

**ANNUAL REPORT OF
THE INTEGRATED GOVERNANCE IMPLEMENTATION**

FINANCIAL CONGLOMERATION PT BANK CENTRAL ASIA Tbk

YEAR 2016

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THE INTEGRATED GOVERNANCE IMPLEMENTATION OF
THE FINANCIAL CONGLOMERATION PT BANK CENTRAL ASIA Tbk
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Annual Report of The Integrated Governance Implementation of The Financial Conglomeration PT Bank Central Asia Tbk ("BCA") year 2016 was prepared in accordance with:

1. Financial Services Authority Regulation Number 18/POJK.03/2014 dated 18 November 2014 regarding Implementation of Integrated Governance for Financial Conglomerates;
2. Financial Services Authority Circular Letter Number 15/SEOJK.03/2015 dated 25 May 2015 on Implementation of Integrated Governance for Financial Conglomerates;
3. Bank Indonesia Regulation Number 8/14/PBI/2006 Concerning Amendment to Bank Indonesia Regulation Number 8/4/PBI/2006 Regarding Implementation of Good Corporate Governance For Commercial Banks, subsequently replaced by Financial Services Authority Regulation Number 55/POJK.03/2016 on Implementation of Governance for Commercial Banks; and
4. Bank Indonesia Circular Letter Number 15/15/DPNP dated 29 April 2013 on The Implementation of Good Corporate Governance For Commercial Banks, subsequently replaced by Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 dated 17 March 2017 regarding Implementation of Governance for Commercial Banks.

Annual Report of The Integrated Governance Implementation of The Financial Conglomeration PT Bank Central Asia Tbk ("BCA") year 2016 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 Legal Primary entity and Financial Services Institution (Subsidiaries) of a Financial Conglomerate; and
- V. Intra-group transaction policy which at least contains policy to identify, to manage and to mitigate intragroup transaction.
- VI. The Report of Good Corporate Governance of BCA has to cover at least the following:
 1. Transparency of Good Corporate Governance Implementation as referred by point IX Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 dated 17 March 2017; and
 2. Self Assessment Report Implementation of GCG year 2016 in accordance with The Attachment IV Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 dated 17 March 2017.

