

REMUNERATION POLICY

The remuneration of the Board of Commissioners and the Board of Directors has been established based on procedures, structures, and indicators stipulated in BCA's Article of Association and Board of Commissioners' Decree No. 060/SK/KOM/2018 dated April 3, 2018 concerning the Remuneration of the Board of Directors and the Board of Commissioners, which is in line with:

- a. OJK Regulation No. 45/POJK.03/2015 concerning the Implementation of Governance for Commercial Banks in the Provision of Remunerations.
- b. OJK Regulation No. 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks.
- c. OJK Circular Letter No. 40/SEOJK.03/2016 concerning the Implementation of Governance in Remuneration for Commercial Banks.

Remuneration Committee

The Board of Commissioners has established the Remuneration and Nomination Committee (RNC), whose function is to support the Board of Commissioners' in the development of policy and remuneration implementation for the members of Board of Commissioners and the Board of Directors.

The composition, membership structure, duties and responsibilities, meetings, and remuneration paid to the RNC members are presented in the Remuneration and Nomination Committee section on page 401-406 of this Annual Report.

The Process of Remuneration Policy Development

1. Background and Purpose

Remuneration policy is developed and established with the aim of enhancing the quality of management while maintaining BCA's resilience and business continuity.

Fixed remuneration policies must at least consider business scale, business complexity, peer groups, inflation rates, financial conditions and capabilities and must not conflict with the applicable laws and regulations. Specifically for variable remuneration, the distribution of remuneration also considers risk factors in BCA's business activities, namely credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk, and compliance risk.

2. Remuneration Policy Review

BCA reviews remuneration policy regularly by revising it to the prevailing laws and regulations. The revision of the policy based on the review result was conducted on April 3, 2018 with the issuance of Board of Commissioners' Decree No. 060/SK/KOM/2018 concerning the Remuneration Policy for the Board of Directors and Board of Commissioners.

3. The Independency of Remuneration Policy Implementation

To ensure the independency of remuneration implementation for employees in the control unit, the performance appraisal in the control unit is not linked to the achievement of business targets/performance of the work units it supervises. This can be ensured through 2 (two) ways, namely:

- a. Separation of the organizational structure of the control unit to ensure independency.
- b. Any approval of business targets must go through the approval of direct supervisors, and the supervisors of direct supervisors.

Remuneration Policy Coverage and Implementation

The scope of the remuneration policy established by BCA regulates the remuneration for members of the Board of Commissioners', members of the Board of Directors', and applies to the employees in the business unit and operational. The remuneration policy covers fixed and variable remuneration.

External Consultant Services

BCA utilized external consultant services, namely Wills Tower Watson in establishing or refining remuneration policy. The external consultant was tasked with identifying and analysing gaps in the stipulated remuneration provisions and conducting a Salary Survey which will be used as a basis / benchmark in determining BCA's remuneration strategy.

Material Risk Takers (MRT) Parties

BCA determined the parties who can become an MRT with the following criteria:

- a. Board of Directors and/or other employees due to their duties and responsibilities have to make decisions which have a significant impact on the BCA's risk profile; or
- b. Board of Directors, Board of Commissioners, and/or employees who received a greater amount of variable remuneration.

Based on those criteria, the parties determined MRT are all members of the Board of Commissioners and the Board of Directors with a total of 17 (seventeen) individuals according to the number who served as of December 31, 2020.

Remuneration Related to Risk and Performance

Remuneration Related to Risk

Key Risks in Determining Remuneration

In setting out the remuneration strategy, particularly on the variable remuneration, BCA considers of credit risk the key risk. Credit risk has been BCA's key risk in 2020 and the previous years. This is because of the credit risk attached to the types of transactions and businesses that are most significant in generating profits, and business decisions have a major impact on BCA's business.

Impacts of Key Risk on Remuneration

The determination of the key risk types will have an impact on the stipulation of the KPI and on the provision of variable remuneration.

Performance Measurement Related to Remuneration

Performance Measurement Indicators in Determining Remuneration of Members of The Board of Directors

The indicators in determining the remuneration of members of the Board of Directors among others are as follows:

- Performance of each member of the Board of Directors;
- BCA Financial performance;
- Industrial benchmarks;
- Risk that may arise in the future resulting in loss to BCA.

BCA's performance appraisal system is carried out as objectively as possible and oriented towards employee development:

1. Performance appraisal is directed to the work performance and the company's core values that manifested in the employees where:
 - The worker accomplishment is the work and achievement of employees against work targets/goals.
 - The demonstration of core values is a demonstration of the behavior exhibited by employees in carrying out their duties and responsibilities which reflect the company's core values.
2. The results from the performance appraisal combined with employee competency assessment become a reference to determine the direction of employee development.

