

**ANNUAL REPORT OF  
THE INTEGRATED GOVERNANCE IMPLEMENTATION**

**FINANCIAL CONGLOMERATION PT BANK CENTRAL ASIA Tbk**

**YEAR 2015**

# **ANNUAL REPORT OF THE INTEGRATED GOVERNANCE IMPLEMENTATION OF THE FINANCIAL CONGLOMERATION PT BANK CENTRAL ASIA Tbk YEAR 2015**

Annual Report of The Integrated Governance Implementation of The Financial Conglomeration PT Bank Central Asia Tbk (“BCA”) year 2015 was prepared in accordance with:

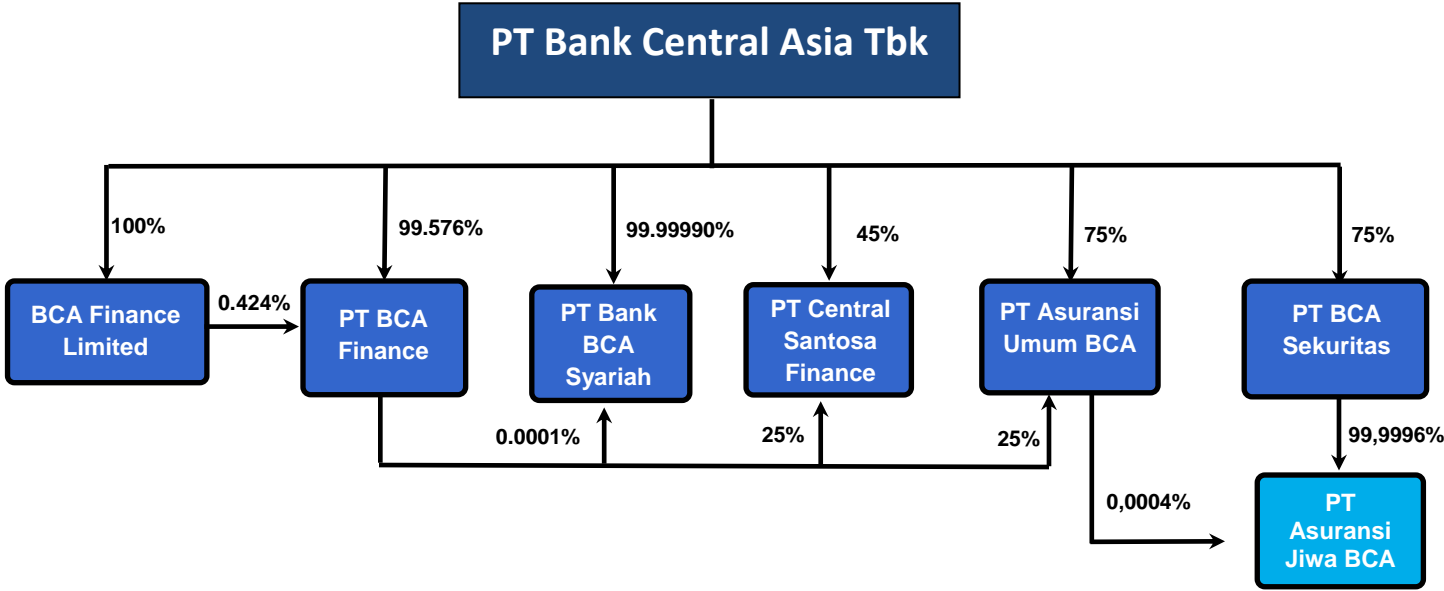
1. Regulation of Financial Service Authority No. 18/POJK.03/2014 dated 18 november 2014 regarding Implementation of Integrated Governance for Financial Conglomerate;
2. Financial Service Authority Circular Letter No. 15/SEOJK.03/2015 dated 25 May 2015 on The Implementation of Good Corporate Governance for Financial Groups;
3. Bank Indonesia Regulation No. 8/4/PBI/2006 dated 30 January 2006 concerning the Implementation of Good Corporate Governance For Commercial Bank as amended with Bank Indonesia Regulation No. .8/14/PBI/2006 dated 5 October 2006;
4. Bank Indonesia Circular Letter No. 15/15/DPNP dated 29 April 2013 concerning the Implementation of Good Corporate Governance For Commercial Banks.

Annual Report of The Integrated Governance Implementation of The Financial Conglomeration PT Bank Central Asia Tbk (“BCA”) year 2015 at least consist of:

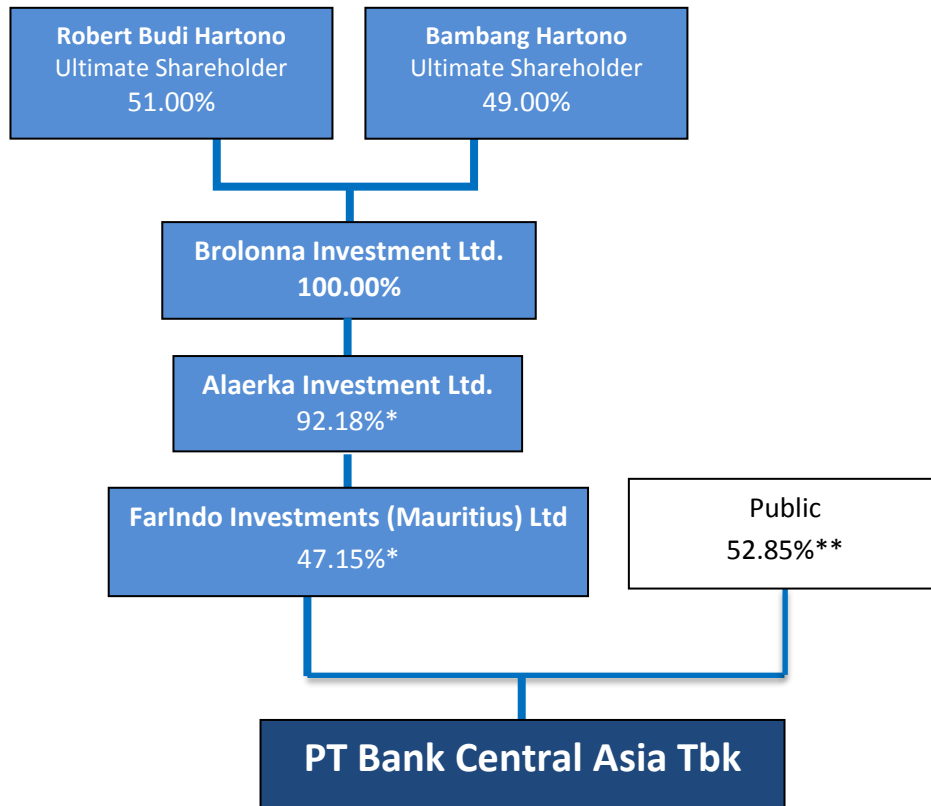
- I. Self Assessment Report on the Integrated Governance Implementation for 1 (one) fiscal year;
- II. Financial Conglomerate Structure;
- III. Share ownership structure in Financial Conglomerate describing the parties who become shareholders of Financial Service Institution (Subsidiaries) in Financial Conglomerate up to the ultimate shareholders;
- IV. Management structure in the Primary entity and LJK in Financial Conglomerate; and
- V. Intra-group transaction policy which at least contains policy to identify, to manage and to mitigate intragroup transaction.
- VI. The BCA's Good Corporate Governance report has to cover at least the following:
  1. Transparency of Good Corporate Governance Implementation as referred by point IX Circular Letter of Bank Indonesia No. 15/15/DPNP dated 29 April 2013; and
  2. GCG Implementation Self Assessment Report in accordance with the assessment period of Bank Soundness Level for the past 1 (one) year.



II. FINANCIAL CONGLOMERATE STRUCTURE OF BCA



III. STRUCTURE OF SHARE OWNERSHIP IN FINANCIAL CONGLOMERATE DESCRIBING THE SHAREHOLDERS IN LJK (SUBSIDIARIES) IN FINANCIAL CONGLOMERATE UP TO THE ULTIMATE SHAREHOLDERS



Description :

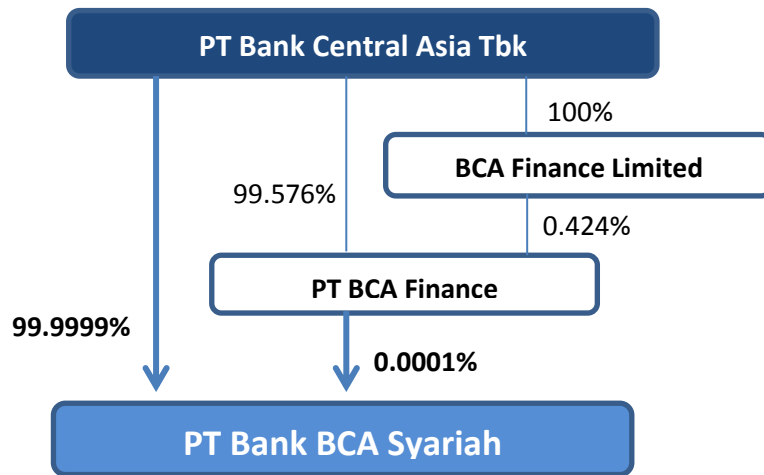
- : Ultimate shareholder
- : Control Path

\* : Alaerka Investment Ltd, has 92.18% shares in FarIndo Investments (Mauritius) Ltd. ("FarIndo"). The Shares of Tresuri FarIndo is 7.82%.

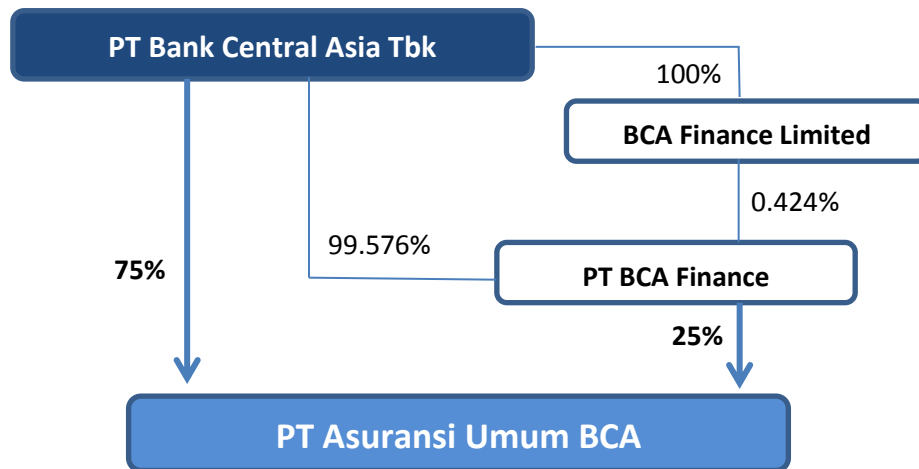
\*\* : On the composition of community-owned share, 232.96% is owned by the parties affiliated with Ultimate Shareholders, 0.02% owned by Robert Budi Hartono and 0.02% owned by Bambang Hartono

In addition, Board of Commissioners and Board of Commisioners have 0.25% of BCA share. Each community shareholder own less than 5% of BCA share.