I. Self-Assessment Report on the Integrated Governance Implementation for 1 (one) Fiscal Year

Legal Primary Entity

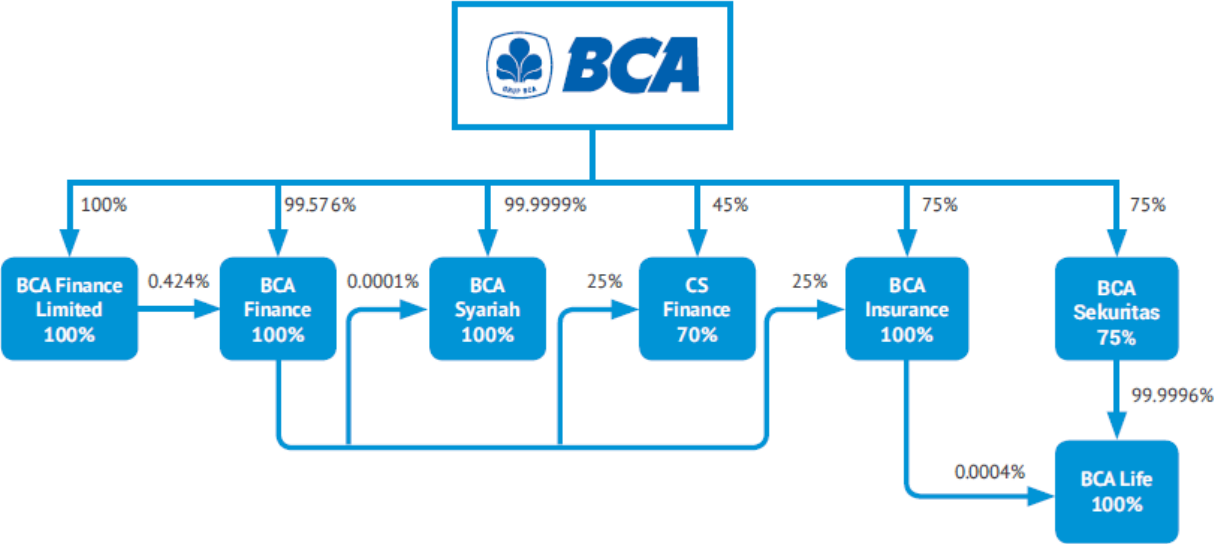
: PT Bank Central Asia Tbk

Report Position

: 31 December 2016

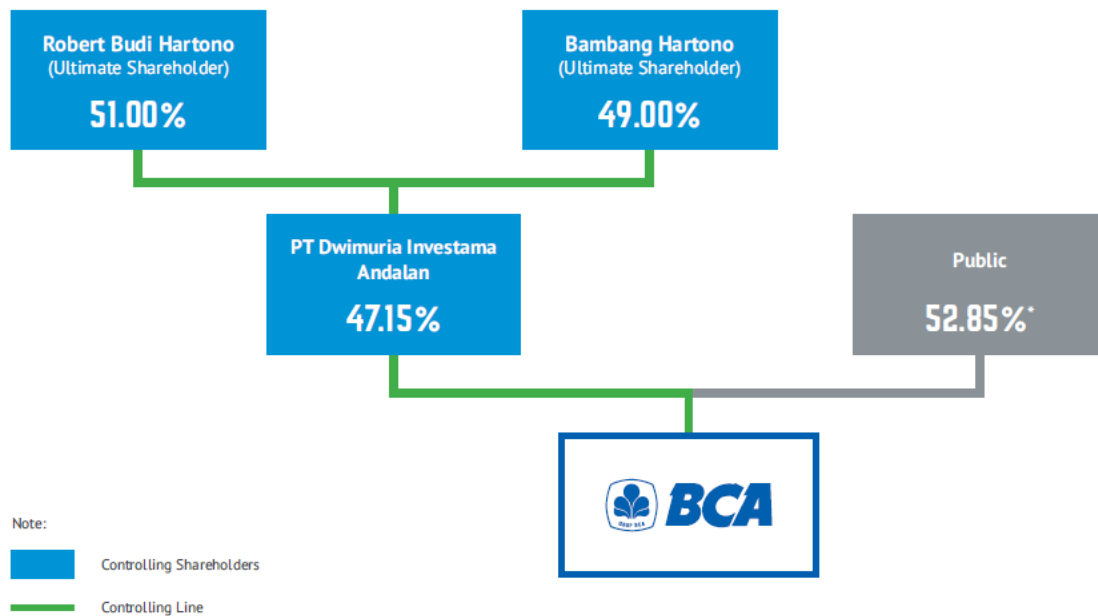
Result of Self-Assessment On the Implementation of Integrated Governance	
Rank	Rating Definition
1	Financial Conglomerate has carried out the Integrated Governance implementation which generally was Excellent . This is reflected on the very adequate fulfillment upon the implementation of Integrated Governance principle. Any weakness in the Integrated Governance implementation, in general is not significant and can be promptly improved by the Legal Primary Entity and/or Financial Service Institution (Subsidiaries) in Financial Conglomerate.
Analysis	
<p>Based on the Self Assessment analysis towards the Integrated Governance Structure, Integrated Governance Process, and Integrated Governance Outcome on the respective assessment factor of the Integrated Governance implementation, can be concluded as follows:</p> <ol style="list-style-type: none"> 1. Integrated Governance Structure based on the assessment result is complete. 2. Integrated Governance Process based on the assessment result is very effective supported by a complete structure. 3. Integrated Governance Outcome based on the assessment result is excellent which is generated from the aspect of Integrated Governance Process which very effective supported by a complete structure. <p>Analysis of each assessment factor of Integrated Governance implementation can be seed in the Self Assessment working sheet (attached).</p>	
Dated: April 28, 2017	Dated: April 25, 2017
Approved by: <u>Jahja Setiaatmadja</u> President Director	Prepared by: <u>Jan Hendra</u> Corporate Secretary
<u>Subur Tan</u> Director	

II. FINANCIAL CONGLOMERATE STRUCTURE OF BCA



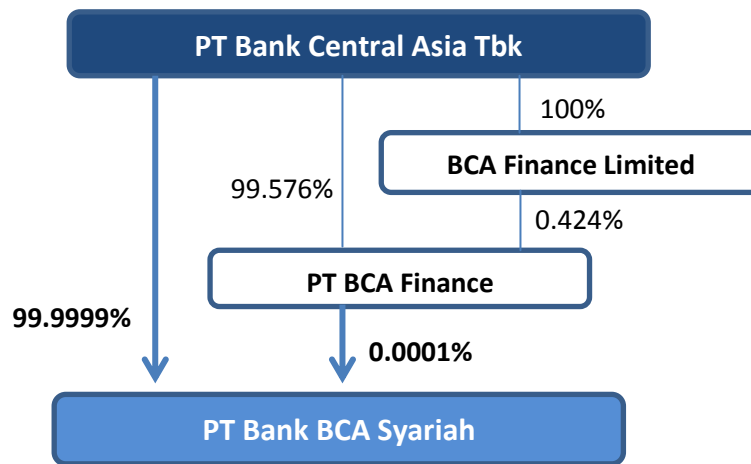
III. STRUCTURE OF SHARE OWNERSHIP IN FINANCIAL CONGLOMERATE DESCRIBING THE SHAREHOLDERS IN Financial Services Institution (SUBSIDIARIES) IN FINANCIAL CONGLOMERATE UP TO THE ULTIMATE SHAREHOLDERS

As of 31 December 2016

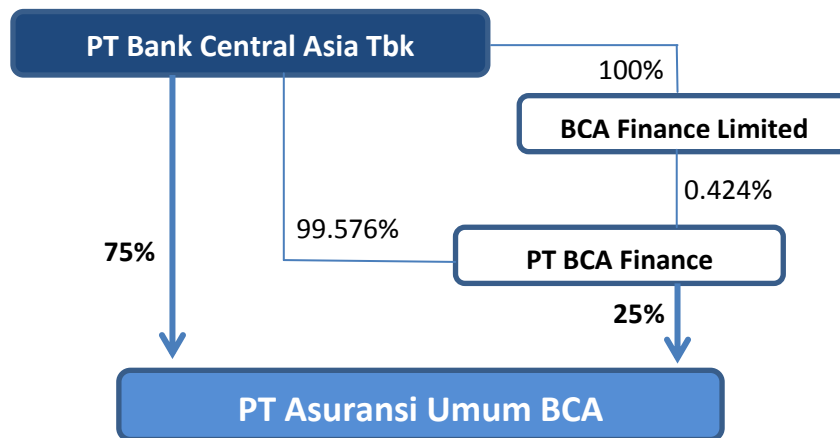


* Of the portion of shares belonging to public shareholders, 11.02% is owned by affiliated parties of PT Dwimuria Investama Andalan, 1.76% is owned by Anthoni Salim, and 0.20% is owned by certain members of the current Board of Commissioners and Board of Directors of BCA.

