, has more than 22 years of experience in financial industry, especially in Corporate & Marketing Communications.

Golfina Cusmarningroem

Financial Institution Head

Joined UOB Indonesia since 2010, has more than 16 years of experience in banking industry, especially in treasury.

Hendrik Lambertus

Regulatory Assurance Head

Joined UOB Indonesia since 2010, has more than 21 years of experience in banking industry & public accounting firm.

Hendy Widjaja

Retail Technology and Operations Head

Joined UOB Indonesia since 2012, has more than 16 years of experience in banking industry.

Heru Gautama

Industry Group Head (Food & Beverages Agribusiness)

Joined UOB Indonesia since 2012, has more than 7 years of experience in banking industry.

Howard Lee

Industry Group Head (Mining, Contract Mining, Commodities)

Joined UOB Indonesia since 2009, has more than 12 years of experience in banking industry.

Executive Officers

Ingemar H Djaffri

Channel General Affair And Procurement Head
Joined UOB Indonesia since 2010, has more than 25 years of experience in various industries.

Irawan Rukmanto

Wholesale Technology and Operations Head
Joined UOB Indonesia since 2012, has more than 13 years of experience in banking industry.

Iswahjudi Widjakusuma

Personal Financial Services Credit Head
Joined UOB Indonesia since 2011, has more than 26 years of experience in various industries.

Januar Laude

Industry Group Head (Transport, Logistic & Property)
Joined UOB Indonesia since 2011, has more than 17 years of experience in financial industry.

Jeanny Halim

Industry Group Head (Oil & Gas Chemicals)
Joined UOB Indonesia since 2005, has more than 20 years of experience especially in credit & marketing.

Jimmy Loritz

Branch Process & System Management Head
Joined UOB Indonesia since 2011, has more than 17 years of experience in banking industry.

Joannes Suharno

Call Centre Head
Joined UOB Indonesia since 2010, experienced in managing Call Centre.

Juanita Amanda Luthan

Mortgage & Secured Loan Head
Joined UOB Indonesia since 2010, has more than 23 years of experience in banking industry, especially in mortgage business.

Katarina Chitra

Industry Group Head 3
Joined UOB Indonesia since 2001, has more than 18 years of experience in banking industry, especially in credit and marketing.

Lena

Special Asset Management Head
Joined UOB Indonesia since 2010, has more than 21 years of experience in banking industry.

Lenawati

Supply Management Head
Joined UOB Indonesia since 2010, has more than 10 years of experience in banking industry.

Liany Poedjiono

Trade & Remittance Operations Centre Head
Joined UOB Indonesia since 1993, has more than 29 years of experience in banking industry, especially in Banking Operations.

Lina

Corporate Secretary/Corporate Services Head
Profile of Lina can be found on page 205.

Maruba Tua Hasiholan Sihalo

Retail Credit Loan Operations Head
Joined UOB Indonesia since 2000, has more than 20 years of experience in banking industry, especially in Legal.

Melani Misniwati

Policy and Operations Assurance Head
Joined UOB Indonesia since 1999, has more than 27 years of experience in banking industry, especially in Banking System & Procedure.

Miko

Sales Head
Joined UOB Indonesia since 2010, has more than 13 years of experience in banking industry, especially in sales area.

Naomi Rika

Credit Management Head
Joined UOB Indonesia since 2012, has more than 20 years of experience in banking industry.

R Andiona Boedisoejoto

Cash Product Management Head
Joined UOB Indonesia since 2010, has more than 24 years of experience in banking industry.

R Boy Trijanto

Information Technology Head
Joined UOB Indonesia since 2011, has more than 29 years of experience in information technology area.

Ratnasari Kartawiria

Corporate Credit Head
Joined UOB Indonesia since 2011, has more than 21 years of experience in banking industry.

Ridwan Moezwir

Internal Audit Head

Profile of Ridwan Moezwir can be found on page 205.

Ritaria Tjokromulio

Industry Group Head (Telecommunication & Utilities)

Joined UOB Indonesia since 2005, has more than 21 years of experience in banking industry.

Ronny Gunawan Susanto

Anti Fraud & Investigation Head

Joined UOB Indonesia since 2012, has more than 17 years of experience in financial industry.