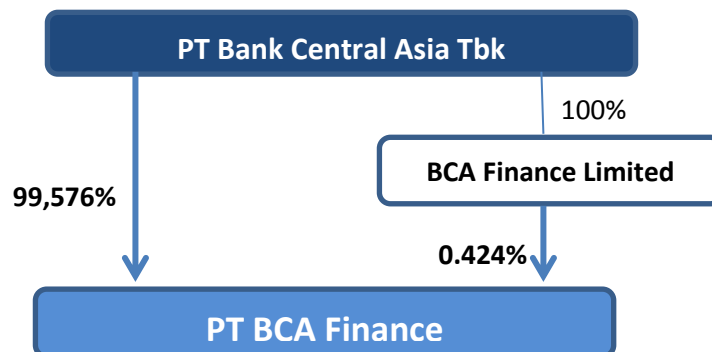
1. STRUCTURE OF SHARE OWNERSHIP OF PT BANK BCA SYARIAH



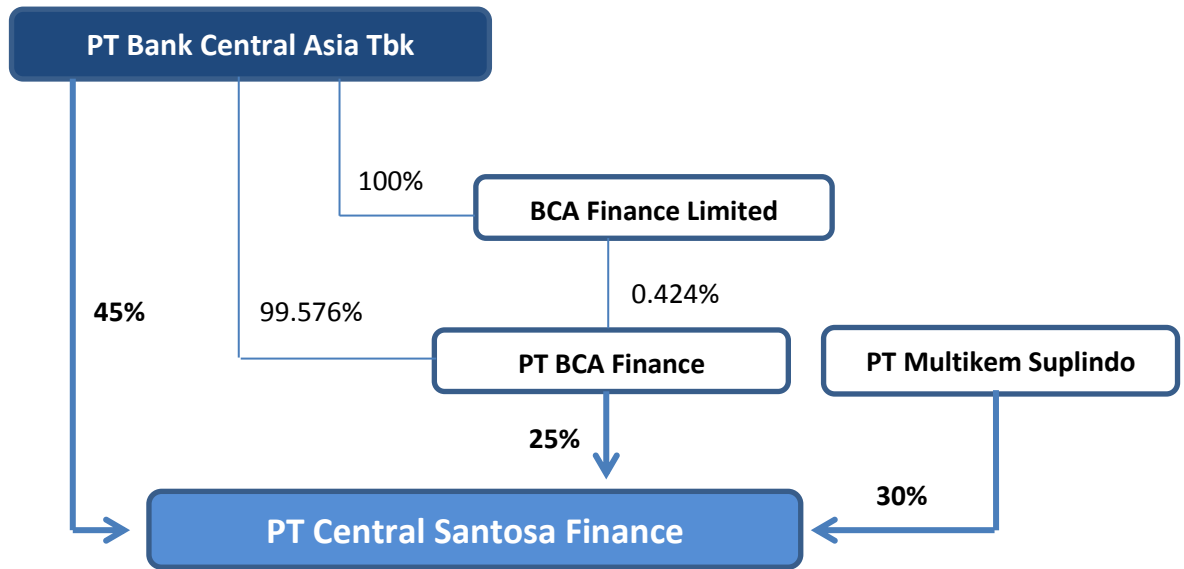
2. STRUCTURE OF SHARE OWNERSHIP OF PT ASURANSI UMUM BCA



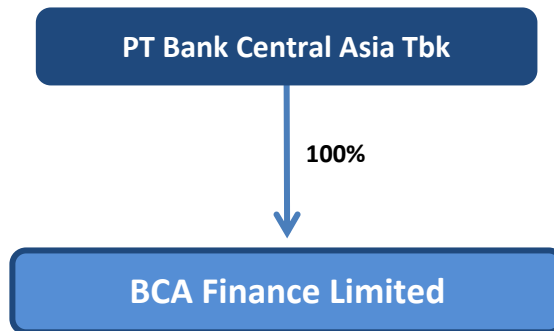
3. STRUCTURE OF SHARE OWNERSHIP OF PT BCA FINANCE



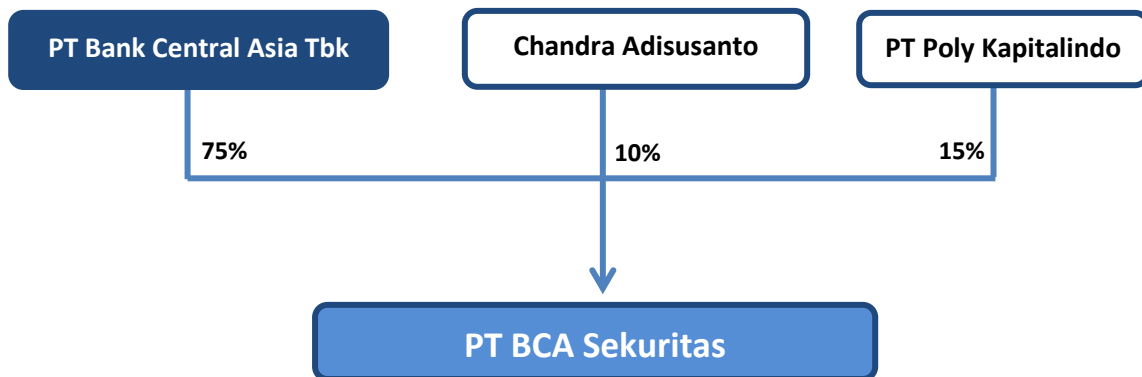
4. STRUCTURE OF SHARE OWNERSHIP OF PT CENTRAL SANTOSA FINANCE



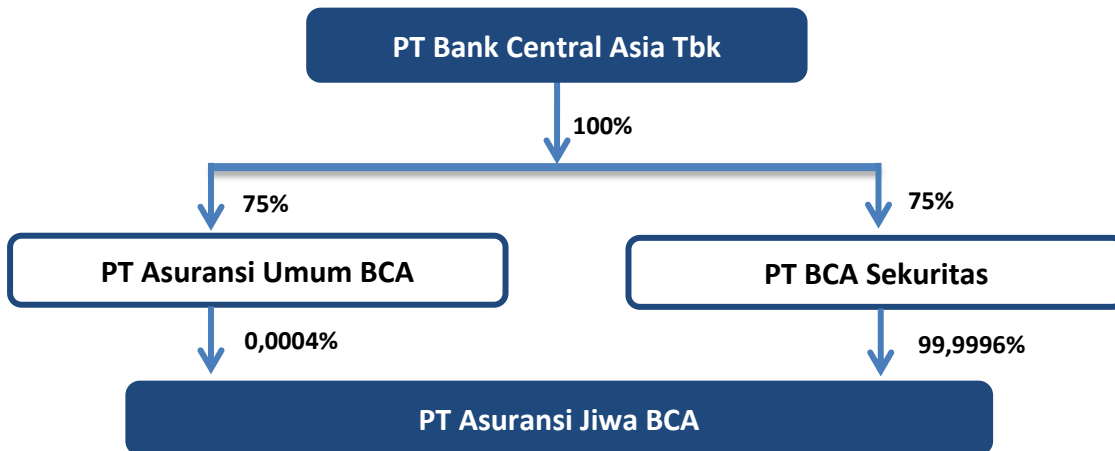
5. STRUCTURE OF SHARE OWNERSHIP OF BCA FINANCE LIMITED



6. STRUCTURE OF SHARE OWNERSHIP OF PT BCA SEKURITAS



7. STRUCTURE OF SHARE OWNERSHIP OF PT ASURANSI JIWA BCA



IV. MANAGEMENT STRUCTURE IN PT BANK CENTRAL ASIA Tbk AND LJK (SUBSIDIARIES) IN FINANCIAL CONGLOMERATE

❖ MANAGEMENT STRUCTURE OF PT BANK CENTRAL ASIA Tbk

Board of Commissioners	
Position	Name
President Commissioner	Djohan Emir Setijoso
Commissioner	Tonny Kusnadi
Independent Commissioner	Cyrrillus Harinowo
Independent Commissioner	Raden Pardede
Independent Commissioner	Sigit Pramono
Board of Directors	
Position	Name
President Director	Jahja Setiaatmadja
Vice President Director	Eugene Keith Galbraith
Director	Dhalia Mansor Ariotedjo
Director	Anthony Brent Elam
Director	Suwignyo Budiman
Compliance Director	Tan Ho Hien/Subur atau Subur Tan
Director	Henry Koenafi
Director	Armand Wahyudi Hartono
Independent Director	Erwan Yuris Ang
Director	Rudy Susanto



❖ **MANAGEMENT STRUCTURE OF PT BANK BCA SYARIAH**

<b>Board of Commissioners</b>	
<b>Position</b>	<b>Name</b>
President Commissioner	Iwan Kusumobagio
Independent Commissioner	Suyanto Sutjiadi
Commissioner	Joni Handrijanto
<b>Board of Directors</b>	
<b>Position</b>	<b>Name</b>
President Director	Yana Rosiana
Vice President Director	John Kosasih
Compliance Director	Tantri Indrawati

❖ **MANAGEMENT STRUCTURE OF PT BCA FINANCE**

<b>Board of Commissioners</b>	
<b>Position</b>	<b>Name</b>
President Commissioner	Ricki Immanuel
Independent Commissioner	Adhi Gunawan Budirahardjo
<b>Board of Directors</b>	
<b>Position</b>	<b>Name</b>
President Director	Roni Haslim
Director	Amirdin Halim
Director	Petrus Santoso Karim
Director	David Pangestu

❖ **MANAGEMENT STRUCTURE OF PT CENTRAL SANTOSA FINANCE**

<b>Board of Commissioners</b>	
<b>Position</b>	<b>Name</b>
President Commissioner	Roni Haslim
Commissioner	Rudyanto Somawihardja
Commissioner	Hermanto
<b>Board of Directors</b>	
<b>Position</b>	<b>Name</b>
President Director	David Hamdan
Director	Senjaya Komala
Director	Adhi Purnama

❖ **MANAGEMENT STRUCTURE OF PT ASURANSI UMUM BCA (BCA INSURANCE)**

<b>Board of Commissioners</b>	
<b>Position</b>	<b>Name</b>
President Commissioner	Petrus Santoso Karim
Independent Commissioner	Edison Idrus
Independent Commissioner	Gustiono Kustianto
<b>Board of Directors</b>	
<b>Position</b>	<b>Name</b>
President Director	Gregorius Hariyanto
Director	Hendro H. Wenan
Director	Hariyanto Djumali
Director	Harry Kaporo

❖ **MANAGEMENT STRUCTURE OF PT BCA SEKURITAS**

<b>Board of Commissioners</b>	
<b>Position</b>	<b>Name</b>
President Commissioner	Ferdinandus Aming Santoso
Commissioner	Linus Ekabranko Windoe
Commissioner	Deddy Muljadi Hendrawinata
<b>Board of Directors</b>	
<b>Position</b>	<b>Name</b>
President Director	Mardi Henko Sutanto
Director	Imelda Arismunandar

❖ **MANAGEMENT STRUCTURE OF PT ASURANSI JIWA BCA**

<b>Board of Commissioners</b>	
<b>Position</b>	<b>Name</b>
President Commissioner	Lianawaty Suwono
Commissioner	Herwandi Kuswanto
Independent Commissioner	Teguh Wiyono
Independent Commissioner	Pudjianto
<b>Board of Directors</b>	
<b>Position</b>	<b>Name</b>
President Director	Christine Wahjuni Setyabudhi
Director	Rio Winardi
Director	Yannes Chandra
Director	Honggo Djojo

❖ **MANAGEMENT STRUCTURE OF BCA FINANCE LIMITED**

Board of Directors	
Position	Name
Director	Andy Kwok
Director	Edmund Tondobala
Director	Rudy Harjono

**V. POLICY OF INTRA-GROUP TRANSACTION CONTAINING THE POLICY TO IDENTIFY, MANAGE AND MITIGATE THE INTRA-GROUP TRANSACTIONS**

**Introduction**

The relation of ownership and/or control in various sectors of financial service will affect the business continuity of financial service institution caused by risk exposures arising out directly or indirectly from subsidiaries' business activities which are incorporated in a financial conglomerate.

BCA as the Primary Entity of the BCA Financial Conglomerate is obliged to manage the risks of intra-group transactions and to carry out monitoring the intra-group transactions in an integrated manner.

**Definition of Intra-Group Transaction Risk**

Intra-group transaction risk is a risk due to reliance of an entity, either directly or indirectly, towards other entity within one financial conglomerate in order to fulfill its contractual obligation of written or unwritten agreement which is followed with fund transfer and/or not followed with fund transfer.

**The purpose of intra-group transaction risk management**

The main purposes of intra-group transaction risk management are:

1. To organize and supervise the intra-group transactions of Financial Conglomerate based on prudent principle.
2. To ensure that the risk management process can minimize the possibility of negative impact resulted by dependence of a Financial Service Institution either directly or indirectly towards other LJK within one Financial Conglomerate.

**Type of intra-group transaction**

Risk of intra-group transaction, among others, may arise from:

1. Cross ownership between LJK and Financial Conglomerate.
2. Centralization of short term liquidity management.
3. Guarantee, loan, and commitment provided or acquired by a LJK from another LJK within Financial Conglomerate.
4. Exposure to the controlling shareholders, including loan exposure and off-balance sheet such as guarantee and commitment.

5. Asset purchase and sale to other LJK within one Financial Conglomerate.
6. Risk transfer through re-insurance.
7. Transaction to assign third party's risk exposure between LJKs within Financial Conglomerate.

### **Principles of intra-group transaction risk management**

In principles of intra-group transaction risk management, the Primary Entity is obliged to:

1. Have adequacy in risk management process including the overall intra-group transaction for Financial Conglomerate.
2. Carry out monitoring the intra-group transactions of Financial Conglomerate regularly and to prepare periodic report.
3. Encourage public disclosure related to the intra-group transactions.
4. Act as a liaison for members of Financial Conglomerate in ensuring important matters required to be noted and to act as a supervisor to consider the feasibility of intra-group transactions.
5. Consider adverse impact to be occur to the members of Conglomerate indirectly and to the entire Final Conglomerate from the intra-group transaction.

### **Scope of policy of intra-group transaction risk management**

Implementation of intra-group risk management in Financial Conglomerate covers:

1. Supervision by Board of Commissioners and Board of Directors.
2. Adequacy of policy, procedur, and stipulation on intra-group transaction risk limits.
3. Adequacy on the process of identification, measurement, monitoring, and risk controlling as well as information system of intra-group transaction risk management.
4. A comprehensive internal controlling system towards the implementation of intra-group transaction risk management.

### **Supervision by Board of Commissioners and Board of Directors**

Supervision by Board of Commissioners and Board of Directors is indispensable to ensure the implementation effectiveness of intra-group transaction risk management and conformity to the applicable provisions.

### **Authority and responsibility of Board of Commissioners**

The authorities and responsibilities of Board of Commissioners in the implementation of intra-group transaction risk management, are:

1. Approving the policy of intra-group transaction risk management.
2. Evaluating the Board of Directors' accountability and providing direction on improvement and implementation of the policy of intra-group transaction risk management.

## **Authority and responsibility of Board of Directors**

The authorities and responsibilities of Board of Directors in intra-group transaction risk management, are:

1. Comprehending the intra-group transaction risk attached to the financial conglomerate.
2. Preparing and determining the policy on intra-group transaction risk management.
3. Responsible for the implementation of intra-group transaction risk management.
4. Ensuring that each entity in the financial conglomerate implements the intra-group transaction risk management.
5. Monitoring the intra-group transaction risk regularly.
6. Developing risk culture as a part of the implementation of intra-group transaction risk management.
7. Ensuring that the implementation of intra-group transaction risk management is free of any conflict of interest between the financial conglomerate and the individual LJK.

## **Human Resources**

In the framework of the responsibility implementation of HR-related risk management, the Board of Directors is required to ensure:

1. A clear determination of human resource qualification for every position level related to the implementation of intra-group transaction risk management.
2. Placement of competent officers and staff in working unit related to the implementation of intra-group transaction risk management.
3. Adequacy of human resources quantity and quality in understanding duties and responsibilities in the implementation of intra-group transaction risk management.
4. Capacity building of human resources among others through sustainable education and training programs.
5. Comprehension of the entire human resources towards strategies, risk level will be taken (risk appetite), risk tolerance, and risk management framework of the intra-group transactions.

## **Adequacy on Policy, Procedure, and Determination of Intra-Group Transaction Risk Limit**

Policy, procedure, and determination of intra-group transaction risk limit refer to the policy, procedure and limit determination as contained in Basic Policy of Integrated Risk Management.

## **Risk Appetite and Risk Tolerance**

Risk level of the intra-group transaction will be taken (risk appetite) and risk tolerance is described as follows.

1. The risk level of intra-group transaction which will be taken (risk appetite) is the risk available to be taken in order to achieve target in an integrated manner. The risk will be taken is reflected in business strategy and target.
2. Risk tolerance is the maximum risk level available to be taken.
3. The risk level which will be taken (risk appetite) and risk tolerance must be in line with business strategy, risk profile, and capital plan of the financial conglomerate.

## **Policy And Procedure**

Several matters required to be noted in policy and procedure relating to intra-group transaction risk are:

1. The Financial Conglomerate's Policy must comply with the applicable regulations related to the intra-group transactions.
2. The Financial Conglomerate must ensure the fulfillment of arm's length principle (transaction fairness) related to the intra-group transaction.
3. Procedures of the intra-group transaction risk management at least include:
  - 3.1 Accountability and level of a clear authority delegation in the implementation of intra-group transaction risk management.
  - 3.2 Implementation of review towards the procedures regularly.
  - 3.3 Adequate procedure documentation, which are documentation in writing, complete, and easy to be carried out audit trail.

## **Risk limit of Intra-Group transaction**

The Financial Conglomerate must ensure that determination of intra-group risk limit is in accordance with the regulatory provisions applicable.

## **Adequacy of Identification Process, Measurement, Monitoring, and Risk Control as well Information System of Intra-Group Transaction Risk Management**

In the implementation of intra-group transaction risk management, the Primary Entity is obliged to carry out identification process, measurement, monitoring and risk control towards all significant risk factors in an integrated manner, and supported by information system of an adequate intra-group transaction risk management.

## **Identification of Intra-Group Transaction Risk**

The identification of intra-group transaction risk is carried out through:

1. Identification on composition of intra-group transaction in the Financial Conglomerate.
2. Identification on documentation and transaction fairness.
3. Identification on other information.

## **Measurement of Intra-Group Transaction Risk**

The measurement of intra-group transaction risk aims to rank the risk level of intra-group transaction of the financial conglomerate. In addition, the Primary Entity obliges to prepare risk profile of the intra-group transaction which is integrated to the members of the Financial Conglomerate.

The following is the measurements must be carried out to obtain risk profile of an integrated intra-group transaction.

Measurement	Description	Measurement Results
Inherent Risk	In determining the inherent risk level, the Primary Entity must make comprehensive analysis using the whole relevant quantitative and qualitative indicators. The indicators include 3 aspects: 1. Composition of the intra-group transaction in the financial conglomerate. 2. Documentation and transaction fairness. 3. Other information.	1. Low 2. Low to Moderate 3. Moderate 4. Moderate to High 5. High
Quality of Risk Management Implementation	Measurement of quality of the integrated risk management implementation includes 4 aspects: 1. Supervision by Board of Commissioners and Board of Directors. 2. Adequacy of policy, procedure, and limit determination of the intra-group transaction. 3. Adequacy of process of identification, measurement, and risk control as well as information system of the intra-group transaction risk management. 4. A comprehensive internal control system towards the implementation of the intra-group transaction risk management.	1. Strong 2. Satisfactory 3. Fair 4. Marginal 5. Unsatisfactory

### Risk level rating

Risk level rating is a combination of inherent risk measurement and measurement of risk management implementation.

Mapping of risk level rating of the intra-group transaction can be seen in the matrix below:

Assessment Result on Risk Level Rating		Quality Rating of Risk Management Implementation (KPMR)				
		Strong	Satisfactory	Fair	Marginal	Unsatisfactory
Inherent Risk Rating	Low	Low	Low	Low to Moderate	Moderate	Moderate
	Low to moderate	Low	Low to Moderate	Low to Moderate	Moderate	Moderate to High
	Moderate	Low to Moderate	Low to Moderate	Moderate	Moderate to High	Moderate to High
	Moderate to high	Low to Moderate	Moderate	Moderate to High	Moderate to High	High
	High	Moderate	Moderate	Moderate to High	High	High

### **Monitoring to The Intra-Group Transaction Risk**

Monitoring to the intra-group transaction risk is carried out by taking into account of:

1. Parameters composition of the intra-group transaction risk in the integrated risk profile report.
2. Documentation completeness of the intra-group transaction.
3. Intra-group transaction reasonableness.
4. Other information related to the intra-group transaction.