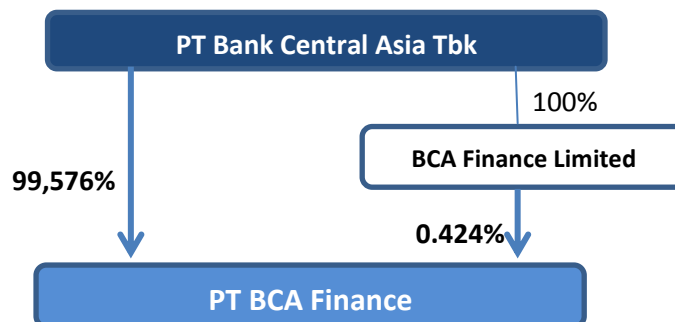
1. STRUCTURE OF SHARE OWNERSHIP OF PT BANK BCA SYARIAH



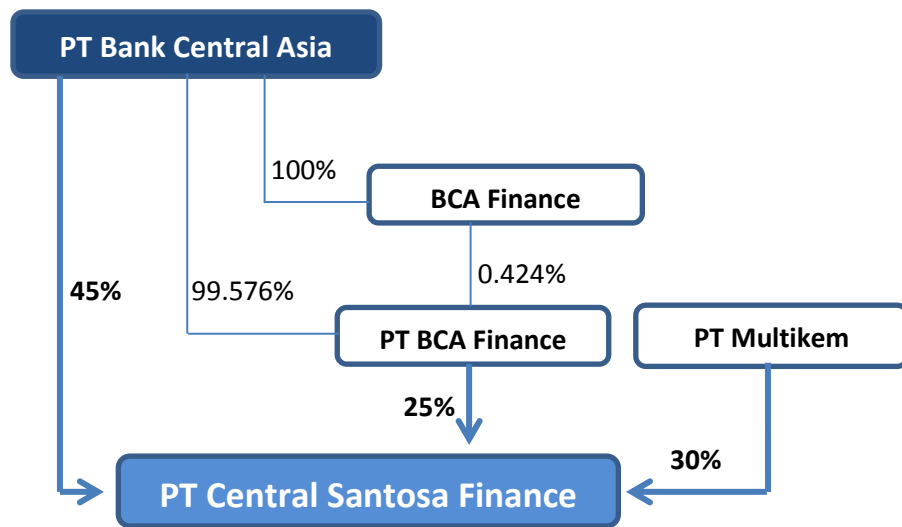
2. STRUCTURE OF SHARE OWNERSHIP OF PT ASURANSI UMUM BCA



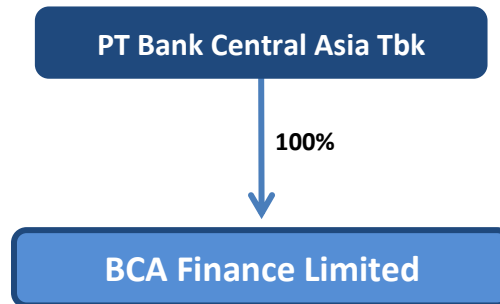
3. STRUCTURE OF SHARE OWNERSHIP OF PT BCA FINANCE



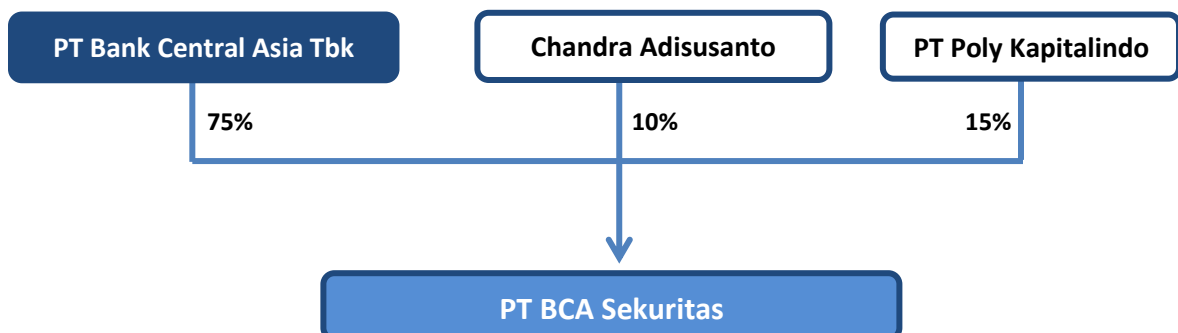
4. STRUCTURE OF SHARE OWNERSHIP OF PT CENTRAL SANTOSA FINANCE



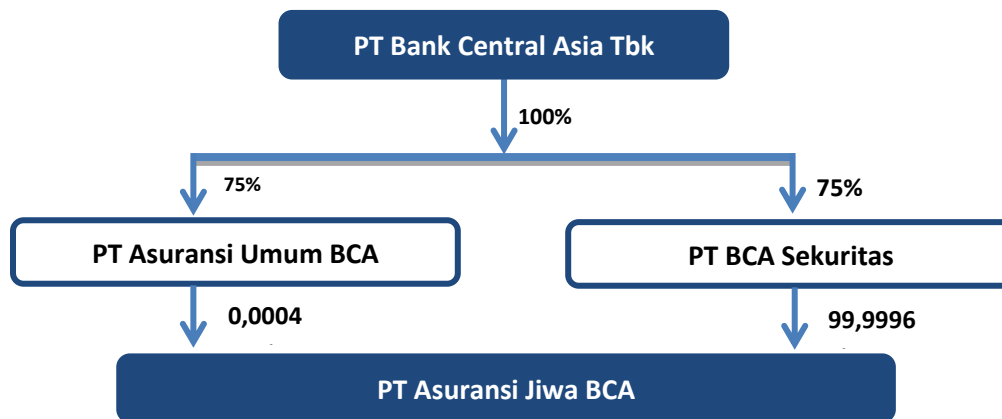
5. STRUCTURE OF SHARE OWNERSHIP OF BCA FINANCE LIMITED



6. STRUCTURE OF SHARE OWNERSHIP OF PT BCA SEKURITAS



7. STRUCTURE OF SHARE OWNERSHIP OF PT ASURANSI JIWA BCA



IV. MANAGEMENT STRUCTURE OF THE LEGAL PRIMARY ENTITY (PT BANK CENTRAL ASIA Tbk) AND SUBSIDIARIES COMPANY IN FINANCIAL CONGLOMERATE FOR YEAR 2016

❖ **MANAGEMENT STRUCTURE OF PT BANK CENTRAL ASIA Tbk**

Board of Commissioners	
Position	Name
President Commissioner	Djohan Emir Setijoso
Commissioner	Tonny Kusnadi
Independent Commissioner	Cyrillus Harinowo
Independent Commissioner	Raden Pardede
Independent Commissioner	Sumantri Slamet
Board of Directors	
Position	Name
President Director	Jahja Setiaatmadja
Deputy President Director	Eugene Keith Galbraith
Deputy President Director	Armand Wahyudi Hartono
Director	Suwignyo Budiman
Director (concurrently as Compliance Director)	Tan Ho Hien/Subur or Subur Tan
Director	Henry Koenafi
Independent Director	Erwan Yuris Ang
Director	Rudy Susanto
Director	Lianawaty Suwono
Director	Santoso
Director	Inawaty Handoyo

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

Board of Commissioners	
Position	Name
President Commissioner	Yana Rosiana
Independent Commissioner	Suyanto Sutjiadi
Independent Commissioner	Joni Handrijanto
Board of Directors	
Position	Name
President Director	John Kosasih
Director	Houda Muljanti
Compliance Director	Tantri Indrawati

❖ **MANAGEMENT STRUCTURE OF PT BCA FINANCE**

Board of Commissioners	
Position	Name
President Commissioner	Ricki Immanuel
Independent Commissioner	Adhi Gunawan Budirahardjo
Independent Commissioner	Sulistiyowati
Board of Directors	
Position	Name
President Director	Roni Haslim
Director	Amirdin Halim
Director	Petrus Santoso Karim
Director	David Pangestu
Director	Lim Handoyo

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

Board of Commissioners	
Position	Name
President Commissioner	Roni Haslim
Commissioner	Hermanto
Commissioner	Aldrian Irvan Kolonas
Independent Commissioner	Mendari Handaya
Board of Directors	
Position	Name
President Director	David Hamdan
Director	Senjaya Komala
Director	Adhi Purnama
Director	Parmanto Adhi

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

Board of Commissioners	
Position	Name
President Commissioner	Petrus Santoso Karim
Commissioner	Liston Nainggolan
Independent Commissioner	Edison Idrus
Independent Commissioner	Gustiono Kustianto
Board of Directors	
Position	Name
President Director	Gregorius Hariyanto
Director	Hendro H. Wenan
Director	Hariyanto Djumali
Director	Harry Kaporo
Associate Director	Antonius Tjhai

❖ **MANAGEMENT STRUCTURE OF PT BCA SEKURITAS**

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

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

Board of Commissioners	
Position	Name
President Commissioner	Sugito Lie
Commissioner	Eva Agrayani Tjong
Independent Commissioner	Pudjianto
Board of Directors	
Position	Name