Roy Fahrizal Permana

Performance & Rewards Head

Profile of Roy Fahrizal Permana can be found on page 201.

Salvy Gunawan

Business Planning & Business Performance Management Head

Joined UOB Indonesia since 2012, has more than 10 years of experience in banking industry.

Santoso Wibowo

Supply Manager Head (Retail And Technology Operations)

Joined UOB Indonesia since 2011, has more than 13 years of experience in various industries.

Saroso Hadi

Human Resources Industrial Relation Head

Joined UOB Indonesia since 1986, has more than 26 years of experience in banking industry.

Sendjaya Agus Hakim

Commercial Banking 2 Head

Joined UOB Indonesia since 2008, has more than 27 years of experience in various industries.

Shirley

Commercial Wealth Management Head

Joined UOB Indonesia since 2009, has more than 15 years of experience in banking industry.

Surja Kirana Sulistijo

Legal Head

Joined UOB Indonesia since 2008, has more than 22 years of experience in legal area.

Suryati Budiyanto

Commercial Banking 1 Head

Joined UOB Indonesia since 1994, has more than 18 years of experience in banking industry.

Susan Kwanto

TNO Project Management Office Head

Joined UOB Indonesia since 1992, has more than 20 years of experience in banking industry.

Sutyas Hantoyo

GMIM Corporate and Institutional Advisory Head

Joined UOB Indonesia since 2012, has more than 23 years of experience in financial industry.

Taviati Isnaeni

Market Risk Control Head

Joined UOB Indonesia since 2007, has more than 27 years of experience in banking industry.

Teguh Lestiono Santoso

Portfolio and Performance Improvement Head

Joined UOB Indonesia since 2008, experienced in banking industry, especially in commercial and retail banking.

Thay Fong

Credit Risk Management Head

Joined UOB Indonesia since 2010, has more than 15 years of experience in banking industry, especially in Risk Management.

Tri Gangga Wiratma

Retail Process Design Head

Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry.

W. Indra Widjaja

Branch Control Development Head

Joined UOB Indonesia since 1987, has more than 25 years of experience in banking industry.

W Kartyono

Transaction Banking Head

Joined UOB Indonesia since 2010, has more than 13 years of experience in banking industry, especially in Transaction Banking.

Wenny Ekawulan Handoyo

Finance Head

Joined UOB Indonesia since 2010, has more than 19 years of experience in finance & accounting.

Executive Officers

Widyarini Utami

Human Resources Business Partner & Organisation Development Head

Joined UOB Indonesia since 2008, has more than 16 years of experience in banking industry, especially human resources area.

Winanto

Credit Analyst Head

Joined UOB Indonesia since 2008, has more than 18 years of experience in various industries.

Wiradian

Demand Management Head

Joined UOB Indonesia since 2010, has more than 18 years of experience in various industries.

Yusuf Taojiri

Custody & Investment Operations Centre Head

Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry.

Yutrizal

Business Analysis & MIS Head

Joined UOB Indonesia since 2011, has more than 17 years of experience in financial industry.

REGIONAL MANAGER

Adji Anggono

Regional Manager 3

Joined UOB Indonesia since 2009, has more than 24 years of experience in banking industry.

Alexis Marzo Tan

Regional Manager 1

Joined UOB Indonesia since 2010, experienced in banking industry.

Amir Abidin

Regional Manager 5

Joined UOB Indonesia since 1981, has more than 30 years of experience in banking industry, especially in Commercial and Retail Banking.

Goenawan Surip

Regional Manager 4

Joined UOB Indonesia since 1993, has more than 19 years of experience in banking industry, especially in credit and marketing.

Sari

Regional Manager 2

Joined UOB Indonesia since 2012, has more than 20 years of experience in banking industry, especially in commercial banking.

REGIONAL BUSINESS/OPERATIONS MANAGER

Andreas Budiartmodjo

Regional Business Banking Manager – Kalimantan

Joined UOB Indonesia since 1987, has more than 25 years of experience in banking industry, especially in Retail Banking.

Bambang Suradi

Regional Business Banking Manager – East Java

Joined UOB Indonesia since 1981, has more than 30 years of experience in banking industry, especially in Commercial and Retail Banking.