### **Control on The Intra-Group Transaction Risk**

Control on the intra-group transaction risk is carried out by ensuring:

1. Reasonableness of the intra-group transaction of the Financial Conglomerate.
2. Documentation for each intra-group transaction.
3. Each intra-group transaction must comply with the law/regulatory provisions applicable.

### **Information system of intra-group transaction risk management**

The information system of intra-group transaction risk management includes report on the intra-group transaction profile risk which constitutes a part of an integrated risk profile report.

### **A Comprehensive Internal Control System Towards the Implementation of Intra-Group Transaction Risk Management**

The internal control system for intra-group transaction risk refers to the internal control as contained in the Basic Policy of Integrated Risk Management.

#### **Internal Control System**

An effective implementation process of intra-group transaction risk management must be equipped with a comprehensive internal control system. An effective implementation of internal control system is expected to be able to maintain the assets of the financial conglomerate, to guarantee the availability of a reliable reporting, to improve compliance to the provisions as well as laws and regulations, and to mitigate the risk of losses, deviation and violation of circumspection aspect.

The implementations of internal control system are as follows:

1. BCA is obliged to implement an effective internal control system on the intra-group transaction risk by referring to the policy and procedures have been set out.
2. The internal control system is prepared in order to ensure:
  - 2.1 The compliance to policy and internal terms as well as laws and regulations.
  - 2.2 The risk culture effectiveness in the Financial Conglomerate organization comprehensively to identify weakness and deviation early and to re-assess reasonableness of the policy and procedures available in the financial conglomerate in an ongoing basis.
3. Review towards measurement of the intra-group transaction risk, at least includes:
  - 3.1 Policy conformity, organization structure, resources allocation, process design of the intra-group transaction risk management, information system, and risk reporting in accordance



- with business requirements of the financial conglomerate, as well as development of regulation and best practice related to the intra-group transaction risk management.
- 3.2 A complete and adequate documentation towards the coverage, operational procedure, audit findings, as well as the responds of the financial conglomerate management based on the audit results.

**VI. REPORT OF THE BCA'S GOOD CORPORATE GOVERNANCE IMPLEMENTATION** at least the following:

- Transparency of Good Corporate Governance Implementation as referred by point IX Circular Letter of Bank Indonesia No. 15/15/DPNP dated 29 April 2013:

**A. GCG Implementation Disclosures** include:

1. Implementation of Duties of the Board of Commissioners and the board of Directors, are follows:

**a. Number, Composition, and Criteria of Members of the Board of Commissioner**

As of 31 December 2015, the Board of Commissioners of BCA consisted of 5 (five) members, comprising 1 (one) President Commissioner, 1 (one) Commissioner, and 3 (three) Independent Commissioners. The number of members of the Board of Commissioners does not exceed the number of members in the Board of Directors. The number of Independent Commissioners is 60% of the total number of members of the Board of Commissioners.

Based on the Deed of Minutes of the Annual General Meeting of Shareholders of PT Bank Asia Tbk No. 80 dated 14 August 2014, the composition of the Board of Commissioners of BCA is the following:

<b>Position</b>	<b>Name</b>
President Commissioner	<b>Djohan Emir Setijoso</b>
Commissioner	<b>Tonny Kusnadi</b>
Independent Commissioner	<b>Cyrillus Harinowo</b>
Independent Commissioner	<b>Raden Pardede</b>
Independent Commissioner	<b>Sigit Pramono</b>

**Number, Composition, and Criteria of Members of the Board of Directors**

As of 31 December 2015, there were 10 (ten) members of the Board of Directors of BCA, comprising of 1 (one) President Director, 1 (one) Deputy President Director, and 8 (eight) Directors. 1 (one) member of the Board of Directors also serves as the Compliance Director.

Based on the Deed of Minutes of the Annual General Meeting of Shareholders of PT Bank Central Asia Tbk No. 80 dated 14 August 2014, composition of membership of the Board of Directors of BCA is as follows:

<b>Position</b>	<b>Name</b>
President Director	<b>Jahja Setiaatmadja</b>
Deputy President Director	<b>Eugene Keith Galbraith</b>
Director	<b>Dhalia Mansor Ariotedjo</b>
Director	<b>Anthony Brent Elam</b>
Director	<b>Suwignyo Budiman</b>
Director (concurrently as Compliance Director)	<b>Tan Ho Hien/Subur atau Subur Tan</b>

Director	<b>Henry Koenaifi</b>
Director	<b>Armand Wahyudi Hartono</b>
Independent Director	<b>Erwan Yuris Ang</b>
Director	<b>Rudy Susanto</b>

**The general criteria in the selection of members of the Board of Commissioners and members of the Board of Directors**

**The general criteria in the selection of members of the Board of Commissioners,** among others are to:

1. Meet the requirements as referred to in Financial Services Authority Regulation No. 33/POJK.04/2014 dated 8 December 2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies, as follows:
  - a. Having good character, morals, and integrity;
  - b. Capable of performing legal actions;
  - c. Within 5 (five) years before appointment and when in charge of the position:
    - i. Not been declared bankrupt;
    - ii. Not a member of Board of Directors and/or Commissioners that was found guilty in causing a company to become bankrupt;
    - iii. Not having been convicted of any criminal offense that is detrimental to a country's or financial sector's financial position; and
    - iv. Not a member of the Board of Directors and/or Commissioners which during the terms of office:
      - a) Did not hold an AGMS;
      - b) His/her accountability as a member of the Board of Directors and/or Commissioners was not accepted by the GMS or he/she did not submit his/her accountability as a member of the Board of Directors and/or Commissioners to the GMS; and
      - c) Had caused a company that obtained license, approval, or registration from the Financial Services Authority in not complying with its obligation to submit the annual report and/or financial report to the Financial Services Authority.
  - d. Has a commitment to comply with the law and regulations; and
  - e. Possesses knowledge and skill in the area required by the company.
  
2. Meet the integrity, competence, and financial reputation requirements as referred to the Bank Indonesia Regulation No. 12/23/PBI/2010 dated 29 December 2010 concerning Fit and Proper Test, as follows:
  - a. Integrity requirements:
    - i. Having a good character and morals, which among others are shown by complying to the applicable regulations, including not having been

- convicted of certain criminal offense in the 20 (twenty) years before nomination;
  - ii. Having a commitment to comply with the prevailing law and regulations;
  - iii. Having a commitment towards development of a sound banking operations;
  - iv. Is not on the Disqualified List (DTL);
  - v. Having a commitment not to conduct and/or repeat any actions as referred to Article 27 and Article 28. This applies to candidates of the Board of Directors who were in the Disqualified List in the Fit and Proper test, and had passed the sanction period as referred to Article 35 paragraph (1), Article 40 paragraph (4) point a and Article 40 paragraph (5) of the Bank Indonesia Regulation mentioned above.
- b. Competence requirements:
- i. Adequate knowledge in banking, relevant to his/her position;
  - ii. Experience and expertise in banking and/or finance;
- c. Financial reputation:
- i. Does not have bad debt; and
  - ii. Not having been declared bankrupt or a member of Board of Directors or Commissioners who was found guilty of causing a bankruptcy of a Financial Conglomerate in the 5 (five) years before the nomination.

#### **The general criteria in the selection of Directors**

1. Comply with the requirement as referred to in Regulation of Financial Service Authority No. 33/POJK.04/2014 dated 8 December 2014 regarding Board of Directors and Board of Commissioners of Issuer or Public Company, namely:
  - a. Having good character, morals, and integrity;
  - b. Capable of performing legal actions;
  - c. Within 5 (five) years before appointment and when in charge of the position:
    - i. Not been declared bankrupt;
    - ii. Not a member of Board of Directors and/or Commissioners that was found guilty in causing a company to become bankrupt;
    - iii. Not having been convicted of any criminal offense that is detrimental to a country's or financial sector's financial position; and
    - iv. Not a member of the Board of Directors and/or Commissioners which during the terms of office:
      - a) Did not hold an AGMS;
      - b) His/her accountability as a member of the Board of Directors and/or Commissioners was not accepted by the GMS or he/she did not submit his/her accountability as a member of the Board of Directors and/or Commissioners to the GMS; and
      - c) Had caused a company that obtained license, approval, or registration from the Financial Services Authority in not complying with its

- obligation to submit the annual report and/or financial report to the Financial Services Authority.
- d. Has a commitment to comply with the law and regulations; and
  - e. Possesses knowledge and skill in the area required by the company.
2. Complies with the requirements of integrity, competency, and financial reputation as referred to in Regulation of Bank Indonesia No. 12/23/PBI/2010 dated 29 December 2010 regarding Fit and Proper Test, namely:
- a. Integrity requirements include:
    - i. Has good character and morals among others shown by the attitude to adhere the regulatory requirement, including never been convicted a specific crime within the last 20 (twenty) prior to nomination;
    - ii. Committed to comply with the applicable laws and regulations;
    - iii. Committed to the development of health Bank operations;
    - iv. not included in the Disqualified List (DTL);
    - v. committed not to conduct and/or to repeat offenses and/or actions as referred to in Article 27 and Article 28, for candidates of Board of Directors who once had Disqualified predicate in a fit and proper test and have been undergoing a period of sanction as referred to in Article 35 paragraph (1), Article 40 paragraph (4) letter a and Article 40 paragraph (5) of Regulation of Bank Indonesia as mentioned here in above.
  - b. Competency requirements include:
    - i. knowledge in banking sector which is adequate and relevant to the position;
    - ii. experience and expertise in banking sector and/or finance;
    - iii. capability to perform strategic management in the framework of development of health Bank.
  - c. Requirements of finance reputation include:
    - i. has no bad credit; and
    - ii. never been stated bankrupt or to Board of Commissioners who convicted to cause a company to be declared bankrupt, within the last 5 (five) years prior to the nomination.

#### **Independence of the Board of Commissioners**

The Majority of members of the Board of BCA have no financial, management, stock ownership or family relationship with members of the Board of Commissioners, fellow members of the Board of Directors and/ or Controlling Shareholders or relationship with BCA that may affect their ability to act independently, meet the requirements as referred to in Bank Indonesia Circular Letter Number 15/15/DPNP dated 29 April 2013 concerning the Implementation of Good Corporate Governance For Commercial Banks.

### **Independence of the Board of Directors**

The majority of members of the Board of Directors of BCA have no financial, management, stock ownership or family relationships with members of the Board of Commissioners, fellow members of the Board of Directors and/or Controlling Shareholders or relationship with BCA that may affect their ability to act independently, meet the requirements as referred to in Bank Indonesia Circular Letter Number 15/15/DPNP dated 29 April 2013 concerning the Implementation of Good Corporate Governance For Commercial Banks.

The majority of members of the Board of Directors The majority of members of the Board of Directors of BCA have no financial, management, stock ownership or family relationships with Controlling Shareholders or relationship with BCA that may affect their ability to act independently. The President Director is an independent party to the controlling shareholders.

**b. The duties and responsibilities of the Board of Commissioners, are as follows:**

1. To supervise the management policies of BCA and the running of the management and to provide advice to the Board of Directors. The supervision by the Board of Commissioners is in the interest of BCA and accordance with the purposes and objectives as stated in BCA's Articles of Associations.
2. To ensure the implementation of GCG principles in all BCA's business activities at all levels of the organization.
3. To direct, monitor, and evaluate the implementation of BCA's strategic policies.
4. To ensure that the Board of Directors has taken follow-up actions on audit findings and heeded recommendations of the Internal Audit Division, External Auditor, monitoring reports of the authorities including but not limited to the Financial Services Authority, Bank Indonesia, and/or the Indonesian Stock Exchange.
5. To inform Bank Indonesia/Financial Services Authority no later than 7 (seven) working days of discovering violations of the laws and regulations in the field of finance and banking, and a state or an indication of a state which may harm the business continuity of BCA.
6. To establish the:
  - a. Audit Committee;
  - b. Risk Oversight Committee; and
  - c. Remuneration and Nomination Committee.
  - d. Integrated Governance Committee.
7. To ensure that the Committees formed by the Board of Commissioners perform their duties effectively.
8. To provide sufficient time to perform their duties and responsibilities in an optimal manner.

9. To organize periodic Board of Commissioners meetings, no less than four (4) times in one year. All members of the Board of Commissioners will attend the Board of Commissioners Meeting physically at least two (2) times in one year.
10. To prepare the minutes of the Board of Commissioners meetings, signed by all members of the Board of Commissioners attending the Board of Commissioners meeting.
11. To distribute a copy of the minutes of Board of Commissioners meetings to all members of the Board of Commissioners and related parties.
12. To convene joint meeting of Board of Directors periodically at least 1 (one) time within 4 (four) months:
13. To submit a report on the monitoring tasks that have been carried out during the financial year prior to the Annual GMS.

In carrying out their duties, responsibilities and authorities, the Board of Commissioners shall consider BCA's Articles of Association, the Board of Commissioners Charter, and prevailing legislation.

The Board of Commissioners conducts their duties and responsibilities independently.

**Duties and responsibilities of the Board of Directors**, are as follows:

1. To lead and manage BCA in accordance with BCA's aims and objectives;
2. To control, maintain and manage BCA's assets for BCA's benefits;
3. To create an internal control structure, to ensure implementation of the internal audit function at each management level and follow-up on Internal Audit findings in accordance with the policies or directives given by the Board of Commissioners;
4. To submit the Annual Work Plan including the Annual Budget to the Board of Commissioners for approval of the Board of Commissioners prior to the commencement of the forthcoming fiscal year, taking into account prevailing laws and regulations;
5. To implement the principles of good corporate governance in each of BCA's business activities at all organizational levels of BCA;
6. To establish the Risk Manajemen Integrated Committee;
7. To carry out evaluation on performance of the committee established by Board of Directors, at the end of esch fiscal year;
8. To convene meeting of Board of Directors periodically, at least 1 (one) time within every month.
9. To make minutes of Board of Directors' meeting, and signed by all members of Board of Directors attending the Board of Directors' meeting;
10. To distribute copies of minutes of Board of Directors'e meeting to all members of Board of Directors and the relevant parties;
11. To convene meeting of Board of Directors and Board of Commissioners, atleast 1 (one) time within 4 (four) months;

12. To prepare and maintain the Register of Shareholders, Special Register, Minutes of the General Meetings of Shareholders and Minutes of the Board of Directors' meetings;
13. To prepare the Annual Report and other financial documents of the Company as set forth in the prevailing legislation;
14. To follow-up on audit findings and recommendations of External Auditors and the results of monitoring activities by the Financial Services Authority, Bank Indonesia and/or other authorities, including but not limited to the Indonesia Stock Exchange;
15. To be accountable for the performance of its duties and responsibilities to the shareholders through the General Meeting of Shareholders.

In carrying out their duties, responsibilities and authorities, the Board of Directors shall consider BCA's Articles of Association, the Board of Director Charter, and prevailing legislation.

The Board of Director conducts their duties and responsibilities independently.

**c. Recommendations of The Board Of Commissioners**

The Board of Commissioners is the organ of the Company that has the primary duty to provide advice and oversee the policies of the Board of Directors in running the Company.

In regard to this matter, the following details were provided by Board of Commissioners to the Board of Directors within 2015:

**1. Relating to Business Management in general:**

- a. Developing strategies which are focused and effective in order to maintain the excellence of BCA in terms of Current Account and Saving Account (CASA)
- b. Developing on products and services continuously to respond development of digital banking and its customers' evolving needs.
- c. Striving for quality credit growth and improving synergy with subsidiaries.
- d. Improving efficiency and control on the operational cost.
- e. Adjusting the recruitment strategy to obtain human resources that is reliable and competent, as well as improving the human resources quality through appropriate trainings.

**2. Relating to Risk Management:**

**a. Credit Risk**

In the condition of fluctuating Rupiah and the commodity price which is kept depressed, Board of Directors should pay special attention to debtors who have foreign exchange in large amount or whose scope of businesses are affected due to the decline in commodity prices.



**b. Liquidity Risk**

Liquidity risk remains a major challenge for banking industry. In that regard, a good crisis management protocol is required so that all parties' the duties and responsibilities in each phase/contingency level becomes clear.