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. INTRA-GROUP TRANSACTIONS POLICY CONTAINING THE POLICY TO IDENTIFY, MANAGE AND MITIGATE THE INTRA-GROUP TRANSACTIONS

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 Legal 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.

The BCA's Intra-Group Transaction Risk Management Policy, which refers to:

1. Financial Services Authority Regulation Number 17/POJK.03/2014 on the Implementation of Integrated Risk Management for Financial Conglomerates.
2. Financial Services Authority Circular Letter Number 14/SEOJK.03/2015 on the Implementation of Integrated Risk Management for Financial Conglomerates.
3. Decision Letter of the Board of Director Number 178/SK/DIR/2015 on Basic Policy of Integrated Risk Management of the BCA Financial Conglomerate.

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 Financial Services Institution within a Financial Conglomerate.

Type of intra-group transaction

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

1. Cross ownership between Financial Services Institution within Financial Conglomerate.
2. Centralization of short term liquidity management.
3. Guarantee, loan, and commitment provided or acquired by a Financial Services Institution from another Financial Services Institution 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 Financial Services Institution within one Financial Conglomerate.

6. Risk transfer through re-insurance.
7. Transaction to assign third party's risk exposure between Financial Services Institution within Financial Conglomerate.

Principles of intra-group transaction risk management

In implementation principles of intra-group transaction risk management, the Legal 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 of intra-group transactions of Financial Conglomerate regularly and 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 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 the Board of Commissioners and the 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 the 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 the 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 Financial Services Institution.

Human Resources

In the framework of the responsibility implementation of human resources 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 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 which 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 a clear level of authority delegation in the implementation of intra-group transaction risk management.
 - 3.2 Review implementation towards the procedures regularly.
 - 3.3 Adequate procedure documentation, namely a documentation which is complete, written, and easy to perform 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 as Information System of Intra-Group Transaction Risk Management

In the implementation of intra-group transaction risk management, BCA's as the Legal 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 of intra-group transaction composition in the Financial Conglomerate.
2. Identification of documentation and transaction fairness.
3. Identification of 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 BCA's as the Legal Primary Entity obliged to prepare risk profile of the intra-group transaction which is integrated to the members of the Financial Conglomerate.