Benhady

Regional Operations Manager – Regional 5

Joined UOB Indonesia since 1988, has more than 24 years of experience in banking industry, especially in Banking Operations.

David

Regional Business Banking Head – Jakarta 2

Joined UOB Indonesia since 2003, has more than 9 years of experience in banking industry, in retail banking.

Djunaedy Kurniawan

Regional Commercial Banking Head - Central Java

Joined UOB Indonesia since 2007, has more than 22 years of experience in banking industry.

Edhy Susanto

Regional Business Banking Manager – Central Java

Joined UOB Indonesia since 1988, has more than 24 years of experience in banking industry, especially in retail banking.

Hendradewi

Regional Operations Manager - East Java

Joined UOB Indonesia since 2000, has more than 20 years of experience in banking industry, especially in Banking Operations.

Herdyman

Regional Operations Manager - West Java

Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry, especially in Banking Operations.

Herman Sjahli

Regional Business Banking Head – West Java
Joined UOB Indonesia since 2010, has more than 25 years of experience in banking industry, especially in credit.

Laurentia Dyah Widia

Regional Operations Manager - Central Java
Joined UOB Indonesia since 2011, has more than 22 years of experience in banking industry.

Siti Lestari

Regional Operations Manager - Jakarta
Joined UOB Indonesia since 2012, has more than 20 years of experience in banking industry.

Sudijanto

Regional Business Banking Head - Sumatera
Joined UOB Indonesia since 2010, has more than 29 years of experience in various industries.

Teddy Sadikin

Regional Commercial Banking Head - Kalimantan
Joined UOB Indonesia since 1999, has more than 13 years of experience in banking industry, especially in commercial banking.

Tobus Pusuk Nainggolan

Regional Operations Manager - Sumatera
Joined UOB Indonesia since 2012, has more than 16 years of experience in banking industry.

Trifena Myra Limanjaya

Regional Commercial Banking Head - West Java
Joined UOB Indonesia since 2008, has more than 25 years of experience in various industries.

Vivi Afrita

Regional Business Banking Head – Jakarta 1
Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry.

Yongky Hartono

Regional Commercial Banking Head - Jakarta
Joined UOB Indonesia since 2008, has more than 20 years of experience in banking industry, especially in commercial banking.

AREA MANAGER

Agustono Hary

Area Manager – Surabaya
Joined UOB Indonesia since 1984, has more than 28 years of experience in banking industry, especially in Business Banking.

Ai Na Widjaja

Area Manager – UOB Plaza
Joined UOB Indonesia since 2011, has more than 16 years of experience in banking industry.

Akbar Cahyo Nugroho

Area Manager – Magelang
Joined UOB Indonesia since 2002, has more than 11 years of experience in banking industry, especially in Retail Banking.

Bambang Siyono

Area Manager – Banyuwangi
Joined UOB Indonesia since 1998, has more than 14 years of experience in banking industry, especially in Retail Banking.

Daniel Muljadi Djaya

Area Manager – Bandung
Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry, especially in Marketing.

David Gosal

Area Manager – Makasar
Joined UOB Indonesia since 2012, has more than 20 years of experience in banking industry.

Decy Indera Indah Gentania

Area Manager – Harmoni
Joined UOB Indonesia since 2011, has more than 17 years of experience in banking industry.

Dicky Sangkut

Area Manager – Jambi
Joined UOB Indonesia since 1992, has more than 20 years of experience in banking industry, especially in Retail Banking.

Didi Hermawan

Area Manager – Tasikmalaya
Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry, especially in Retail Banking.

Executive Officers

Fenny Djayasaputra

Area Manager – Jember

Joined UOB Indonesia since 1997, has more than 15 years of experience in banking industry, especially in Retail Banking.

Hadijono

Area Manager – Green Garden

Joined UOB Indonesia since 1988, has more than 25 years of experience in banking industry, especially in Retail Banking.

Harri Thunardi

Area Manager – Green Garden

Joined UOB Indonesia since 2012, has more than 17 years of experience in banking industry, especially as Branch Manager.

Hartoyo

Area Manager – Semarang (Gang Tengah)

Joined UOB Indonesia since 2007, has more than 24 years of experience in banking industry, especially in Retail Banking.