**c. Operational Risk**

Operational processes with a high risk of human error should be evaluated and mitigated by utilizing facilities already existing within systems.

**d. Reputation Risk**

- By the increasing risk of cyber crime, the security factor of internet & mobile banking is very important and accordingly, education and risk socialization to customers as the service users are required to be improved.
- By the growing of wealth management business, the impact of reputational risk that may occur , require attention.

**e. Strategic Risk**

In any condition of heightened uncertainty, BCA needs to also heighten diligence in identifying and mitigating risk.

**3. Relating to Audit and Compliance**

- Regulatory compliance is the responsibility of all working units and is carried out starting from the front liner up to the bank office.
- Improve the quality of internal control by adding aspect of IT general control review in the coverage of routine operational audit to branches.

**2. Adequacy and implementation of duties of the Committees;**

**a. Structure, membership, expertise, and independence of the Audit Committee Members**

- The Audit Committee of BCA comprises of 3 (three) members, consisting of:
  - a Chairman who is also an Independent Commissioner
  - 2 (two) Committee members who are Independent Parties.
- The Audit Committee is led by the Independent Commissioner.
- Membership Composition of the Audit Committee as of 31 December 2015:

Name	Position
Cyrillus Harinowo <sup>*)</sup>	Chairman (concurrently as Independent Commissioner)
Inawaty Handoyo	Member (Independent Party)
Ilham Ikhsan	Member (Independent Party)

\*) As of 1 July 2015, Chairman of Audit Committee is Mr. Cyrillus Harinowo replacing Mr. Sigit Pramono

- One independent party is an expert in finance/ accounting and the other independent party is an expert in the field of banking.
- All members of the Audit Committee are independent parties, not having financial, management, share ownership and/or family relationships with members of the Board of Commissioners, members of the Board of Directors

and/or Controlling Shareholders or business relationships with BCA that may affect the ability to act independently.

**Structure, membership, expertise, and independence of the Risk Oversight Committee Members**

- The Risk Oversight Committee of BCA comprises of 3 (three) members, consisting of:
  - a Chairman who is also an Independent Commissioner; and
  - 2 (two) Committee members who are Independent Parties
- The Risk Oversight Committee is led by the Independent Commissioner
- Membership Composition of the Risk Oversight Committee as of 31 December 2015:

Name	Position
Sigit Pramono *)	Chairman (concurrently as Independent Commissioner)
Endang Swasthika Wibowo	Member (Independent Party)
Wimpie Rianto **)	Member (Independent Party)

\*) Effective starting 1 July 2015, the Chairman of Risk Oversight Committee is Mr. Sigit Pramono

\*\*\*) Effective starting 1 January 2015, Andreas E. Susetyo resigned as member of Risk Oversight Committee. He was replaced by Mr. Wimpie Rianto effectively since 1 February 2015

- One independent party is an expert in finance/accounting and the other independent party is an expert in the field of risk management.
- All members of the Risk Oversight Committee are independent parties, not having financial, management, share ownership and/or family relationships with members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or business relationships with BCA that may affect the ability to act independently.

**Structure, membership, expertise, and independence of the Remuneration and nomination Committee Members**

- The Remuneration and nomination Committee of BCA comprises of 3 (three) members, consisting of:
  - a Chairman who is also an Independent Commissioner
  - 2 (two) members a President Commissioner and an Executive Officer in charge of the Human Capital Management (Human Resources) Division.
- The Remuneration and nomination Committee is led by the Independent Commissioner.

- Membership Composition of the Remuneration and nomination Committee as of 31 December 2015:

<b>Name</b>	<b>Position</b>
Raden Pardede	Chairman (concurrently as Independent Commissioner)
Djohan Emir Setijoso	Member (concurrently as President Commissioner)
Lianawaty Suwono	Member (concurrently as the Head of Human Capital Management)

- The Remuneration and nomination Committee members have the knowledge of remuneration systems and/or nominations as well as of succession planning.
- All members of the Remuneration and nomination Committee are independent parties, not having financial, management, share ownership and/or family relationships with members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or business relationships with BCA that may affect the ability to act independently.

#### **Structure, membership, expertise, and independence of the Integrated Governance Committee Members**

- The Integrated Governance Committee of BCA comprises of 7 (seven) members, consisting of:
  - a. An Independent Commissioner of BCA (as Main entity) as a Chairman;
  - b. Independent Commissioners from Subsidiary Companies in the Financial Conglomerate as members;
  - c. An Independent Party as a member; and
  - d. Member of Sharia Supervisory Board from Financial Services Institution in the Financial Conglomerate, as a member.
- The Integrated Governance Committee is led by the Independent Commissioner.
- Membership Composition of the Integrated Governance Committee as of 31 December 2015:

<b>Nama</b>	<b>Jabatan</b>
Sigit Pramono	Independent Commissioner at BCA (Main Entity)
Adhi Gunawan	Independent Commissioner at PT BCA Finance
Gustiono Kustianto	Independent Commissioner at PT Asuransi Umum BCA
Suyanto Sutjiadi	Independent Commissioner at PT Bank BCA Syariah
Pudjiyanto	Independent Commissioner at PT Asuransi Jiwa BCA
Inawaty Handoyo	Independent Party
Sutedjo Prihatono	Member of Sharia Supervisory Board at PT Bank BCA Syariah

- All members of the Integrated Governance Committee are independent parties, not having financial, management, share ownership and/or family relationships with members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or business relationships with BCA that may affect the ability to act independently.

**b. Duties and Responsibilities of the Audit Committee**

1. Monitoring and evaluating the planning and implementation of audits as well as monitoring the follow-up actions of audit findings in order to assess the adequacy of internal controls including the adequacy of the financial reporting process.
2. In order to carry out the above-stated duties and to provide recommendations to the Board of Commissioners, the Audit Committee conducts monitoring and evaluation on:
  - a. The implementation of tasks by the Internal Audit Division (DAI).
  - b. The compliance of audit implementation by the Public Accountant Office to the prevailing auditing standards.
  - c. The compliance of Financial Statements with the prevailing accounting standards.
  - d. Providing independent opinion in the event of disagreements between the management and the Public Accounting Office for services rendered.
  - e. The follow-up implementation by the Board of Directors on the findings of DAI, Public Accountants and Financial Services Authority (OJK) supervision results.
3. Reviewing other financial information that will be issued by BCA to the public and/ or documents such as projections, and other reports relating to the financial information of BCA.
4. Reviewing the compliance of BCA with laws and regulations in the field of banking, Capital Markets, and other legislation and provisions relating to the business activities of BCA.
5. Providing recommendations to the Board of Commissioners on the appointment of a Public Accounting Office, based on independency, scope of the assignment, and fee to be submitted to the General Meeting of Shareholders.
6. Reviewing and reporting to the Board of Commissioners regarding complaints in relation to accounting and financial reporting processes of BCA.
7. Reviewing and providing advice to the Board of Commissioners in relation to potential conflict of interest at BCA.
8. Reviewing and monitoring of the implementation of effective and sustainable GCG.
9. Performing other tasks relevant to the functions of the Audit Committee at the request of the Board of Commissioners.

### **Duties and Responsibilities of the Risk Oversight Committee**

1. Assisting and making recommendations to the Board of Commissioners in order to improve oversight in implementation of tasks and responsibilities in risk management and to ensure that risk management policies are properly implemented.
2. In regard with the process to provide recommendation, the Risk Oversight Committee should:
  - a. Evaluate on the consistency between risk management policies and policy implementation.
  - b. Monitor and evaluate the implementation of duties of the Risk Management Committee and the Risk Management Unit.

### **Duties and Responsibilities of the Remuneration and Nomination Committee**

1. To evaluate the remuneration and nomination policies of BCA.
2. To give recommendations to the Board of Commissioners on:
  - a. Remuneration policy for the Board of Commissioners and Board of Directors to be submitted to the General Meeting of Shareholders of BCA.
  - b. Remuneration policy for all Executive Officers and employees to be delivered by the Board of Commissioners to the Board of Directors.
3. To develop and recommend the election systems and procedures and/or replacement of members of the Board of Commissioners and the Board of Directors to the Board of Commissioners, to be further submitted to the GMS.
4. To ensure that the remuneration policies of BCA are in compliance with the prevailing legislation.
5. To advise the Board of Commissioners regarding prospective Commissioners and /or prospective Directors to be submitted to the GMS.
6. To recommend independent parties as prospective members of the Audit Committee and the Risk Oversight Committee to the Board of Commissioners.
7. To assess the feasibility of the facilities policy provided to the Board of Commissioners and Board of Directors.
8. To carry out other duties assigned by the Board of Commissioners regarding remuneration and nomination in accordance with the applicable regulations.
9. To report the results of assessments and recommendations with respect to the duties of the Remuneration and Nomination Committee to the Board of Commissioners when required.

In addition, pursuant to the Regulation of Financial Service Authority No. 34/POJK.04/2014 dated 8 December 2014 regarding Nomination and Remuneration Committee of Issuer or Public Company, The Remuneration and Nomination duties and responsibilities:

- **Relating to Nomination function:**
  1. Making recommendations to the Board of Commissioners on:
    - a) Composition of the Board of Directors and/or the Board of Commissioners;
    - b) Policies and criteria needed in nomination process; and
    - c) Performance evaluation policy of the Board of Directors and/or the Board of Commissioners.
  2. Assisting the Board of Commissioners to assessment the performance of the Board of Directors and the Board of Commissioners based on criteria as a evaluation;
  3. To give recommendations to the Board of Commissioners on developed the ability of the Board of Directors and/or the Board of Commissioners; and
  4. To advise prospective Directors and/or Commissioners to the Board of Commissioners to be submitted to the GMS.
- **Relating to Remuneration function:**
  1. Making recommendation to the Board of Commissioners on:
    - a) structure of remuneration;
    - b) Remuneration policy; and
    - c) Amount of remuneration.
  2. Assisting the Board of Commissioners to assessment the performance of the conformity of remuneration to each members of the Board of Directors and/or members of the Board of Commissioners.

**Duties and Responsibilities of the Integrated Governance Committee:**

In performing its functions, the Integrated Governance Committee has the following duties and responsibilities:

- a. Evaluating the application of Integrated Governance, at minimum through assesing the adequacy of internal control and implementation of an integrated compliance function.
- b. Providing recommendation to the Board of Commissioners of BCA as the Main Entity within the Financial Conglomerate to improve the Integrated Governance Guideline.

**c. The Frequency of Meetings of the Audit Committee**

The Audit Committee holds at least 4 (four) meetings in one year as stipulated in the Audit Committee Charter and Code of Conduct. During 2015, the Audit Committee held 20 (twenty) meetings.

Minutes of meetings are prepared for each Audit Committee Meeting, describing the date of meeting, attendance of the Audit Committee members, meeting agenda, and meeting materials.

Attendance of the members of the Audit Committee at Audit Committee meetings during 2015 is as follows:

Name	Number of Meetings	Attendance	Percentage
Cyrillus Harinowo*)	13	13	100
Sigit Pramono	7	7	100
Inawaty Handoyo	20	20	100
Ilham Ikhsan	20	20	100

\*) As of 1 July 2015, Chairman of Audit Committee is Mr. Cyrillus Harinowo, replacing Mr. Sigit Pramono

### **The Frequency of Meetings of the Risk Oversight Committee**

The Risk Oversight Committee meetings are held at least four (4) times a year as stipulated in the Guidelines and Code of Conduct of the Risk Oversight Committee. In 2015, the Risk Oversight Committee held 10 (ten) meetings.

Minutes of meetings are prepared for each Risk Oversight Meeting, describing the date of meeting, attendance of the Risk Oversight Committee members, meeting agenda, and main discussion. The results of a meeting monitoring committee risk always documented in an orderly manner and good

Attendance of the members of the Risk Oversight Committee at the Risk Oversight Committee meetings during the year 2015 is as follows:

Name	Number of Meetings	Attendance	Percentage
Sigit Pramono*)	5	5	100%
Cyrillus Harinowo	5	5	100%
Endang Swasthika Wibowo	10	10	100%
Wimpie Rianto**)	10	10	100%

\*) effective starting 1 July 2015, the Chairman of Risk Oversight Committee is Mr. Sigit Pramono replaced by Mr. Cyrillus Harinowo

\*\*\*) effective starting 1 January 2015, Andreas e. Susetyo resigned as member of Risk Oversight Committee. effective as of 1 February 2015, Mr. Wimpie Rianto is assigned as member of the Risk Oversight Committee to replace Mr. Andreas e. Susetyo

### **The Frequency of Meetings of the Remuneration and Nomination Committee**

The Remuneration and Nomination Committee holds meetings in accordance with BCA requirements, at least 1 (one) time of 1 (one) year as stipulated in the Charter of Remuneration and Nomination Committee. During 2015, the Remuneration and Nomination Committee held 4 (four) meetings.

Minutes of meetings are prepared for each Remuneration and Nomination Meeting, describing the date of meeting, attendance of the Remuneration and Nomination Committee members, meeting agenda, and main discussion. The results of a meeting Remuneration and Nomination Committee always documented in an orderly manner and good.

Attendance of the members of the Remuneration and Nomination Committee at the Remuneration and Nomination Committee meetings during the year 2015 is as follows:

<b>Name</b>	<b>Number of Meetings</b>	<b>Attendance</b>	<b>Percentage</b>
Raden Pardede	4	4	100%
D.E. Setijoso	4	4	100%
Lianawaty Suwono	4	4	100%

#### **The Frequency of Meetings Meetings of the Integrated Governance Committee**

Following are the arrangements in regard to meetings of the Integrated Governance Committee:

- a. Meetings of the Integrated Governance Committee are conducted based on the needs of the financial conglomerate, at least 1 (once) each semester.
- b. Meeting quorum of the Integrated Governance Committee occurs only if attended by more than  $\frac{1}{2}$  (a half) of the number of its members.
- c. Meetings of the Integrated Governance Committee can be held through video-conference.
- d. Decision-making in the meetings of the Integrated Governance Committee is conducted through consensus agreement.
- e. In the event consensus agreement does not occur, decision-making is carried out based on majority vote.
- f. Chairman and members of the Integrated Governance Committee each have 1 (one) vote.
- g. Results of the meetings of the Integrated Governance Committee serve as recommendations that can be followed-up by the Board of Commissioners of the Main Entity and/or the financial service providers within the Financial Conglomerate.
- h. Minutes of meetings shall be made in each Integrated Governance Committee meeting, signed by all members of Integrated Governance Committee who attend, and be well documented. Differences of opinion (dissenting opinions) that occur in the meeting shall be clearly stated in the minutes of meeting along with the reasons for dissent.

The Integrated Governance Committee held a minimum of 1 (one) meeting in a semester as regulated in the Guidelines and Work Rules of the Integrated Governance Committee. During 2015, the Integrated Governance Committee held 2 (two) meetings.