Below are the measurements which must be carried out to obtain risk profile of an integrated intra-group transaction.

Measurement	Description	Measurement
Inherent Risk	In determining the inherent risk level, the Legal Primary Entity must make comprehensive analysis using the whole relevant quantitative and qualitative indicators. The indicators include 3 (three) aspects: 1. Intra-group transaction composition 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 (four) aspects: 1. Supervision by the Board of Commissioners and the 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 Integrated Risk Level Rating		Quality Rating of Risk Management Implementation (KPMR)				
		Strong	Satisfactory	Fair	Marginal	Unsatisfactory
Integrated 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 The Intra-Group Transaction Risk

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

1. Parameters composition of the inherent intra-group transaction risk in the integrated risk profile report.
2. Documentation completeness of the intra-group transaction.
3. Intra-group transaction fairness.
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. Fairness of the intra-group transaction of the Financial Conglomerate.
2. Availability of 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 the profile report of intra-group transaction, which is a part of the integrated risk profile report.

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

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 fairness 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 Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 dated 17 March 2017 concerning the The Implementation of Governance for Commercial Banks:

A. GCG Implementation Disclosures include:

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

a. Number, Composition, and Criteria of Members of the Board of Directors

As of 31 December 2016, there were 11 (eleven) members of the Board of Directors of BCA, comprising of 1 (one) President Director, 2 (two) Deputy President Director, 1 (one) Compliance Director, 1 (one) Independent Director, and 6 (six) Directors. 1 (one) member of the Board of Directors also serves as the Compliance Director. The President Director is an independent party to the controlling shareholders.

Based on the Annual General Meeting of Shareholders of BCA in 2016, there were changes to the membership composition of BCA's Board of Directors. The membership composition of the BCA's Board of Director as of 31 December 2016 based on Deed of Minutes of Meeting of PT Bank Central Asia Tbk Number 216 dated 26 August 2016 are as follows:

Position	Name
President Director	Jahja Setiaatmadja
Deputy President Director	Eugene Keith Galbraith
Deputy President Director	Armand Wahyudi Hartono *)
Director	Suwigno Budiman
Director (concurrently as Compliance Director)	Tan Ho Hien/Subur atau Subur Tan
Director	Henry Koenafi
Independent Director	Erwan Yuris Ang
Director	Rudy Susanto
Director	Lianawaty Suwono **)
Director	Santoso ***)
Director	Inawaty Handoyo ****)

*) Based on Letter of Appointment from the Financial Services Authority Number SR-106/D.03/2016 dated 21 June 2016 Mr. Armand Wahyudi Hartono was appointed as Deputy President Director of PT Bank Central Asia Tbk.

**) Based on Letter of Appointment from the Financial Services Authority Number SR-137/D.03/2016 dated 27 July 2016 Mrs. Lianawaty Suwono was appointed as Director of PT Bank Central Asia Tbk.

***) Based on Letter of Appointment from the Financial Services Authority Number SR-143/D.03/2016 dated 8 August 2016 Mr. Santoso was appointed as Director of PT Bank Central Asia Tbk.

****) Based on Letter of Appointment from the Financial Services Authority Number SR-144/D.03/2016 dated 8 August 2016 Mrs. Inawaty Handoyo was appointed as Director of PT Bank Central Asia Tbk.

Number, Composition, and Criteria of Members of the Board of Commissioner

As of 31 December 2016, 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. All BCA Commissioners are domiciled in Indonesia.

Based on the Annual General Meeting of Shareholders of BCA in 2016, there were changes to the membership composition of BCA's Board of Commissioners. The membership composition of the BCA's Board of Commissioners as of 31 December 2016 based on Deed of Minutes of Meeting of PT Bank Central Asia Tbk Number 216 dated 26 August 2016 are as follows:

Position	Name
President Commissioner	Djohan Emir Setijoso
Commissioner	Tonny Kusnadi
Independent Commissioner	Cyrillus Harinowo
Independent Commissioner	Raden Pardede
Independent Commissioner	Sumantri Slamet

*) Based on Letter of Appointment from the Financial Services Authority Number SR-117/D.03/2016 dated 11 July 2016 Mr. Sumantri Slamet was appointed as Independent Commissioner of PT Bank Central Asia Tbk to replace Mr. Sigit Pramono.

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

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

1. Comply with the requirement as referred to in Financial Services Authority Regulation Number 33/POJK.04/2014 dated 8 December 2014 regarding the Board of Directors and the Board of Commissioners of Issuer or Public Company, namely:
 - a. Has 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:
 - 1) Never been declared bankrupt;
 - 2) Never been a member of the Board of Directors and/or the Board of Commissioners that was found guilty in causing a company to become bankrupt;
 - 3) Never been convicted of any criminal offense that is detrimental to a country's or financial sector's financial position; and
 - 4) Never been a member of the Board of Directors and/or the Board of Commissioners which during the terms of office:
 - i. Did not hold an AGMS;

- ii. His/her accountability as a member of the Board of Directors and/or the Board of 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 the Board of Commissioners to the GMS; and
 - iii. 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 Bank Indonesia Regulation Number 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 the 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 the Bank Indonesia Regulation mentioned herein 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. Financial reputation requirements include:
 - i. Has no bad credit; and
 - ii. Never been stated bankrupt or become a member of the Board of Directors or the Board of Commissioners who is convicted to cause a company to be declared bankrupt, within the last 5 (five) years prior to the nomination.