Indrianto

Area Manager – Solo

Joined UOB Indonesia since 2010, has more than 20 years of experience in banking industry, especially in Retail Banking.

Jonny

Area Manager – Pekanbaru

Joined UOB Indonesia since 2010, has more than 8 years of experience in banking industry, especially in Retail Banking.

July Liman Hermanto

Area Manager – Serang

Joined UOB Indonesia since 1993, has more than 20 years of experience in banking industry, especially in Retail Banking.

Junardi

Area Manager – Medan

Joined UOB Indonesia since 1992, has more than 20 years of experience in banking industry, especially in Retail Banking.

Ketut Suartini

Area Manager – Bali Renon

Joined UOB Indonesia since 2012, has more than 20 years of experience in banking industry, especially as Area Business Manager.

Laurensius Oswari

Area Manager – Bengkulu

Joined UOB Indonesia since 1984, has more than 28 years of experience in banking industry, especially in Retail Banking.

Lie Liu Tjin

Area Manager – Pontianak

Joined UOB Indonesia since 1986, has more than 30 years of experience in banking industry, especially in Banking Operations and Retail Banking.

Lilik Soesana

Area Manager – Surabaya (Bukit Darmo)

Joined UOB Indonesia since 2010, experienced in banking industry, especially in Retail Banking.

Lindawati Halim

Area Manager – Bandung Rivai

Joined UOB Indonesia since 1992, has more than 20 years of experience in banking industry, especially in Banking Operations.

Mali S.

Area Manager – Asemka

Joined UOB Indonesia since 1981, has more than 30 years of experience in banking industry, especially in Retail Banking.

Manhudi

Area Manager – Kelapa Gading

Joined UOB Indonesia since 1998, has more than 14 years of experience in banking industry, especially in Retail Banking.

Maria Natalia Ristianty

Area Manager – Sawah Besar

Joined UOB Indonesia since 1994, has more than 18 years of experience in banking industry, especially in Banking Operations and Retail Banking.

Muchtaris

Area Manager – Purwokerto

Joined UOB Indonesia since 2010, has more than 18 years of experience in banking industry, especially in Retail Banking.

Nugroho Santosa

Area Manager – Malang

Joined UOB Indonesia since 2011, has more than 15 years of experience in banking industry, especially in Commercial and Retail Banking.

Obet Hasudungan Sihombing

Area Manager – Bogor

Joined UOB Indonesia since 2011, has more than 17 years of experience in banking industry, especially in Retail Banking.

Ritawaty Mandata

Area Manager – Samarinda

Joined UOB Indonesia since 1990, has more than 20 years of experience in banking industry, especially in Retail Banking.

Romauli L S Gultom

Area Manager – Radio Dalam

Joined UOB Indonesia since 2007, has more than 12 years of experience in banking industry, especially in Sales.

Soenji Harijanto

Area Manager – Yogyakarta

Joined UOB Indonesia since 2009, has more than 20 years of experience in banking industry, especially in Retail Banking.

Syandi Irawan

Area Manager – Jatinegara

Joined UOB Indonesia since 2011, has more than 16 years of experience in banking industry, as Branch Manager.

Teddy Polandra

Area Manager – Denpasar

Joined UOB Indonesia since 2010, experienced in banking industry, especially in Retail Banking.

Teguh Herri Waskito

Area Manager – Banjarmasin

Joined UOB Indonesia since 2012, has more than 15 years of experience in banking industry, especially as Branch Manager.

Theresia Sherry Tjoa

Area Manager – Batam Centre

Joined UOB Indonesia since 1993, has almost 20 years of experience in banking industry, especially in Banking Operations.

Tjendrajani Farman

Area Manager – Pluit

Joined UOB Indonesia since 1989, has more than 20 years of experience in banking industry, especially in Banking Operations.

Wong Bun Hock

Area Manager – Batam

Joined UOB Indonesia since 1999, has more than 13 years of experience in banking industry, especially in Commercial Banking.

Yemmy Priantoro

Area Manager – Semarang (Majapahit)

Joined UOB Indonesia since 2008, has more than 16 years of experience in banking industry, especially in Commercial Banking.

Yopie

Area Manager – Cirebon

Joined UOB Indonesia since 1992, has more than 20 years of experience in banking industry, especially in Retail Banking.