Attendance of members of the Integrated Governance Committee in meetings in 2015 is as follows:

Name	Number of Meetings	Attendance	Percentage
Sigit Pramono	2	2	100%
Adhi Gunawan	2	1	50%
Gustiono Kustianto	2	1	50%
Suyanto Sutjiadi	2	1	50%
Pudjianto	2	2	100%
Inawaty Handoyo	2	2	100%
Sutedjo Prihatono	2	2	100%

**d. Reports on the implementation of Audit Committee Work Program in 2015**

During 2015, BCA's Audit Committee has accomplished the following:

1. Conducted meeting with the Public Accountant Firm (KAP) Siddharta Widjaja & Rekan, to discuss the final audit results of BCA's Financial Statement for the 2014 fiscal year and its Management Letter.
2. Evaluated and approved the proposal for extending the contract with KAP Siddharta Widjaja & Rekan, which is affiliated with KPMG International and recommended it to the Board of Commissioners to perform the audit for the BCA Financial Statements for financial year 2015.
3. Conducted meeting with KAP Siddharta Widjaja & Rekan to discuss the plan and scope of the audit of BCA's Financial Statements for the 2015 fiscal year.
4. Conducted meeting with the Division of Finance and Planning to review BCA's Financial Statements which will be published every quarter.
5. Conducted 8 (eight) meetings with the Internal Audit Division to:
  - a. Evaluate the annual planning.
  - b. Evaluate the implementation of internal audit each semester.
  - c. Conduct discussions on audit results deemed significant.
6. Conducted 7 (seven) visits to the Main Branch Office to attend internal audit exit meetings as part of process to assess the internal audit quality, as well as adequacy and effectiveness of internal control.
7. Conducted 8 (eight) visits to Subsidiary Branch Offices and 2 (two) Cash Offices to observe their activities as part of process to assess the adequacy and effectiveness of internal control.
8. Reviewed reports of internal audit results (over 179 reports) and monitored follow-ups.
9. Assessed BCA's compliance with prevailing legislation in the field of banking through a review of the reports of compliance to the prudent banking principles as reported every quarter.
10. Assessed credit portfolio reports issued every semester.
11. Monitored the risk management implementation through quarterly reports of BCA's Risk Profile and monthly reports of the Operation Risk Management Information System (ORMIS).

12. Attended presentation on the audit results of IT Governance conducted by the Internal Audit Division assisted by a consultant from Asia Pacific Advisory Services Private Limited, Singapore. The presentation was also attended by the Board of Commissioners.
13. Conducted studies on:
  - a. Results of the examination conducted by the Financial Services Authority and follow-up actions.
  - b. Examination result of Bank Indonesia and the follow up
  - c. The management letter from KAP Siddharta Widjaja & Rekan and its follow-ups.
14. Reported the results of review and routine evaluation to the Board of Commissioners on aspects such as governance, risk management, compliance and control on a quarterly basis.
15. Discussed modes of external fraud, including those relating to cyber crime that occurred during 2015 and the next mitigation with the Risk Oversight Committee.
16. Attended the GMS, Analyst Meetings, and the 2016 BCA National Work Meetings in order to monitor the implementation of GCG.

All programs the working realized.

### **Report of the Implementation of the Risk Oversight Committee Work Program in 2015**

In 2015, the Risk Oversight Committee's work program was as follows:

1. Conducted:
  - a. Monitoring of risk by reviewing and evaluating risk reports prepared by the risk control units. The Risk Oversight Committee gives opinions and suggestions in writing and can request further clarification or explanations through special meetings to discuss the topic.
  - b. Evaluating the quarterly stress test results.
  - c. Monitoring of risk profiles by a periodic risk dashboard report, to comply with the regulation.
  - d. Reporting the progress of monitoring duties to the Board of Commissioners quarterly.
2. Conducted special monitoring on:
  - a. Operational risks, particularly the risk of Information Technology (IT) to ensure that BCA operational risks are under control. In addition, conducted evaluation on the Business Continuity Plan (BCP) and Crisis Management Protocol. Conducted monitoring on the implementation and control of operational risks, especially those related with fraud.

- b. Analyze the stress test results specifically on the aspects of:
    - Liquidity risk based on various macro indicators scenarios and testing the resistance of liquidity reserves.
    - Credit risk including consumer credit, SME and corporation credit.
    - Capital allocation and reserves to support various economic conditions.
  - 3. Evaluated the implementation of good corporate governance by reviewing the risk management documents of SKMR and the Risk Management Committee.
  - 4. Provided recommendation to the Board of Commissioners on the implementation and development of the risk management process regarding:
    - a. Business Continuity Planning and Crisis Management Protocol.
    - b. Consumer Credit Risk on a national level.
    - c. Preparation for achieving the targets of the SME credit program, in line with economic conditions and potential.
    - d. Preparation for the implementation of integrated risk management and assessment mechanisms.
  - 5. Ensured that BCA has a good infrastructure for controlling risk; therefore evaluation is conducted by:
    - a. Reviewing the rules and guidelines for risk management.
    - b. Evaluating the methods, indicators and measurement of risk.
  - 6. Ensuring that GCG is well implemented by attending the General Meeting of Shareholders, Analyst Meetings and the Annual National Work Meeting.
- All programs the working realized.

#### **Reports on the Implementation of the Remuneration and Nomination Committee Work Program in 2015**

During 2015 the Remuneration and nomination Committee accomplished the following:

1. Recommended to the Board of Commissioners the distribution of tantiem of financial year 2014 to all members of the Board of Commissioners and Directors who held office during the 2014 financial year, to be delivered by the Board of Commissioners during the AGMS on 9 April 2015 for approval.
2. Recommended the change of office vehicles facility previously given in form of “company owned vehicles that are permitted to be used by members of the Board of Commissioners and Directors” to “Monthly Office Vehicle Allowance”.
3. Updated the Remuneration Policy in relation with the employee expense Budget in 2016 and BPJS Health and Pension Insurance.
4. Recommended the improvement of the System and Procedure of Appointment and/ or Replacement of Members of the Board of Commissioners and/or Directors to the Board of Commissioners.

All programs the working realized.

## **Reports on the Implementation of the Integrated Governance Committee Work Program in 2015**

In 2015, the Integrated Governance Committee carried out the following program:

- a. Reviewing the overall preparation of integrated governance application in BCA's financial group among Subsidiary Companies, including updating the compliance status of Subsidiary Companies toward applicable regulations for each Subsidiary Company.
- b. Reviewing the draft of a Self Assessment Report on the Application of Integrated Governance in Semester I and Semester II Year 2015.
- c. Updating the legal review on the application of integrated governance in financial conglomerates in relation with Limited Liability Company Law principles.
- d. Evaluating the application of integrated governance in financial conglomerates.
- e. Attending socialization of the integrated governance application and guidelines held by the National Committee of Governance Policy.

All programs the working realized.

### **3. Implementation of Compliance Function, Internal Audit and External Audit**

#### **Implementation of Compliance Function**

BCA formed the compliance function to reflect its commitment to comply with the existing law and regulations. The compliance function in BCA acts as implementor and manager of compliance risks, and performs preventive supervisory duties. This has to be done by BCA considering the Bank is an industry that is highly regulated and supervised by regulators. In addition, the increasing complexity of bank operations also creates significant impact on the risk exposure faced by the Bank, including compliance risks.

To manage and mitigate the compliance risks, BCA has appointed one Director as Compliance Director to oversee the compliance function. In carrying out these duties, BCA formed a Compliance Work Unit that is independent, separate and free from the influences of other work units.

The Compliance Work Unit is at the same level as Divisions at the Head Office and directly responsible to the Compliance Director. The Compliance Work Unit is also responsible for implementing policies related to compliance functions, as well as implementation of Anti-Money Laundering and Prevention of Terrorism Financing.

In order to ensure the implementation of BCA's compliance function, the Board of Directors and Board of Commissioners also perform active supervision in many forms, such as approval of policies and procedures, periodic reporting, requests for explanations, and meetings.

## Compliance-Related Activities in 2015

Pursuant to Bank Indonesia Regulation No. 13/2/PBI/2011 of 12 January 2011 on the Compliance Function of Commercial Banks, the Bank's compliance function covers actions aimed at:

1. Instilling a compliance culture at all organizational levels and business activities of the Bank.
2. Managing compliance risks facing the Bank.
3. Ensuring that the Bank's policies, provisions, systems, procedures and business activities are in conformity with Bank Indonesia policies and other applicable laws and regulations, including the Sharia Principle for Sharia-compliant Commercial Banks and Business Units.
4. Ensuring compliance of the Bank with the commitment made with the Bank of Indonesia and/or other supervisory authorities.

In fulfilling its function, the Compliance Work Unit undertakes preventive measures (ex-ante) to prevent violations as well as curative steps (ex-post) to ensure improvements.

The following activities were conducted by the Compliance Function in 2015:

1. In order to encourage the Compliance Culture to be formed:
  - Disseminated new provisions from regulators to other units;
  - Sensitized BCA employees and customers on relevant regulations.
  - Provided information on the Financial Services Authority and Bank Indonesia regulations and other laws and regulations in the BCA employee intranet.
  - Enrolled Compliance Unit personnel in various training sessions, seminars and sensitization events to improve quality, including their active participation in a working group known as the Communication Forum of Banking Compliance Directors (FKDKP) and in compliance certification programs held by the Banking Professional Certification Institute (LSPP).
  - Performed a consultative function in relation to the implementation of prevailing laws and regulations by offering advice/feedback to questions posed by work units or branches, and through e-mail, memorandums and discussions by phone or meetings.
2. In order to manage compliance risks and ensure that all policies, provisions, systems and procedures, and business operations carried out by the Bank are in conformity with the prevailing regulations:
  - Conducted a gap analysis and examined the impact of new policies on BCA operations.
  - Proposed adjustments to internal manuals, policies and procedures.

- Reviewed and offered input on new products and activities in the pipeline to ensure that they conform to applicable laws and regulations.
  - Reviewed draft internal policies to be issued to ensure conformity of internal policies with existing laws and regulations.
  - To conduct study adherence to the release of the corporate credit
  - Tested the level of compliance toward the implementation of policies by branch offices in cooperation with Branch Internal Supervisors.
  - Updated the database of existing regulations.
  - Monitored the level of compliance with applicable policies related to practices and principles of prudent banking (KPMM, GWM, PDN, BMPK, NPL). Throughout 2015, in general, there were no violations of policies related to the principle of prudential banking.
  - Monitored the submission of reports to regulators.
  - Monitored the imposition of sanctions/penalties by regulators.
  - Assessed compliance risks and prepared a quarterly compliance risk profile report as part of an effort to effectively manage compliance risks.
  - Ensured operational preparedness for the opening, relocation and closing of offices through coordination with Network Management and Regional Planning Unit as coordinators, and reviewed submitted documents.
  - Coordinated with related units in performing the Risk-Based Soundness Level of the Bank.
3. To ensure the Bank's compliance with the commitments pledged to regulators:
- Monitored BCA's commitment to OJK, BI and other regulators, together with the Internal Audit Division (DAI).
  - Monitored and followed up on requests for data/information from OJK and BI relating banking supervision.

In line with the implementation of POJK No. 18/POJK.03/2014 dated 18 November 2014 on Integrated Governance for Financial Groups, the Compliance Work Unit included the Integrated and Corporate Compliance Aspect to be at least responsible for monitoring and evaluating the compliance function of each financial service provider within the Financial Group.

In implementing its duties, Integrated Corporate Compliance has engaged in discussions on implementing the compliance function in each BCA subsidiary to gain a deeper understanding of the fulfillment of the compliance function in the respective subsidiary. Monitoring and evaluation is also conducted through reports submitted by each subsidiary in a view to prepare the Integrated Risk Profile Report regarding compliance risks as a part of PT BCA Tbk's Integrated Risk Profile Report. This report was submitted in August 2015 for the first time. In addition, Integrated Corporate Compliance also handed in an Integrated Compliance Report to the Compliance Director.

## **Know Your Customer and the Supporting and Information in the Implementation of Anti-Money Laundering and Prevention of Terrorism Financing in 2015**

Pursuant to Bank Indonesia Regulation No. 14/27/PBI/2012 of 28 December 2012 concerning the Implementation of the Anti-Money Laundering and Counter Terrorist Financing (AML and CFT) Programs for Commercial Banks, a special unit responsible for conducting the AML and CFT must undertake the following measures:

- a. Prepare and propose guidelines for implementing the AML and CFT programs to the board of directors.
- b. Ensure:
  - 1) the establishment of a support system for the AML and CFT programs
  - 2) policies and procedures are in line with the latest developments in the AML and CFT areas, as well as the bank's product risks, activities and complexities of the banking business and transaction volume
- c. Monitor:
  - 1) updates in customer profiles and transactions
  - 2) that the bank has an effective communication mechanism in place in each work unit related to the special unit or to the officer responsible for implementing the AML and CFT programs while maintaining the confidentiality of information
  - 3) relevant work units to ensure that they perform their duty of preparing reports on alleged Suspicious Financial Transactions to be submitted to the special unit or officer in charge of implementing the AML and CFT programs
  - 4) the bank to ensure that it has identified high-risk areas related to the implementation of the AML and CFT programs by referring to applicable policies and adequate information
- d. Coordinate and monitor the implementation of the AML and CFT policy with those relevant work units liaising with customers
- e. Receive any report on potentially suspicious money transactions or red flags from those relevant work units liaising with customers and conduct an analysis of the report
- f. Prepare reports on Suspicious Financial Transactions and other reports as laid out in laws related to the prevention and eradication of money laundering to be handed over to PPAJK upon approval of the director overseeing the compliance function
- g. Monitor, analyze and recommend any need for training on the AML and CFT program for bank employees.

In carrying out Bank functions in 2015, Know Your Customer activities included the following:

- Refined the Implementation Policy of the Anti-Money Laundering and Prevention of Terrorism Financing Programs of PT BCA Tbk that have been approved by the Board of Commissioners.

- Completed the system for filtering outgoing money transfers as part of an effort to improve the STIM application.
- Coordinated the updating of customer data by setting targets and monitoring their realization.
- Monitored dubious financial transactions by applying the Suspicious Transaction Identification Model (STIM).
- Reviewed plans for the launching of new products and activities to ensure they conform to AML and CFT regulations.
- Updated the OFAC List and UN List as a terrorist database to filter customers and transactions.
- Conducted a compliance test on the implementation of AML and CFT in branch offices in cooperation with the Branch Internal Supervisor.
- Reported suspicious financial transactions and cash transfer transactions from and to overseas to PPATK (Financial Transaction Reporting and Analysis Center).
- Conducted training and sensitization of AML and CFT in a continuous manner.
- Developed e-learning material on the implementation of AML and CFT.
- Distributed a comic book on AML and CFT to all branch offices and the head office as part of socialization efforts.

#### **Indicators of Compliance in 2015**

- The minimum Capital Adequacy Ratio (CAR), which includes credit, market, and operational risks, is 18.67% and is above the applicable regulation of 9% - 10% (the minimum CAR based on BCA's risk profile is in rank 2).
- The NPL ratio (net) is 0.22%, within the range of the applicable provision of 5% (net) maximum.
- There was no excess or violation to the maximum Legal Lending Limit either to related parties or business groups.
- Minimum Statutory Reserves in Rupiah – Main 7.54% and Secondary 7.44% already comply with the existing provision concerning Minimum Statutory Reserves in Rupiah.
- Minimum Statutory Reserves in Foreign Exchange at 9.12% already comply with the existing provision concerning Minimum Statutory Reserves in Foreign Exchange.
- Foreign Exchange position is 0.41%, significantly above the limit allowed by the regulatory provision of a maximum 20% of the capital.
- Commitments to the Financial Services Authority, Bank Indonesia and other authorities have been well-accomplished.

#### **Implementation of Internal Audit**

A division of internal audit help president director , the board of commissioners and audit committee main entity in monitoring through planning , the implementation or monitoring a follow up from the audits on main entity and subsidiaries.



### **Duties and Responsibilities of Internal Audit Division**

1. Formulate and implement an annual risk-based audit plan and report on its realization.
2. Test and evaluate risk management, internal control and governance in order to assess its adequacy and effectiveness.
3. Conduct credit quality assessment.
4. Offer recommendations for improvements and objective information on audited activities.
5. Conduct special investigations/examinations at the request of the Board of Commissioners, Audit Committee, Board of Directors and work units or based on specific indications.
6. Monitor, analyze and report on follow-up actions which the auditee has undertaken as recommended according to audit results.
7. Act as consultant for BCA's internal parties in need of such services, primarily in regard to the Internal Audit Division's scope of duties.

### **Audit Implementation Standards**

Activities carried out by the Internal Audit Division refer to the Internal Audit Work Manual and Charter in accordance to the Board of Directors Decision Letter No. 074A/SK/DIR/2012 of 30 April 2012 which was issued in compliance with the Implementation Standard of the Banking Internal Audit Function established by Bank Indonesia and provisions on the Establishment and Guidelines for Formulating an Internal Audit Charter laid out by Bapepam-LK. As a source of reference for global best practices, the Internal Audit Division also abides by the standards and code of ethics issued by the Institute of Internal Auditors (IIA) and the Information System Audit & Control Association (ISACA).