Impacts of BCA's Performance, Work Unit Performance, and Individual Performance on Remuneration

BCA's performance will influence the determination of amount of remuneration, especially those with variables. Individual performance will be reviewed every 1 (one) year. The result of individual performance appraisal will be used as the basis for company appreciation in the form of bonuses, promotions, rank reviews and wages/salary increase.

Performance measurement is based on the agreed performance at the beginning of the year. Bonuses are given based on assessment of individual performance, where the determination has been set based on decrees and circular letters. For evaluation of the achievement of business/work targets that are quantitative in nature, the assessment guideline is used, i.e. exceeding the target (> 110%), achieving the target (100-110%), and achieving some of the target (80-99%).

Remuneration Adjustment related to Risk and Performance

1. Deferred Variable Remuneration

For Material Risk Takers (MRT), including all members of the Board of Directors and Board of Commissioners, 15% of tantiem are deferred and paid in prorated terms in cash and shares, as follows:

- a. 5% in cash
- b. 10% in the form of shares to be locked-up during the withholding period.

Especially for Independent Commissioners, the deferred tantiem is entirely in cash form

2. Postponed Payments (Malus) or Withdrawn Payments (Clawback)

In certain conditions, the tantiem that has been paid to the Material Risk Taker (MRT) in cash or shares can be withdrawn.

3. Withholding Period

The withholding period is 3 (three) years from the first time variable remuneration is paid. An equal withholding period is applicable for all MRT.

1. Procedure of Determination of Remuneration of Board of Commissioners and Board of Directors

Procedure

Based on the resolution of BCA Annual GMS held in 2020, power and authority has been given to:

- a. The Board of Commissioners to determine the salary and other allowances for members of Board of Directors, taking into account the recommendation of Remuneration and Nomination Committee.
- b. The BCA majority shareholders to determine the salary and other allowances to be paid to members of Board of Commissioners.
- c. The BCA majority shareholders to determine tantiem distribution among members of Board of Commissioners and Board of Directors.

Scheme of Procedure of Proposal and Determination of Remuneration



2. Board of Commissioners' Remuneration

Remuneration Structure of Board of Commissioners

Remuneration packages and facilities received by the Board of Commissioners cover remuneration structure and details of the nominal amount, as specified in the table below:

Types of Remuneration and Facilities	Amount Received in 1 (One) Year			
	2020		2019	
	Number of People	In million Rupiah	Number of People	In million Rupiah
Salary, bonus, routine allowance, tantiem, and other non-natura facilities	5	132.750	5	134.313
Other facilities in the form of natura (housing, health insurance, etc) that :				
1. Can be possessed	-	-	-	-
2. Cannot be possessed	-	-	-	-
Total	5	132.750	5	134.313

The remuneration package is classified into income levels received by the Board of Commissioners within 1 (one) year, as indicated in the table below:

Total Remuneration per Person in 1 (one) Year *)	Amount Received in 1 (One) Year	
	2020	2019
Above Rp2 billion	5	5
Above Rp1 billion up to Rp2 billion	-	-
Above Rp500 million up to Rp1 billion	-	-
Below Rp500 million	-	-

Note: *) received in cash

3. Board of Directors' Remuneration

Indicators for Determination Remuneration for Members of the Board of Directors

The indicators for determining the remuneration for the members of Board of Directors, among others, are as follows:

- Performance of individual member of the Board of Directors.
- Financial performance and reserve fulfilment as stipulated in Law No. 40 Year 2007 on Limited Liability Companies.
- Fairness with peer group.
- The equality of positions within BCA and at several other similar banks, among others, in terms of assets and characteristics.
- Consideration of BCA's long term goals and strategy.

Remuneration Structure of Board of Directors

Remuneration packages and facilities received by the Board of Directors cover remuneration structure and details of the nominal amount, as specified in the table below:

Types of Remuneration and Facilities	Amount Received in 1 (One) Year			
	2020		2019	
	Number of People	In million Rupiah	Number of People	In million Rupiah
Salary, bonus, routine allowance, tantiem, and other non-natura facilities	12	464.414	11	456.602
Other facilities in the form of natura (housing, health insurance, etc) that :				
1. Can be possessed	-	-	-	-
2. Cannot be possessed	-	-	-	-
Total	12	464.414	11	456.602

The remuneration package is classified into income levels received by the Board of Directors within 1 (one) year, as indicated in the table below:

Total Remuneration per Person in 1 (one) Year *)	Amount Received in 1 (One) Year	
	2020	2019
Above Rp2 billion	12	11
Above Rp1 billion up to Rp2 billion	-	-
Above Rp500 million up to Rp1 billion	-	-
Below Rp500 million	-	-

Note: *) received in cash

4. Variable Remuneration

Variable Remuneration consists of cash and shares. Shares are in the form of extra bonuses which are spent on BCA shares. Extra bonuses which are spent on BCA shares are subsequently postponed (locked up) for 3 (three) years from the bonus disbursement.