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 Number 33/POJK.04/2014 dated 8 December 2014 concerning the Board of Directors and the 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:
 - 1) Not been declared bankrupt;
 - 2) Not a member of the Board of Directors and/or the Board of Commissioners that was found guilty in causing a company to become bankrupt;
 - 3) Not having been convicted of any criminal offense that is detrimental to a country's or financial sector's financial position; and
 - 4) Not a member of the Board of Directors and/or the Board of Commissioners which during the terms of office:
 - i. Did not hold an AGMS;
 - ii. His/her accountability as a member of the Board of Directors and/or the Board of 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 the Board of Commissioners to the GMS; and
 - iii. 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 / or skill in the area required by the company.
2. Meet the integrity, competence, and financial reputation requirements as referred to the Bank Indonesia Regulation Number 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 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/or
 - ii. Not having been declared bankrupt or a member of the Board of Directors or the Board of Commissioners who was found guilty of causing a bankruptcy of a Financial Conglomerate in the 5 (five) years before the nomination.

Independence of the Board of Directors

The majority of members of the Board of Directors of BCA have no financial, management, stock ownership and/or family relationships until second layer 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.

Independence of the Board of Commissioners

All members of the Board of Commissioners of BCA have no financial, family relationships until second layer 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.

All independent Commissioners of BCA have no family relationships until second layer 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.

All members of the Board of Commissioners of BCA is in compliance with Financial Services Authority Regulating Number 33/POJK.04/2014 concerning the Board of Directors and the Board of Commissioners of Issuers or Public Companies.

- b. **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 the implementation of the internal audit function at each management level and follow-up on Internal Audit findings in accordance to the policies or directives given by the Board of Commissioners;

4. To submit the Annual Work Plan and including the Annual Budget to the Board of Commissioners for approval of the Board of Commissioners prior to the commencement of the upcoming 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 Integrated Risk Management Committee;
7. To carry out evaluation on performance of the committee established by Board of Directors, at the end of each fiscal year;
8. To convene Board of Directors' meetings periodically, at least 1 (one) time 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' meeting to all members of Board of Directors and the relevant parties;
11. To convene meeting of Board of Directors and Board of Commissioners, at least 1 (one) time within 4 (four) months;
12. To procure and keep Shareholders Registry, Special Registry, Minutes of the General Meeting of Shareholders and Minutes of meeting of Board of Directors;
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.

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; and
 - 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 Board of Commissioners meetings periodically, no less than 1 (once) every 2 (two) months. At least 2 (two) meetings in a year shall be attended in person by all members of the Board of Commissioners.
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.

b. Recommendations of The Board Of Commissioners

One of duty and responsibility of the Board of Commissioners is to give an advise to the Board of Directors for the Company in accordance with the purpose of the Company.

In 2016, some recommendation and advise provided by the Board of Commissioners for the Board of Directors are as follows:

1. Business Strategies and Management

- To strengthen synergy and deliver insightful analysis to promote loan growth, particularly in the Small and Medium Enterprises sectors.

- To develop funding products in consideration of the product life cycle stage.
- To enhance human resource capabilities through various training programs and assignments in order to improve service quality and to better equip employees in understanding the needs of customers.

2. Risk Management

- To perform deeper credit risk analysis in various under-performing industries, so that preventive measures can be taken against risks that may arise.
- To review and monitor systems currently in place in an effort to manage operational risks, ensuring the sustainability of the Bank's business operations.
- To regularly review the Bank's business model in line with developments in telecommunications and information technology.

3. Audit and Compliance

To examine and ensure that, in facilitating redemption payments and accommodating repatriated funds related to the Government's tax amnesty program, BCA has complied with the provisions put in place by the regulators in supporting the success of the program.

2. Adequacy and implementation of duties of the Committees;

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

- BCA Audit Committee comprises of 3 (three) members as follows:
 - 1 (one) Independent Commissioner cum Head of the Audit Committee;
 - 1 (one) Independent Party having expertise in finance/accounting; and
 - 1 (one) Independent Party having expertise in banking.
- Composition of Audit Committee Members as of 31 December 2016:

Name	Position
Cyrellus Harinowo	Chairman (concurrently as Independent Commissioner)
Ilham Ikhsan	Member (Independent Party)
Tjen Lestari ^{*)}	Member (Independent Party)

^{*)} Effective 2 June 2016, Tjen Lestari has become a member of Audit Committee replacing Inawaty Handoyo effectively resigning from her Audit Committee membership as of 7 April 2016.

- BCA Audit Committee has already complied with the prevailing regulations and has been appointed based on the Board of Directors Decision Letter Number 078/SK/DIR/2016 dated 2 June 2016 and the Board of Commissioners meeting resolutions Number 23/RR/KOM/2016 dated 1 June 2016.
- All members of the Audit Committee are 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

- BCA Risk Oversight Committee comprises of 3 (three) members as follows:
 - 1 (one) Independent Commissioner cum Chairman of the Risk Oversight Committee;
 - 1 (one) Independent Party having expertise in risk management; and
 - 1 (one) Independent Party having expertise in finance.
- Composition of Risk Oversight Committee Members as of 31 December 2016:

Name	Position
Sumantri Slamet ^{*)}	Chairman (concurrently as Independent Commissioner)
Endang Swasthika Wibowo	Member (Independent Party)
Lianny Somyadewi ^{**)}	Member (Independent Party)

^{*)} Effective 3 August 2016, the Head of Risk Oversight Committee is Sumantri Slamet replacing Cyrillus Harinowo.