The effectiveness of the Internal Audit function and its compliance with the Implementation Standard of the Banking Internal Audit Function (SPFAIB) is reviewed by an independent external party at least every 3 (three) years. The most recent review was conducted by an external assessor in late 2013.

### **Internal Audit Division Activities in 2015**

Activities carried out by the Internal Audit Division in 2015 focused on the following:

1. Renewal of the Strategic Audit Plan 2016-2018 by referring to the Bank's Business Plan for 2016-2017 and expectations of the Board of Commissioners, Audit Committee and Board of Directors expressed in various occasions.
2. Conducted an audit of Branch Offices, Regional Offices, Divisions/Work Units of the Head Office and Subsidiaries as determined according to the results of a risk assessment.
3. Conducted IT governance, in line with the increasing complexity of information technology being applied.

4. Performed an audit on Internet Banking and Mobile Banking processes in line with the increasing transaction volume carried through these delivery channels.
5. Conducted a thematic audit of Management of Outsourcing in line with the greater number of activities being outsourced.
6. Conducted an audit of the SME, commercial, and corporation credit processes in order to maintain high credit quality.
7. Enhanced the effectiveness of methodologies by developing and implementing continuous auditing to support the role of the audit process as an early warning system.

#### **Focus of Audit Plan in 2016**

In 2016, the audit process will focus on the following:

1. Implementation of consumer protection in compliance with the existing provisions from regulators.
2. Implementation of Branchless Banking, a new activity.
3. Implementation of Internal Control Over Financial Reporting in regard to Good Corporate Governance.
4. Internal control adequacy related to Automatic Teller Machines (ATM) due to incidents of external fraud at ATMs in Indonesia.
5. Implementation of the Internal Capital Adequacy Assessment Process (ICAAP) in compliance with Bank Indonesia regulation.
6. Performing audits of branch offices, regional offices, divisions/work units in the Head Office and Subsidiaries as determined according to the results of risk assessments.
7. Continue developing an Audit Management System for improving the efficiency and effectiveness of managing internal audit activities.
8. Developing and implementing continuous audits and analytical review to support the role of the audit mechanism as an early warning system.

In line with the enactment of the Financial Services Authority Regulation POJK No. 18/POJK.03/2014 concerning Application of Integrated Governance for Financial Conglomerates, the Internal Audit Division also carries out the integrated internal audit functions to support the application of integrated governance for BCA as Financial Groups:

1. Monitor the implementation of internal audit functions at each subsidiary company in order to perform the integrated internal audit functions.
2. Develop and submit the Integrated Internal Audit Reports.

In the implementation of the function internal audit integrated , division internal audit have implemented:

- a. A meeting with each working unit internal audit company children to discuss the realization program 2015 and plan audit 2016

- b. Monitoring of the effectiveness of internal audit company a subsidiaries company through report and the meeting at regular intervals.
- c. Improve the quality of the implementation of the internal audit and competence internal auditor company of a subsidiaries company by training and the provision of technical assistant.

#### **Implementation of External Audit**

In an effort to ensure that the External Audit function is implemented in compliance with the Financial Services Authority Regulation No. 6/POJK/2015 on Transparency and Publication of Bank Reports, and Bank Indonesia Circular Letter No. 3/32/DPNP on the Relationship between Banks, Public Accounting Firms and Bank Indonesia, BCA has undertaken the following measures:

1. BCA Financial Statements were audited by an independent, competent, and professional Public Accountant, who exercised due professional care.
2. The Public Accountant appointed by BCA conducted the audit according to professional standards, the work agreement and scope of the audit function.
3. In keeping with the resolution of the AGMS, the Board of Commissioners appointed the Public Accounting Firm and determined the fee involved by taking into account the recommendations provided by the Audit Committee.
4. Appointment of the Public Accounting Firm had been conducted in accordance with applicable provisions, among others:
  - The Public Accounting Firm and Public Accountant (partner-in-charge) are registered with the Financial Services Authority/Bank Indonesia. BCA only took into consideration 4 (four) of the largest Public Accounting Firms registered with the Financial Services Authority/Bank Indonesia.
  - The Public Accounting Firm does not provide other services to BCA for the year in question, preventing the likelihood of a conflict of interest.
  - The Public Accounting Firm only renders audit services for an audit period no longer than 5 (five) consecutive fiscal years.

The Siddharta Widjaja & Rekan Public Accounting Firm in affiliation with KPMG International was appointed as BCA's auditor to conduct an audit of the Bank's financial statements for the fiscal year ending 31 December 2015, for an estimated fee of Rp 7,050,000,000 (excluding VAT).

5. BCA grants power to the Public Accounting Firm to submit the audited financial statements accompanied with a Management Letter to the Financial Services Authority no later than 3 (three) months after the fiscal year.

**Public Accounting Firms and Public Accountants Who Have Audited BCA's Financial Statements:**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Public Accounting Firm</b>	Siddharta Widjaja & Rekan	Siddharta Widjaja & Rekan)	Siddharta & Widjaja
<b>Public Accountant</b>	Kusumaningsih Angkawijaya	Elisabeth Imelda	Elisabeth Imelda

**4. Implementation of Risk Management and the Internal Control System**

The implementation of risk management and the internal control system BCA covers the following:

- Robust supervision by the Board of Commissioners and Board of Directors.
- Adequacy of policies, procedures and limit setting.
- Adequacy of the process of risk identification, measurement, monitoring and control, and the risk management information system.
- Internal control system.

BCA effectively applies risk management and the internal control system in keeping with business goals and policies, as well as BCA's business size and complexities by complying with the requirements and procedures set forth in regulations issued by Bank Indonesia (BI) and the Financial Services Authority (OJK), as well as referring to best practices through the following actions:

1. Identify and control all risks, including risks arising from new products and activities.
2. Establish a Risk Oversight Committee to ensure that the existing risk management framework provides adequate protection for all BCA risks, with the primary duty of offering recommendations and opinions in a professional and independent manner regarding the appropriateness of policies with the implementation of risk management policies to the Board of Commissioners, and monitoring and evaluating the duties carried out by the Risk Management Committee and Risk Management Unit.
3. Establish a Risk Management Committee with the primary responsibility of formulating risk management policies, strategies and implementation guidelines, improving the effective implementation of risk management based on results of the evaluation of the risk management process and system, and deciding on matters related to business decisions that deviate from normal procedures (irregularities).
4. Establish a Risk Management Unit (Integrated) to ensure that the risks facing the Bank and Subsidiaries are identified, measured, monitored, controlled and accurately reported in an integrated manner by applying the appropriate risk management framework.

5. Manage risks and make sure that the necessary policies and risk limit setting are in place and supported by procedures, reports and information systems that provide accurate and timely information and analysis to the management, including in determining the required measures in dealing with changes in market conditions.
6. Ensure that the existing work systems and procedures pay heed to operational and business dimensions as well as the level of risk that may occur in work units.
7. Ensure that the internal control system is implemented according to applicable policies.
8. Monitor BCA's compliance with principles applied for the management of a healthy bank in conformity with existing policies through the Compliance Unit.
9. Prepare the BCA Risk Profile Report on a quarterly basis and the Integrated Risk Profile Report every semester to be submitted to OJK in a timely fashion.

In relation to the issuance of Regulation of Financial Service Authority No. 17/POJK.03/2014 dated 18 November 2014 and Circular Letter of Financial Service Authority No. 14/SEOJK.03/2015 regarding Implementation of Integrated Risk Management for Financial Conglomeracy, the Financial Conglomeracy of BCA as:

1. Robust supervision by the Board of Commissioners and Board of Directors.
2. Adequacy of policies, procedures and limit setting.
3. To establish the Risk Management Integrated Committee.
4. Prepare the BCA Integrated Risk Profile Report on a quarterly basis and the Integrated Risk Profile Report every semester to be submitted to OJK in a timely fashion.

### **Risk Management System**

In regard to risk control, BCA implements the Risk Management Framework in an integrated manner as embodied in the basic Risk Management Policy. The framework serves as a means for determining BCA strategies, organization, policies, guidelines and infrastructure to help ensure that all risks that BCA needs to deal with can be effectively identified, measured, controlled and reported.

In order for risk management to be implemented effectively and optimally, BCA has established a Risk Management Committee to comprehensively discuss risk-related issues and recommend risk management policies to the Board of Directors.

Apart from the Committee above, BCA has also formed several other Committees assigned to deal with more specific risks, among others the Credit Policy Committee, Credit Committee and Asset and Liability Committee (ALCO).

BCA consistently assesses risks in a comprehensive manner related to the planned launching of new products and activities according to the type of risk set forth in PBI

No. 5/8/PBI/2003 dated 19 May 2003 and its amendments, among others through PBI No. 11/25/PBI/2009 of 1 July 2009 and SEBI No. 11/35/DPNP of 31 December 2009.

In the Implementation of Integrated Risk Management, as Main Entity of Financial Conglomeracy BCA has prepared:

- Basic Risk Management Policy
- Compiling and submitting Integrated Risk Profile Reports

**There are 8 (eight) types of risks that are being managed:**

**1. Credit Risk**

- Credit organizations undergo continual improvements based on the “four eyes principle” whereby credit decisions are made according to two considerations: business development and credit risk analysis.
- BCA has established a basic Bank Lending Policy (KDPB) that is constantly refined in line with developments in BCA and regulations issued by Bank Indonesia and the Financial Services Authority, and according to international best practices.
- The credit risk management system and procedure is refined through the development of a Loan Origination System for the lending process (from start to finish) to ensure an effective and efficient credit process. A debtor risk profile assessment system is constantly improved to ensure its comprehensive implementation, as is the case for the development of a credit database.
- To maintain credit quality, it is necessary to regularly monitor the quality of loans, both by credit category (Corporate, Commercial, Small and Medium-Sized Enterprise/SME, Consumer and Credit Card) and credit portfolio as a whole.
- BCA has developed its credit risk management system through the stress testing of credit portfolios and monitoring the results of these stress tests. In responding to a changing market and economic turbulence, BCA periodically conducts stress testing. Stress testing is beneficial for the Bank as a tool for estimating the risk impact under stressful conditions which will help BCA devise the most appropriate risk mitigation strategy as part of implementing the contingency plan.

**2. Market Risk**

- In managing foreign exchange risks, BCA centralizes the management of its net open foreign exchange position at the Treasury Division, which consolidates daily reports of net open positions from all branches. Each branch is generally expected to cover its foreign exchange risks by the end of each working day, even though each branch has a tolerance limit for its net open position which depends on the volume of foreign exchange transactions at the respective branch. BCA prepares a daily net open position report that

combines the net open positions in the consolidated statement of financial position and administrative accounts (off-balance sheet accounts).

- To measure foreign exchange risks, BCA adopts the Value at Risk (VaR) method with the Historical Simulation approach for internal reporting purposes, whereas for calculating provisions its minimum capital requirement BCA applies the Bank Indonesia standard method.
- A key component of BCA liabilities which are sensitive to interest rate movements is customer deposits, while BCA's interest-sensitive assets are government bonds, securities and loans. ALCO regularly keeps track of market developments and adjusts the interest rate of deposits and loans.
- BCA sets the deposit interest rate based on market condition and competition by monitoring the movement of the reference interest rate and the interest rates offered by competitor banks.

### **3. Liquidity Risk**

- BCA places emphasis on maintaining adequate liquidity to fulfill its commitment to customers and other parties in regard to giving out loans, repaying customer deposits and meeting operational liquidity needs. Liquidity needs overall are managed by ALCO, while operationally this comes under the responsibility of the Treasury Division.
- Liquidity risks are measured and controlled by monitoring liquidity reserves and the Loan to Funding Ratio (LFR), analyzing the maturity profile, projecting cashflows and conducting stress tests on a regular basis to observe the impact towards BCA's liquidity under extreme conditions. BCA also follows a contingency funding plan in coping with such extreme situations. Furthermore, in accordance with OJK policies, BCA has conducted a trial run in calculating the Liquidity Coverage Ratio (LCR).
- BCA has complied with provisions related to liquidity as governed in the Bank Indonesia Regulation that makes it compulsory for banks to maintain the Rupiah liquidity (Statutory Reserves) on a daily basis, consisting of Primary Reserves and LFR-Statutory Reserves in the form of Rupiah deposits in Bank Indonesia, Secondary Reserves in the form of SBI, SDBI, SUN and excess reserves, as well as foreign currency reserves in the form of foreign currency current accounts in Bank Indonesia.

### **4. Operational Risk**

- Basel Accord II requires banks to include operational risks as a component in calculating their capital adequacy. In line with this, BCA implements the Risk Control Self Assessment (RCSA) in all branches/regional offices and in those divisions or work units which have been assessed to have significant operational risks by Head Office. One of the purposes of implementing RCSA is to instill a risk culture and build risk awareness which is a key requirement in risk management.

- BCA also maintains a database of cases/losses related to operational risks that occur in all work units, known as Loss Event Database (LED). LED is mainly maintained as an instrument to record operational losses which BCA will use in calculating capital charge and regularly monitor events that may result in operational losses for BCA.

In addition, BCA also applies LED to analyze cases or problems facing the bank in order to decide on the necessary improvement/preventive measures for minimizing/mitigating the risk of operational losses which may later arise. BCA implements Key Risk Indicator (KRI), which is an application that can help provide an indication (early warning sign) of the likelihood of increased operational risk in work units.

- BCA calculates the Bank's minimum capital requirement for operational risks based on the Basic Indicator Approach according to Bank Indonesia regulations related to the inclusion of operational risks into the calculation of the capital adequacy ratio (CAR), apart from credit risk and market risk.

## **5. Legal Risk**

- Inherent legal risks are assessed according to the potential losses of court cases involving BCA and subsidiaries against the Bank's consolidated capital. The parameter for calculating potential losses from an ongoing court case is the basis for the lawsuit (position case), value of court case and legal documentation.
- To identify, measure, monitor and control legal risks, BCA has established a Legal Group at the Head Office and legal units in most Regional Offices.
- In mitigating legal risks, the Legal Group has taken the following measures:
  - Developed the Legal Risk Management Policy with internal provisions on the organizational structure and job description of the Legal Group, and standardized the legal documents.
  - Held legal communication forums to build the competency of the legal staff.
  - Sensitized on the impact of new regulations on BCA's banking activities and the various modus operandi of banking crimes, and guidelines on handling such cases through the legal route, to branch officers and the relevant work unit.
  - Provided legal defense for ongoing criminal and civil cases involving the Bank, and monitored progress of the cases.
  - Formulated a loan security strategic plan (in cooperation with other work units, among others the Credit Settlement Bureau) related to non-performing loans.
  - Registered with the authorized body all assets owned by BCA, including intellectual property rights for BCA banking products and services, and the right to BCA land and buildings.



- Monitored and took legal action on violations against BCA assets, including infringements of BCA's intellectual property rights.
- Monitored and analyzed ongoing court cases faced by BCA and subsidiaries.
- Conducted an inventory of, monitored, analyzed and calculated potential losses that may occur due to court cases.

## **6. Reputation Risk**

- Reputation risks are assessed by using parameters such as the number of complaints and negative publicity, and complaints resolution rate. The assessment is presented in the reputation risk profile report prepared on a quarterly basis.
- To manage and control reputation risks, BCA is supported by the Halo BCA Contact Center (24-hour hotline for information, suggestions and complaints).
- Reputation risks are managed according to the following policies:
  - PBI No. 7/7/PBI/2005 dated 20 January 2005 on Customer Complaints Resolution as amended through PBI No. 10/10/PBI/2008 of 28 February 2008.
  - SEBI No. 7/24/DPNP dated 18 July 2005 on Customer Complaints Resolution as amended through SEBI No. 10/13/DPNP of 6 March 2008.
  - PBI No. 8/5/PBI/2006 dated 30 January 2006 on Banking Mediation as amended through PBI No. 10/1/PBI/2008 of 28 February 2008.
  - PBI No. 16/1/PBI/2014 dated 16 January 2014 on Consumer Protection Related to the Payment System Services.
  - POJK No. 1/POJK.07/2013 dated 26 July 2013 on Consumer Protection Related to the Financial Service Sector.
  - SE OJK No. 2/SEOJK.07/2014 dated 14 February 2014 on Consumer Complaint Services and Resolution for Financial Service Providers.