Yusda Elfani

Area Manager – Balikpapan

Joined UOB Indonesia since 2012, has more than 17 years of experience in banking industry, especially in funding.

Yusra

Area Manager – Medan Uniplaza

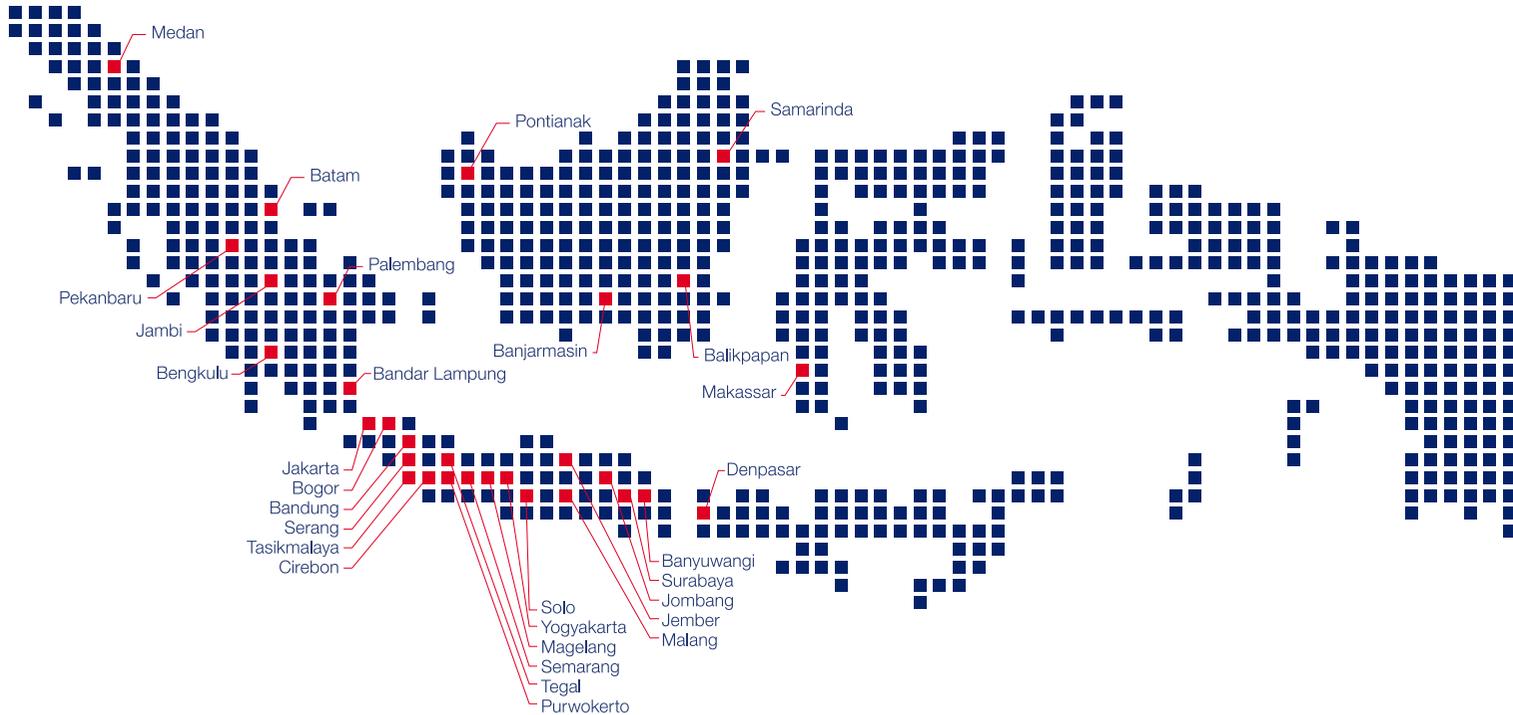
Joined UOB Indonesia since 1992, has more than 20 years of experience in banking industry, especially as Branch Manager.

Yustinus Oswari

Area Manager – Palembang

Joined UOB Indonesia since 2009, experienced in banking industry, especially in Retail Banking.