^{**) Effective 3 October 2016, Lianny Somyadewi has been appointed as Risk Oversight Committee member replacing Wimpie Rianto.}

- The appointment of members of Risk Oversight Committee of BCA was made based on Decision Letter of the Board of Director Number 144A/SK/DIR/2016 dated 30 September 2016, based on Board of Commissioners meeting resolutions Number 40/RR/KOM/2016 dated 28 September 2016.
- All members of the Risk Oversight Committee are 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

- BCA Remuneration and Nomination Committee comprises of 3 (three) members as follows:
 - 1 (one) Independent Commissioner cum Chairman of the Remuneration and Nomination Committee;
 - 1 (one) President Commissioner; and
 - 1 (one) Executive Officer in charge of Human Capital Management Division (Human Resources). Executive Officer is knowledgeable of remuneration and/or nomination system and succession plan.

- Composition of Remuneration and Nomination Committee Members as of 31 December 2016:

Name	Position
Raden Pardede	Chairman (concurrently as Independent Commissioner)
Djohan Emir Setijoso	Member (concurrently as President Commissioner)
Hendra Tanumihardja ^{*)}	Member (concurrently as the Head of Human Capital Management)

^{*)} Effective 10 August 2016, Hendra Tanumihardja has been serving as Remuneration and Nomination Committee member replacing Lianawaty Suwono.

- The appointment of Remuneration and Nomination Committee members is undertaken by Board of Directors with its Decision Letter Number 107A/SK/DIR/2016 dated 10 August 2016 based on Board of Commissioners meeting resolution Number 31/RR/KOM/2016 dated 10 August 2016.
- All members of the Remuneration and nomination Committee are 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:
 - 1 (one) Independent Commissioner of BCA (as Primary Legal Entity) as a Chairman concurrently as member;
 - Independent Commissioners representing and appointed by Financial Services Authority in the Financial Conglomeration as members;
 - 1 (one) Independent Party as a member; and
 - Member of Sharia Supervisory Board from Financial Services Institution in the Financial Conglomeration as a member.

- Membership Composition of Integrated Governance Committee as of 31 December 2016:

Nama	Jabatan
Sumantri Slamet ^{*)}	Chairman (concurrently as Independent Commissioner of Primary Legal Entity)
Raden Pardede ^{**)}	Chairman (concurrently as Independent Commissioner of Primary Legal Entity)
Wimpie Rianto ^{***)}	Member (Independent Party of Primary Legal Entity)
Adhi Gunawan Budirahardjo	Member (Independent Commissioner of PT BCA Finance)
Gustiono Kustianto	Member (Independent Commissioner of PT Asuransi Umum BCA)
Pudjianto	Member (Independent Commissioner of PT Asuransi Jiwa BCA)
Suyanto Sutjiadi	Member (Independent Commissioner of PT Bank BCA Syariah)
Sutedjo Prihatono	Member (Member of Sharia Supervisory Board of PT Bank BCA Syariah)
Rudy Harjono	Member (Independent Commissioner of BCA Finance Limited)
Mendari Handaya ^{****)}	Member (Independent Commissioner of PT Central Santosa Finance)

^{*)} Effective 3 August 2016, Sumantri Slamet has been appointed as Head of Integrated Governance Committee replacing Raden Pardede.

^{**) Effective 23 May 2016, Raden Pardede has been appointed as Head of Integrated Governance Committee replacing Sigit Pramono.}

^{***)} Effective 23 May 2016, Wimpie Rianto has been serving as an Independent Party member of Integrated Governance Committee replacing Inawaty Handoyo.

^{****)} Effective 13 December 2016, Mendari Handaya, Independent Commissioner of PT Central Santosa Finance has been serving as member of Integrated Governance Committee.

- All members of the Integrated Governance Committee are 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. Monitoring and evaluating the following in order to carry out the above-stated duties (as describe in Number 1) and to provide recommendations to the Board of Commissioners:
 - a. The implementation of tasks by the Internal Audit Division (DAI).
 - b. The adherence of the conduct of audit performed by independent auditor with the prevailing auditing standards.

- c. The adherence of Financial Statements to the prevailing accounting standards.
- d. Provision of independent opinion in the event of disagreements between management and independent auditor for the service rendered.
- 3. Conducting the follow-up actions made by the Board of Directors on the findings of DAI, independent auditor and supervision results of Financial Services Authority and Bank Indonesia.
- 4. 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.
- 5. Reviewing the compliance of BCA with laws and regulations in banking, capital market, and other rules and regulations pertaining to BCA business activities.
- 6. Providing recommendation to the Board of Commissioners concerning the appointment of a Public Accountant, based on the independence, scope of work, and fees to be submitted to GMS.
- 7. Reviewing and reporting to the Board of Commissioners regarding complaints in relation to the accounting process and financial reporting of BCA.
- 8. Reviewing and providing advice to the Board of Commissioners in relation to potential conflict of interest at BCA.
- 9. Reviewing and monitoring of the implementation of effective and sustainable GCG practices.
- 10. Performing other tasks relevant to the functions of the Audit Committee at the request of the Board of Commissioners.
- 11. Maintaining the confidentiality of documents, data and information of BCA.