## **7. Strategic Risk**

- Assessment of Inherent strategic risk is conducted by applying parameters such as the suitability of strategy with the business environment, low-risk and high-risk strategy, BCA's business position and the achievement of the Bank Business Plan.
- Assessment of the quality of strategic risk management implementation is conducted by applying parameters such as risk governance, risk management framework, risk management process, management information system, human resource and adequacy of the risk control system.

## **8. Compliance Risk**

- Pursuant to Bank Indonesia Regulation, BCA has appointed a member of the Board of Directors as Director overseeing the compliance function. In implementing duties, the Compliance Director oversees the compliance function with assistance from the Compliance Unit responsible for managing BCA's compliance risks. The Compliance Unit is also in charge of implementing

the Anti-Money Laundering (AML) and Prevention of Terrorism Financing (PTF) programs.

- In assessing inherent compliance risks, the parameters are the type and significance of violations that were committed, frequency of violations or compliance track record, and violation against policies related to specific financial transactions.
- BCA enforces compliance policies and procedures that among others govern on a process for the continual adjustment of internal policies and system with prevailing laws and regulations, communicates policies to relevant employees, reviews new products/activities, conducts periodic compliance tests, provides training for employees and prepares quarterly compliance reports for submission to the Board of Directors and Board of Commissioners.
- BCA has introduced and implemented AML and PTF programs. To help identify suspicious financial transactions, BCA has an application that is constantly improved to enhance its capacity.

Regarding Implementation of Integrated Risk Management for Financial Conglomeracy, the Financial Conglomeracy of BCA in integrated manner manages 10 (ten) type of risks with additional 2 (two) risks as follows:

**1. Intra-group Transaction Risk**

- Assessment of inherent intra-group transaction risk is conducted by applying parameters such as intra-group transaction composition in the Financial Group, documentation and fairness of transactions and other information.
- Assessment of the quality of intra-group transaction risk management implementation is conducted by applying parameters such as risk governance, risk management framework, risk management process, MIS and HRD, and adequacy of risk management system.

**2. Insurance Risk**

- Assessment of inherent insurance risk is conducted by applying parameters such as technical risk, priority of insurance risk towards over all business lines, product risk bias and type of benefit, and reinsurance structure.
- Assessment of the quality of insurance risk management implementation is conducted by applying parameters such as risk governance, risk management framework, risk management process, MIS and HRD, and adequacy of risk management system.

BCA's and BCA's Integrated Risk profile level in December 2015 is "low to moderate", which reflects a "low to moderate" level of inherent risk and "satisfactory" quality of risk management implementation.

The ranking of risk levels of the 10 (ten) types risk being assessed is as follows:

- Risks with “low” level of risk are Market Risk, Liquidity Risk, Legal Risk, Intra-Group Transaction Risk and Insurance Risk.
- Risks with “low to moderate” level of risk are Credit Risk, Operational Risk, Reputation Risk, Strategic Risk and Compliance Risk.

BCA’s and BCA’s Integrated Risk “low to moderate” profile was accomplished because BCA and its Subsidiary Company are able to implement an effective and efficient risk management process in all corporate activities.

The inherent risks trend in the next period is stable because projections show that there will be no significant change to inherent risks.

Similarly, quality of risk management implementation in the future is stable as well. This is because BCA and Subsidiary Company continually makes enhanced adjustments to the implementation of risk management for all activities which help the Company identify, measure, monitor and control each risk.

#### **Implementation of Internal Control System**

BCA’s internal control system cover 5 (five) key components:

1. Supervision by management and a control culture.
2. Risk identification and assessment.
3. Control activities and separation of functions.
4. Accounting, information and communication systems.
5. Monitoring activities and corrective measures for any irregularity.

The five components are in line with the Internal Control Integrated Framework developed by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

Furthermore, BCA has established a business continuity plan and disaster recovery plan to expedite the recovery process in the event of a disaster, with a backup system for preventing high-risk business failures.

The management and employees of BCA play their roles and responsibility in improving the quality and implementation of BCA’s internal control.

Parties involved and responsible for implementing BCA’s internal control system among others are the Board of Commissioners, Audit Committee, Board of Directors, Internal Audit Division, BCA senior officers and employees, Branch Internal Supervisors, Internal Regional Office Supervisors and Specific Internal Work Unit Supervisors at Head Office.

1. Internal control is implemented as follows:
  - a. **Financial Control**, whereby:
    - BCA has prepared a Bank Business Plan that discusses BCA strategies in overall which covers the direction of business development.
    - Strategies are formulated by factoring in the impact towards BCA capital, among others capital projections and the minimum capital requirement.
    - The Board of Directors actively engages in discussions to offer input and monitor the internal situation, and keep track of external factors that directly or indirectly affect BCA's business strategy.
    - BCA has implemented a financial control process by monitoring realization against the financial budget in periodic reports and submitted when follow-up action from the Board of Directors is needed.
  - b. **Operational Control**, whereby:
    - BCA has completed standard operating procedure/work manuals that provide, in detail, the work procedure of each banking operational transaction that BCA undertakes in relation to new products and activities, including the relevant operational risk mitigation measures. The work procedure is developed by the Operational and Service Development and Strategy Division which has been reviewed by various relevant work units to ensure that operational risks that may arise have been effectively mitigated.
    - BCA confers limited powers on officers by imposing a transaction limit and restricted access to IT and computer networks through control of user ID and password, and installing fingerscanners.
    - BCA has established a sound organizational structure complete with supervisory/control units which further support operational control, as provided below:
      - Separation of functions that may create conflict of interest.
      - Supervisor oversees the implementation of internal controls in branches on a daily basis.
      - PIC oversees the implementation of internal controls in branches on a periodic basis.
      - PIKW (Regional Office Supervisor) oversees the implementation of internal controls in Regional Offices.
      - Internal Supervisor oversees the implementation of internal controls in certain work units at Head Office.
      - Risk Management Unit, Legal Group and Compliance Unit.
      - Internal Audit Division:
        - Independent from the risk-taking unit.
        - Examines and assesses the adequacy/effectiveness of the internal control system, risk management and corporate governance by implementing the annual audit plan.

- c. **Compliance to other laws and regulations**, whereby:
- BCA stands firm in the commitment to comply with prevailing laws and regulations and take the necessary steps to improve weaknesses, if any.
  - BCA has established a Compliance Unit independent from operational units in implementing the compliance function.
  - A quarterly Compliance Monitoring Report is prepared related to BCA's Principle of Prudence, to be submitted to the Board of Commissioners and Board of Directors.
  - BCA's Compliance Risk Management Strategy involves the necessary policies to ensure compliance with applicable laws and regulations which means proactively taking preventive measures (ex-ante) to minimize the possibility of violations and curative actions (ex-post) for improvements.
2. BCA applies an effective inherent control system tailored to BCA business goals, policies, size and complexities in accordance to requirements and procedures set forth in the Bank Indonesia Regulation, and in reference to best practices through the following measures:
- Established clear reporting lines and separation of functions between operational units and units implementing the control function.
  - The control function is implemented by the Risk Management Unit (SKMR), Legal Group (GHK), Compliance Unit (SKK), Credit Risk Analysis Group (GARK) and Internal Audit Division (DAI).
  - DAI independently and objectively reviews BCA procedures and operational activities on a periodic basis. Review results are presented in the Audit Report and Audit Follow-Up Report to the Board of Directors.
  - The Branch Internal Supervisor (PIC), Internal Regional Office Supervisor (PIKW) and DAI evaluate the implementation of BCA systems and procedures. Evaluation results from PIC, PIKW and DAI serve as benchmarks on the level of compliance of work units in existing systems and procedures.

## **5. Provision of Funds to Related Parties And Large Exposures**

BCA has issued a policy on providing funds to related parties and large exposures as laid down in the Credit Manual. Evaluation and updates of policies in the Credit Manual are carried out on a periodic basis. Providing funds to related parties or debtors in large amounts consistently adhere to the principle of prudence, and abide by Bank Indonesia policies and other applicable laws and regulations, including those related to the Legal Lending Limit (LLL). Furthermore, decisions concerning loans to related parties must be made by the Board of Commissioners in an independent manner.

The LLL is reported regularly to Bank Indonesia in a timely fashion. In 2015, there was no violation or exceeding of the LLL.

## Provision of Funds To Related Parties And Large Exposures

No	Provision of Funds	Amount	
		Debtor/Group	Nominal (Rp million)
1	To Related Parties	192	5.441.635
2	To Main Debtors:		
	a. Individual	50	80.709.227
	b. Group	30	113.032.306

### 6. Strategic Plan

To respond to dynamic changes in the external environment, BCA periodically re-examines short-term, middle-term and long-term business strategy as detailed in the Bank Business Plan (RBB) and Annual Work & Budget Plan (RKAT). BCA prepares strategic plans referring to Bank Indonesia Regulation No. 12/21/PBI/2010 dated 19 October 2010 regarding Bank Business Plan, and to Bank Indonesia Circular Letter No. 12/27/DPNP dated 25 October 2010 regarding Bank Business Plans.

As part of BCA policy direction and strategic measures in order to realise its vision and mission, BCA designs and develops business initiatives with an orientation to meet customers' growing and changing requirements.

#### BCA Strategic Plan 2016

Indonesia economy is estimated to continue through various challenges and grows moderately in 2016. Therefore, entering the year 2016, BCA will keep on prioritizing on cautious policies and measures, always alert and ready to face any unexpected situation. The trend on the increasing non-performing loans in banking sector has the potential to give a multiple effect to the decrease of credit quality for several BCA customers. To maintain its performance, BCA will be discipline in applying prudent risk management, working to apply cost efficiency programs, as well as continues to explore income source alternatives other than interest income.

In general, BCA considers that the Indonesian economy and banking industry have a solid footing in facing the slowing economic cycle. BCA continues to support the effort of the Financial Service Authority (OJK) and Bank Indonesia (BI) in maintaining the balance of credit quality & sustainable national credit growth as well as maintaining health capital & liquidity. BCA is optimistic on the long-term prospect of the Indonesian economy and banking. The growth of middle class community and infrastructure development programs launched by Government are expected to encourage Indonesian economic growth in the future.

To respond dynamic changes in the external environment, BCA continuously examines business strategies both for short-term, middle-term and long-term which is

contained in Bank Strategic Plan in the form of Bank Business Plan (RBB) and Annual Work & Budget Plan (RKAT).

BCA believes that investment to strengthen capability in transaction banking and improvement on credit distribution infrastructure cannot stop to consider the long-term prospect of Indonesian banking, as well as to anticipate the competition which is increasingly stringent in the ASEAN Economic Community era and digital banking evolution which is developing rapidly. Completing the strategic measures so that BCA remains a superior institution, the development of human resource quality and synergy improvement among units and with subsidiaries are also the important factors.

In 2016, BCA is committed to remain continue the investment to strengthen the Bank franchise value. Strategic priorities in 2016 will stay focus on the effort to strengthen relation with customers through the improvement of payment settlement service, prudent credit distribution, and development of new business lines through subsidiaries. The following are further description of the three main business targets :

- **Strengthening the Payment Services System**

BCA believes that facility, comfort and security in having transaction are the fundamental factors which will encourage Bank's fund growth from current account and saving transactional account (CASA). Therefore, BCA continues development of various facilities of product & payment transaction service, and at the same time expanding both conventional banking and electronic banking coverage as well as information technology infrastructures.

In terms of network expansion, Bank will add numbers of branch office and electronic distribution network which is supported by improvement of capability and capacity of information technology infrastructures. BCA will follow, explore, and apply a variety of the latest technology development towards various product aspects and payment settlement service of BCA according to requirement evolution and customers' acceptance level.

To maintain the liquidity position, BCA will continue to review banking sector development, especially in term of liquidity trend development. Current account and saving will remain to be the primary liquidity source of BCA. By considering liquidity requirement and competitiveness level in national banking, if necessary, BCA can actively collect fund from deposit products by making adjustment of the interest level. That is necessary to maintain third party's fund position comprehensively.

- **Lending**

Through an economic deceleration cycle, BCA will remain perform credit distribution and focuses on real and healthy credit requests, in line with BCA's confidence that a sustainable credit distribution activities will strengthen relationship with qualified customers.

Credit distribution activity is designed to function on a solid capital level and effective and prudent risk management application to control the Non-Performing Loans (NPL) position. The latest NPL trend shows increase risk in national banking including in BCA. Therefore, Bank prioritizes credit provisoin to customers who have good track records in segments of corporation, commercial & UKM, as well as consumer. Asset quality will become the important factor to maintain BCA strategic position in the national banking and to maintain a sustainable long-term growth.

In credit segment for business purpose, Bank will be more active in developing credit distribution to sectors that have wide value chain. In credit segment for individual customers, Bank is confident that Resident Ownership Credit (KPR), Motor Vehicle Credit (KKB), and credit card financing have a large potential to grow in long-term. Individual credit is expected to grow slower compared to business sector credit in short-term. However, BCA will stay commit to be one of the leading bank and continues to maintain strategic presence in individual credit market.

To support a sustainable credit growth, Bank will continue to improve credit incrastructures in various segments, either in branches and in head office.

- **Subsidiary Business Development**

To meet customers' needs of increasingly diverse, BCA develops various financial products and services which are comprehensive through new business lines mutually with BCA Subsidiaries in the field of motor vehicle financing, Sharia banking, security, remlittanCe, public insurance and life insurance.

In general, subsidiary entities continue to grow and indicate a positive business development within the last several years. BCA Finance, subsidiary entities which are already steady and engage in car financing, consistently give a quite significant contribution to BCA profitability.

BCA will continue business synergy between Bank's main business and business of subsidiaries, such as cross selling among BCA consumer products and insurance products of subsidiaries and perform joint financing activities with BCA Finance and CS Finance. In line with the growth of business of subsidiaries and



descendant, BCA is committed to provide capital support gradually. BCA expects contribution on interest revenue and fee income from subsidiary companies to increase from year to year.

BCA is confident that the strategy and policy will support Bank in strengthening the consistent long-term competitive advantage is believed to be able to build qualified customer basis in amid of the increasing competitiveness of Indonesian banking industry.

## **7. Transparency of Financial and Non-Financial Condition Undisclosed In other Reports**

Information on BCA's financial condition is disclosed explicitly and transparently in several reports, including the following:

### **1. Annual Report**

- a. Financial Highlights that include stock performance, reports from the Board of Commissioners and Board of Directors, company profile, management analysis and discussion on business and financial performance, corporate governance and corporate social responsibility.
- b. Annual Financial Statement audited by a Public Accountant and Public Accounting Firm registered with Bank Indonesia. The Annual Financial Statement covers a period of 1 (one) fiscal year and is compared to the previous fiscal year, and the start of the earliest comparative year.
- c. Accountability statement of the Board of Commissioners and Board of Directors verifying the content of the Annual Report. The statement is delivered in writing and bears the signature of all members of the Board of Commissioners and Board of Directors.

### **2. Quarterly Published Financial Reports**

BCA has made the necessary announcements on its Quarterly Financial Report in accordance with existing policies. The Published Financial Report is signed by 2 (two) members of BCA's Board of Directors. The announcement was featured in 2 (two) newspapers in the Indonesian language with widespread circulation in the place of domicile of BCA's Head Office.

### **3. Monthly Published Financial Reports**

BCA publishes its Monthly Financial Report in a format laid out by the Financial Services Authority Regulation.

## **Transparency of Non-Financial Condition**

BCA discloses information on its products in an explicit, accurate and updated manner. Such information can be easily accessed by customers, among others in leaflets, brochures or other written materials in every BCA branch office in locations that customers can have easy access to, and/or in the form of electronic information made available through hotline service/call center or website.