Office Network



JAKARTA
 1 Head Office
 6 Branches
 52 Sub branches

DENPASAR
 2 Branches
 6 Sub branches

BALIKPAPAN
 1 Branch
 3 Sub branches

BANDAR LAMPUNG
 1 Branch
 3 Sub branches

BANDUNG
 2 Branches
 13 Sub branches

BANJARMASIN
 1 Branch
 1 Sub branch

BANYUWANGI
 1 Branch
 4 Sub branches

BATAM
 2 Branches
 3 Sub branches

BENGKULU
 1 Branch
 2 Sub branches

BOGOR
 1 Branch
 6 Sub branches

CIREBON
 1 Branch
 3 Sub branches

JAMBI
 1 Branch
 1 Sub branch

JEMBER
 1 Branch
 4 Sub branches

JOMBANG
 1 Branch
 1 Sub branch

MAGELANG
 1 Branch
 4 Sub branches

MAKASAR
 1 Branch
 3 Sub branches

MALANG
 1 Branch
 5 Sub branches

MEDAN
 2 Branches
 7 Sub branches

PALEMBANG
 1 Branch
 6 Sub branches

PEKANBARU
 1 Branch
 2 Sub branches

PONTIANAK
 1 Branch
 2 Sub branches

PURWOKERTO
 1 Branch
 3 Sub branches

SAMARINDA
 1 Branch
 2 Sub branches

SEMARANG
 1 Branch
 8 Sub branches

SERANG
 1 Branch
 2 Sub branches

SOLO
 1 Branch
 6 Sub branches

SURABAYA
 3 Branches
 14 Sub branches

TASIKMALAYA
 1 Branch
 3 Sub branches

TEGAL
 1 Branch

YOGYAKARTA
 1 Branch
 3 Sub branches

Loan Products

- UOB Mortgage
- UOB Multi Purpose Loan
- Overdraft Facility (IDR and Foreign Currencies)
- Revolving Credit Facility
- Fixed Loan
- Fixed Investment Loan
- Commercial Vehicle Financing
- Construction Investment Loan
- Heavy Equipment Financing
- Business Property Financing
- Installment Loan (IDR & Foreign Currencies)
- Micro Business Loan
- Import & Export Financing
- UOB Credit Card (Visa and MasterCard) for non-cash transactions:
 - » Preferred Platinum
 - » Gold/ONE Card
 - » Lady's Card & Lady's Platinum
 - » Credit card for corporate needs such as Corporate Card, Purchasing/D-Card and Business Platinum Card

Funding Products

- Time Deposit (IDR and Foreign Currencies)
- UOB Rupiah Savings
- UniPlus Savings Account
- UOB Gold Savings Account
- UOB High Yield Savings Account
- TabunganKu
- UOB Saving Plan
- Foreign Currency Productive Account
- Current Account (IDR and Foreign Currencies)
- UOB Giro

Services

- Letter of Credit (L/C)
- Negotiation and Diskonto Draft Export
- Tax Payment
- Bank Guarantee
- Safe Deposit Box
- Draft and Collection Payment Facility (Foreign Currencies)
- Bank Draft (Foreign Currencies)
- Inward & Outward Transfer (IDR and Foreign Currencies)
- Kliring
- UOB Bill Pay: PLN, Telkom, Telkomsel, Indosat, XL, Esia, Fren and Indovision
- UOB ATM and Debit Card
- Autodebit Savings
- 24-hour Call Centre (14008)

Investment Products

- Distribution (Selling) Agent for Mutual Funds
- Sub Selling Agent for Government Retail Bond (ORI) 009 and SUKUK Ritel SR-004
- UOB Maxi Yield

Insurance Products - Bancassurance

- UOB Indonesia in cooperation with insurance companies, offers customers financial solutions such as life and health insurance products with single or regular premium payment.

Treasury Products

- Foreign Exchange (FX) Transactions: Value Today Transactions, Value Tom Transactions and Value Spot Transactions.
- Derivative Transactions: Forward, Swap, Interest Rate Swap (IRS) and Cross Currency Swap (CCS).
- Structured Product, combining 2 (two) or more financial instruments in the form of non-derivative financial instruments with Derivative or Derivative with Derivative where the value or cash flow of the product is associated with 1 (one) or a combination of the base variables such as interest rates, exchange rates and commodity or equity.
- Securities/Bond Transactions with maturities of more than 1 (one) year.

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