Extra bonuses in form of BCA shares have the following objectives:

- Show appreciation to the employee's contribution throughout the year of performance;
- Foster a sense of belonging from employees that is expected to have a positive impact on increasing engagement of employees with the company;
- Increase productivity of employees;
- Create harmony among employees, management and shareholders in improving company performance.

Distribution of variable remuneration, which is the bonus budget (cash and shares), is distinguished based on position levels:

1. The Board of Directors and Board of Commissioners;
2. S1-S3 echelon employees;
3. S4-S8 echelon employees.

The underlying consideration of the differences in the distribution of variable remuneration is the impact of the position on the achievement of company performance,

so that the higher the position, the greater the bonus budget.

The Number of Commissioners, Directors, and Employees Who Received Variable Remuneration

Number of Directors, Commissioners, and employees who received the Variable Remuneration in 1 (one) year and the total nominal are specified in the table below:

Year	Total Variable Remuneration in 1 (one) year:					
	Board of Commissioners		Board of Directors		Employees	
	Number of People	In million (Rp)	Number of People	In million (Rp)	Number of People	In million (Rp)
2020	5	88,430	10*) **)	327,450	23,491	2,277,288
2019	5	78,750	9	297,850	24,030	2,091,529

Note:

*) Mrs. Inawaty Handojo ended her term in the AGMS on April 11 2020.

**) Mr. Gregory Hendra Lembong served as Director based on OJK Letter No.13/KDK.03/2020 dated May 14 2020 and Mr. Haryanto T. Budiman served as Compliance Director based on OJK Letter No.14/KDK.03/2020 dated May 14 2020.

Shares Option

There were no share options for Board of Directors, Board of Commissioners and/or Executive Officers during 2020.

Variable Remuneration that are Unconditionally Guaranteed to Board of Commissioners Candidates, Board of Directors Candidates, and/or Employee Candidates

There are no variable remuneration that are unconditionally guaranteed to be paid by BCA to Board of Commissioners Candidates, Board of Directors Candidates, and / or Employee Candidates during the first 1 (one) year of service.

Deferred Variable Remuneration

Total deferred variable remuneration, consisting of cash and/or shares or stock-based instruments issued by BCA and implemented as 2020 payments, as follows:

1. In cash Rp22,064,800,000.-
2. In shares Rp24,678,360,000.-

The total amount of deferred variable remuneration paid for 1 (one) year has been paid in 2020, with the details paid in cash of Rp22,064,800,000.-

5. Remuneration Implementation in BCA

The Amount of Remuneration Granted in 1 (one) year

The details of the amount of remuneration granted in 1 (one) year include:

A. Fixed Remuneration ^{*)}	2020	2019
1. In Cash	181,284	214,316
2. Shares/stock-based instruments issued by BCA	-	-

B. Variable Remuneration ^{*)}	2020		2019	
	Not Postponed	Postponed	Not Postponed	Postponed
1. In Cash	376,338	22,065	337,058	18,966
2. Shares/stock-based instruments issued by BCA ^{**)}	-	24,678	-	20,577

Note:

^{*)} Only applicable for Material Risk Takers and disclosed in millions of Rupiah

^{**)} Shares are locked up for up to 3 (three) years

Quantitative Information

Quantitative information related to the total remaining postponed remuneration, whether it is exposed to implicit or explicit adjustments, the total remuneration deduction caused by explicit adjustments during the reporting period, and the total remuneration deduction due to implicit adjustments during the reporting period are as follows:

Total Variable Remuneration	2020				2019			
	Postponed shares	Total deduction during the reporting report			Postponed shares	Total deduction during the reporting report		
		Due to explicit adjustment (A)	Due to implicit adjustment (B)	Total (A)+(B)		Due to explicit adjustment (A)	Due to implicit adjustment (B)	Total (A)+(B)
1. In cash (in million rupiah)	-	-	-	-	-	-	-	-
2. Shares/instruments based on the shares issued by BCA (in shares and nominal million rupiah which is a conversion of these shares)	859,032 shares	-	-	-	731,829 shares	-	-	-

Highest and Lowest Salary Ratios

Salary Ratio	2020	2019
The highest and lowest salary of employees ratio	22.97	25.37
The highest and lowest salary of the Board of Directors ratio	2.7	2.81
The highest and lowest salary of the Board of Commissioners ratio	1.62	1.62
The highest salary of the Board of Directors and highest salary of employees ratio	8.91	8.68
Ratio of Annual compensation of the President Director and median/mean of the annual compensation of all employees (except the President Director)	90.22	94.05

Number of Employees Who Have Been Terminated and Total Nominal Value of Severance Payments

The total number of employees affected by termination of employment and the total nominal severance paid are shown in the table below:

Total Nominal Severance Paid for 1 (one) Person in 1 (one) Year	Number of Employees	
	2020	2019
Above Rp1 billion	231 people	198 people
Above Rp500 million up to Rp1 billion	476 people	588 people
Below Rp500 million	513 people	774 people