In addition, BCA provides and communicates to customers on its customer complaints and dispute settlement mechanism in compliance with Bank Indonesia policy on customer complaints and banking mediation.

In view of the above, BCA has carried out the following measures:

- a. Transparently publicized its financial and non-financial condition to stakeholders, among others through its Periodic Financial Reports, Routine Reporting of Legal Lending Limit to Bank Indonesia, Quarterly Published Financial Reports, and featured in BCA's official website according to existing policies.
- b. Prepared and presented reports according to the procedure, type and scope set forth in the Bank Indonesia policy on the transparency of banks' financial condition.
- c. Published information on BCA products in compliance with Bank Indonesia policy on the transparency of information on banking products and use of customers' personal data.
- d. Provided customers with a customer complaint and dispute settlement mechanism according to Bank Indonesia policy on customer complaint and banking mediation.
- e. Submitted the Annual Report to Bank Indonesia, regulators and other institutions as required or deemed necessary.
- f. Disclosed information on the Ownership Transparency Structure in the Annual Report and BCA's website.

#### **8. Other information related to GCG.**

There is no intervention of the owner of:

- The composition of the Board of Commissioners and the Board of Directors
- The implementation of the task of the board of commissioners and directors causing advantage BCA disturbed that affect to minimize advantage BCA and/ or causing loss bank.
- The composition of the committees under the Board of Commissioners
- Duties Fulfilled of the committees under the Board of Commissioners.

#### **B. Share ownership of the members of Boards of Commissioners and Directors with an equity amount of 5% (five percent) or more, including the type and number of shares in:**

- a. BCA;
  - b. Other banks;
  - c. non Bank Financial Institutions; and
  - d. Other companies;
- domiciled in Indonesia or overseas.

**Share Ownership of the Members of the Board of Commissioners that amounts to 5% or more of the Paid-up Capital**

Name	Share Ownership of the Members of the Board of Commissioners that amounts to 5% or more of the Paid-up Capital at:			
	BCA	Other Bank	Non-Bank Institution	Other Companies
Djohan Emir Setijoso	-	-	-	√
Tonny Kusnadi	-	-	-	√
Cyrillus Harinowo	-	-	-	-
Raden Pardede	-	-	-	√
Sigit Pramono	-	-	-	-

Description:

√ = Owns shares that amounts to 5% (five percent) or more of the Paid-up Capital

**Share Ownership of Members of the Board of Directors that amounts to 5% or more of the Paid-up Capital**

Name of Director	Share ownership of members of the Board of Directors that Amounts to 5% or more of the paid up capital at:			
	BCA	Other Bank	Non-Bank Financial Institution	Other Companies
Jahja Setiaatmadja	-	-	-	√
Eugene Keith Galbraith	-	-	-	-
Dhalia M. Ariotedjo	-	-	-	-
Anthony Brent Elam	-	-	-	-
Suwignyo Budiman	-	-	-	-
Henry Koenafi	-	-	-	-
Subur Tan	-	-	-	-
Armand W. Hartono	-	-	-	√
Erwan Yuris Ang	-	-	-	-
Rudy Susanto	-	-	-	-

Description :

√ = owns shares amounting to 5% (five per cent) or more of the paid up capital

**C. Financial Relations and Family Relationship a Member of the Board of Commissioners and the Board of Directors with other members of board of commissioners, Board of Directors other and/ or Holder Controlling Shares**

The majority of members of the Board of Directors of BCA have no financial, management, stock ownership or family relationships with members of the Board of Commissioners, fellow members of the Board of Directors and controlling shareholders.

Name	Position	Family Relations With						Financial Relations With					
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Djohan Emir Setijoso	President Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Tonny Kusnadi	Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Cyrellus Harinowo	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Raden Pardede	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Sigit Pramono	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√

The majority of members of the Board of Directors of BCA have no financial, management, stock ownership or family relationships with members of the Board of Commissioners, fellow members of the Board of Directors.

The majority of members of the Board of Directors of BCA have no financial, management, stock ownership or family relationships with Controlling Shareholders or relationship with BCA that may affect their ability to act independently.

The President Director is an independent party to the controlling shareholders.

Name	Position	Family Relationship with:						Financial Relationship with:					
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Jahja Setiaatmadja	President Director	-	√	-	√	-	√	-	√	-	√	-	√
Eugene Keith Galbraith	Deputy President Director	-	√	-	√	-	√	-	√	-	√	-	√
Dhalia Mansor Ariotedjo	Director	-	√	-	√	-	√	-	√	-	√	-	√
Anthony Brent Elam	Director	-	√	-	√	-	√	-	√	-	√	-	√
Suwignyo Budiman	Director	-	√	-	√	-	√	-	√	-	√	-	√
Henry Koenafi	Director	-	√	-	√	-	√	-	√	-	√	-	√
Tan Ho Hien/ Subur atau Subur Tan	Director (Compliance Director)	-	√	-	√	-	√	-	√	-	√	-	√
Armand Wahyudi Hartono	Director	-	√	-	√	√	-	-	√	-	√	√	-
Erwan Yuris Ang	Independent Director	-	√	-	√	-	√	-	√	-	√	-	√
Rudy Susanto	Director	-	√	-	√	-	√	-	√	-	√	-	√

**D. The Remuneration Policies and Other Facilities of the Board of Commissioners and the Board of Directors**

The Structure of Remuneration Components and The Number of component for the whole of the Board of Commissioners in 2015 is as follows:

Type of Remuneration and Other Facilities	Amount Received in 1 Year	
	BOARD OF COMMISSIONERS	
	Persons	In Million Rupiah
1. Remuneration (salary, bonus, routine allowance, tantiem and other non-natura facilities)	5	82.722
2. Other natura facilities:		
a. Business Travel Allowance		
b. Health Benefits	3	73
c. Health & Golf Club Memberships	5	2.067
d. Option of purchasing service vehicles at the end of Leasing period	1	34
	5	707
3. Benefit retirement (owned at the end of term)	-	-
<b>Total</b>		<b>85.603</b>

The amount of remuneration received in cash during 2015 for each Commissioner for 1 (one) year is in excess of Rp 2 billion.

Type of Remuneration and Other Facilities	Amount Received in 1 Year	
	BOARD OF DIRECTORS	
	Persons	In Million Rupiah
1. Remuneration (salary, bonus, routine allowances, tantiem, and other non-natura facilities)	10	293.210
2. Other natura facilities:		
a. Business Travel Allowance	10	659
b. Health Benefits	9	1.807
c. Health Club Membership	6	283 + USD 5.500
d. Option to buy service vehicle at the end of leasing period	10	1.979
	-	-
3. Benefit retirement (owned at the end of the duty)		
<b>Total</b>		<b>297.938 + USD 5.500</b>

**E. Stock Option**

In 2015, BCA did not introduce a Stock Option Program.

**F. Highest and Lowest Salary Ratio**

Salary refers to an employee's right that is received and expressed in the form of monetary compensation from BCA as the employer to the employee who is hired and paid according to an employment contract, agreement or laws and regulations, including benefits for the employee and members of the family for the work and/or services rendered.

The highest and lowest salary ratio according to the comparative scale is as follows:

Ratio	Comparative Scale
Highest and lowest employee salary ratio	46,43
Highest and lowest BOD salary ratio	2,88
Highest and lowest BOC salary ratio	1,63
Highest BOD and employee salary ratio	5,63

The remuneration being compared in the salary ratio above is the compensation received by members of the Board of Commissioners and Board of Directors, and employees on a monthly basis. Employees here refer to BCA's permanent employees up to the executive level.

**G. The Board of Directors Meeting Frequency, the Board of Directors Meeting Frequency, and The Board of Commissioners and Board of Directors Joint Meeting frequency and level of attendance of Directors at the Joint Meetings throughout 2015**

**The Board of Commissioners Meeting**

The Board of Commissioners meeting schedule is set at the beginning of the year. Throughout 2015. The Board of Commissioners held 47 (forty seven) meetings. BCA is in compliance with Bank Indonesia regulations and Financial Services Authority Regulation regarding mandatory board of commissioners in once year.

Decision-making is conducted through consensus agreement. In the event consensus agreement does not occur, decision-making is carried out based on majority vote.

All decisions taken in the meeting of the Board of Commissioners shall be binding. Differences of opinion (dissenting opinions) that occur in the Board of Commissioners meetings shall be clearly stated in the minutes of the meeting along with the reasons for dissent.

**Frequency and Attendance of the Board of Commissioners for 2015 are detailed in the following:**

Name	Total Meetings	Attendance	Percentage
Djohan Emir Setijoso	47	43	91%
Tonny Kusnadi	47	39	83%
Cyrillus Harinowo	47	43	91%
Raden Pardede	47	39	83%
Sigit Pramono	47	38	81%

**The Board of Directors meeting**

The Board of Directors meeting schedule is set at the beginning of the year. During 2015 the Board of Directors held 40 (Forty) meetings. BCA is in compliance with Bank Indonesia

regulations and Financial Services Authority Regulation regarding mandatory board of commissioners in once year.

Decision-making is conducted through consensus agreement. In the event consensus agreement does not occur, decision-making is carried out based on majority vote.

All decisions taken in the meeting of the Board of Commissioners shall be binding. Differences of opinion (dissenting opinions) that occur in the Board of Commissioners meetings shall be clearly stated in the minutes of the meeting along with the reasons for dissent.

**The Board of Directors Meeting Frequency and Level of Attendance in 2015 are as follows:**

Name	Number of Meetings	Attendance	Percentage
Jahja Setiaatmadja	40	39	97%
Eugene Keith Galbraith	40	23	57%
Dhalia M. Ariotedjo	40	33	82%
Anthony Brent Elam	40	32	80%
Suwignyo Budiman	40	38	95%
Subur Tan	40	37	92%
Henry Koenaifi	40	36	90%
Armand W. Hartono	40	28	70%
Erwan Yuris Ang	40	33	82%
Rudy Susanto	40	35	87%

Description:

\*= Undergoing on medical treatment overseas

**The frequency of Joint Meetings between the Board of Commissioners and the Board of Directors and Attendance of Commissioners during this joint meetings in 2015 is detailed in the following:**

Name	Total Meetings	Attendance	Percentage
Djohan Emir Setijoso	13	13	100%
Tonny Kusnadi	13	10	77%
Cyrellus Harinowo	13	10	77%
Raden Pardede	13	7	54%
Sigit Pramono	13	12	92%

The Board of Commissioners and Board of Directors Joint Meeting frequency and level of attendance of Directors at the Joint Meetings throughout 2015 are as follows:

Name	Number of Meetings	Attendance	Percentage
Jahja Setiaatmadja	13	11	85%
Eugene Keith Galbraith	13	6	47%
Dhalia M. Ariotedjo	13	10	77%
Anthony Brent Elam	13	8	62%
Suwignyo Budiman	13	10	77%
Subur Tan	13	10	77%
Henry Koenaifi	13	7	54%
Armand W. Hartono	13	6	47%
Erwan Yuris Ang	13	9	70%
Rudy Susanto	13	13	100%

#### H. Internal Fraud

Internal fraud refers to any fraud/deception committed by management, and permanent and temporary employees related to BCA's work processes and operational activities.

In 2015, a number of internal fraud incidents for a nominal value of above IDR 100,000,000 (one hundred million rupiah), including 1 (one) case of internal fraud committed by permanent employees, and 5 (five) cases involving temporary employees. The third of these cases had been resolved in internal BCA.

Internal fraud in a year	Number of cases committed by:					
	Management		Permanent Employee		Temporary Employee	
	Previous year	Current year	Previous year	Current year	Previous year	Current year
Total Fraud	-	-	2	1	1	5
Resolved cases	-	-	2	1	1	-
Ongoing cases resolved internally within BCA	-	-	-	-	-	-
Cases yet to be resolved	-	-	-	-	-	-
Cases already followed-up through the legal process	-	-	-	-	-	-



## I. Legal Cases

Civil and criminal cases for the value of over Rp. 100,000,000 (one hundred million Rupiah) which have been resolved (having permanent legal force) and which are in the process of settlement as of 31 December 2015 are as follows:

Legal Case	Civil Case	Criminal Case
Have been resolved (having permanent legal force):		
• Rp 101 million – Rp 500 million	6	1
• Rp 500 million above	2	-
<b>Total</b>	<b>8</b>	<b>1</b>
Still ongoing:		
• Rp 101 million – Rp 500 million	51	-
• Rp 500 million above	3	-
<b>Total</b>	<b>54</b>	<b>-</b>
<b>Total Number of Cases</b>	<b>62</b>	<b>1</b>

In 2015, there were no significant cases facing BCA and its subsidiaries, or members of its Board of Commissioners and Board of Directors in office for this reporting period, and consequently there is no effect on BCA's financial condition.

Throughout 2015 there were no material administrative sanctions imposed by authorities (Financial Services Authority, Bank Indonesia, Stock Exchange, and other authorities) on BCA, or members of the Board of Commissioners and Board of Directors.

## J. Transactions with Conflict of Interest and Affiliated Transactions

BCA keeps by the commitment to deal with all transactions bearing an element of conflicting interests by complying with existing laws and regulations, among others those issued by Bank Indonesia and OJK.

BCA has also introduced internal policies that require all members of the Board of Commissioners and Board of Directors, and echelon 1 (S1) to 5(S5) officials to make an annual disclosure of any situation or circumstances that may lead to conflict of interest. In 2015, BCA did not carry out any transaction with conflict of interest.

## K. Shares Buy Back

In 2015, BCA did not undertake the corporate action of repurchasing shares (share buy backs).

## L. Funds for Social Activities and/ or Funds for Political Activities

BCA actively contributes to increasing the welfare of communities and improving the environment through corporate social responsibility activities developed under the 'Bakti BCA' program.

Overall, BCA social activities throughout 2015 focused on 3 (three) key pillars:

1. Pilar Solusi Cerdas (Smart Solution Pillar), are as follows:
  - a. Non-Degree Accounting Education Program
  - b. Non-Degree Information Technology Education Program

- c. Bakti BCA Internship
  - d. Integrated Partner Schools
  - e. Bakti BCA Scholarship
  - f. Banking education and partnership with other institutions related to education, and contributions/donations to other educational institutions
2. Pilar Solusi Sinergi (Synergy Solution Pillar), are as follows:
- a. Culture
  - b. Health:
    - Cataract Surgical Services - Bakti BCA
    - Bakti BCA Blood Drives
    - Bakti BCA Public Health Service Partnership
  - c. Environmental Conservation
  - d. Bakti BCA Empathy Program in the form of donations for natural disaster victims and sports programs.
3. Pilar Solusi Bisnis Unggul (Outstanding Business Solution Pillar), as a follows:
- a. Partnership with the community
  - b. Business Development Institute

Apart from the aforementioned programs, BCA also channels donations to other social organizations.

## Results of The GCG Implementation Self-Assessment at BCA

Bank Name : PT Bank Central Asia Tbk

Position : 31 December 2015

Results of The GCG Implementation Self-Assessment at BCA		
	Rank	Rank Definition
<b>Individual</b>	<b>1</b>	Overall, implementation of Good Corporate Governance (GCG) by the Management of BCA is rated <b>excellent</b> . As reflected in the substantial implementation of GCG principles. Any remaining weaknesses in the implementation of GCG principles are either generally considered not significant or would soon be corrected by the Management of BCA.
Analysis		
<p>The analysis of the self assessment on aspects of governance structure, governance process and governance output as applied to each of the GCG Implementation Assessment Factor can be summarized below:</p> <ol style="list-style-type: none"> <li>1. The governance structure as per all the GCG Implementation Assessment Factors is more than adequate and comprehensive.</li> <li>2. The governance process as per most of the GCG Implementation Assessment Factors is very effective, supported by a more than adequate governance structure and infrastructure.</li> <li>3. The governance output as per most of the GCG Implementation Assessment Factors is of high-quality, resulting from governance processes that are mostly very effective with the support of a more than adequate governance structure and infrastructure.</li> </ol>		