Duties and Responsibilities of the Risk Oversight Committee

- 1. Assisting and making recommendations to the Board of Commissioners in order to improve the effectiveness of oversight duties and responsibilities in risk management and ensuring 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 selection 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 accordance with:
 - a. Financial performance and requirement of reserve as governed under the prevailing legislation;
 - b. Individual work performance;
 - c. Fairness based on peer group;
 - d. Target and mid-term/long-term strategies of the Company.
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. Review of policies regarding facilities provided for the Board of Commissioners and Board of Directors.
8. Other tasks as assigned by the Board of Commissioners related to remuneration and nomination in accordance with prevailing rules.
9. Reporting to the Board of Commissioners as needed the results of review and recommendations with regard to the tasks of the Remuneration and Nomination Committee.

In addition, pursuant to the Regulation of Financial Services Authority Number 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 assess the performance of the Board of Directors and the Board of Commissioners based on pre-established criteria as an evaluation;
3. To give recommendations to the Board of Commissioners on the competence development of the Board of Directors and/or the Board of Commissioners; and
4. To nominate the candidates for 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 assess the performance in conformity with the remuneration received by each member 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:

1. Evaluating the application of Integrated Governance, at minimum through assessing the adequacy of internal control and implementation of an integrated compliance function.
2. Providing recommendation to the Board of Commissioners of BCA as the Primary Legal Entity within the Financial Conglomeration to improve its Integrated Governance Charter.

3. The Frequency of Meetings of Audit Committee

Audit Committee holds at least 4 (four) meetings in a year as stipulated in Audit Committee Charter and Code of Conduct. In 2016, Audit Committee held 19 (nineteen) 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. The results of meeting of Audit Committee meeting always documented in an orderly manner and good.

Attendance of the members of Audit Committee at Audit Committee meetings during 2016 is as follows:

Name	Number of Meetings	Attendance	Percentage
Independent Commissioner (Cyrillus Harinowo)	19	18	95%
Inawaty Handoyo ^{*)}	6	6	100%
Ilham Ikhsan	19	19	100%
Tjen Lestari ^{**)}	13	13	100%

^{*)} Effective 7 April 2016, Inawaty Handoyo resigned as Audit Committee member.

^{**)} Effective 2 June 2016, Tjen Lestari was appointed as Audit Committee member replacing Inawaty Handoyo.

The Frequency of Meetings of Risk Oversight Committee

Risk Oversight Committee meetings are held at least four (4) times a year as stipulated in the Guidelines and Code of Conduct of Risk Oversight Committee. In 2016, Risk Oversight Committee held 7 (seven) meetings.

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

Attendance of the members of Risk Oversight Committee at Risk Oversight Committee meetings during the year 2016 is as follows:

Name	Number of Meetings	Attendance	Percentage
Independent Commissioner (Sigit Pramono) ^{*)}	1	1	100%
Independent Commissioner (Cyrillus Harinowo)	2	2	100%
Independent Commissioner (Sumantri Slamet) ^{**)}	4	4	100%
Endang Swasthika Wibowo	7	7	100%
Wimpie Rianto	3	3	100%
Lianny Somyadewi ^{***)}	4	3	75%

^{*)} Effective 7 April 2016, Sigit Pramono was no longer as Independent Commissioner according to 2016 AGMS Resolution.

^{**) Effective 3 August 2016, the Chairman of Risk Oversight Committee is Sumantri Slamet replacing Cyrillus Harinowo.}

^{***) Effective 3 August 2016, Lianny Somyadewi has been appointed as a member of Risk Oversight Committee replacing Wimpie Rianto.}

The Frequency of Meetings of Remuneration and Nomination Committee

Remuneration and Nomination Committee holds meetings in accordance with BCA requirements, at least 1 (one) time in 4 (four) months as stipulated in the Financial Services Authority Regulation Number 34/POJK.04/2014 dated 8 December 2014 concerning the Remuneration and Nomination Committee of Issuers or Public Companies. During 2016, Remuneration and Nomination Committee held 9 (nine) meetings.

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

Attendance of the members of Remuneration and Nomination Committee at Remuneration and Nomination Committee meetings during the year 2016 is as follows:

Name	Number of Meetings	Attendance	Percentage
Independent Commissioner (Raden Pardede)	9	9	100%
President Commissioner (D.E. Setijoso)	9	9	100%
Head of Human Capital Management Division (Lianawaty Suwono) ^{*)}	7	7	100%
Head of Human Capital Management Division (Hendra Tanumihardja) ^{**)}	2	2	100%

^{*)} Effective 27 July 2016, Lianawaty Suwono has been serving as Human Capital Management Director.

^{**)} Effective 10 August 2016, Hendra Tanumihardja has been serving as Remuneration and Nomination Committee replacing Lianawaty Suwono.

The Frequency of Meetings Meetings of Integrated Governance Committee

Integrated Governance Committee held at least 1 (one) meeting in 6 (six) months as governed under the Charter and Code of Conduct of Integrated Governance Committee. In 2016, the current committee already held 4 (four) meetings.

Attendance of the members of Integrated Governance Committee at Integrated Governance Committee meetings in 2016 is as follows:

Name	Number of Meetings	Attendance	Percentage
Independent Commissioner (Sumantri Slamet) ^{*)}	2	2	100%
Independent Commissioner (Sigit Pramono)	1	1	100%
Independent Commissioner (Raden Pardede) ^{**)}	1	1	100%
Wimpie Rianto ^{***)}	3	3	100%
Adhi Gunawan Budirahardjo	4	3	75%
Gustiono Kustianto	4	3	75%
Pudjianto	4	3	75%
Suyanto Sutijadi	4	3	75%
Sutedjo Prihatono	4	3	75%
Rudy Harjono	3	3	100%
Mendari Handaya ^{****)}	1	1	100%

^{*)} Effective 3 August 2016, Sumantri Slamet has been appointed as Head of Integrated Governance Committee replacing Raden Pardede.

^{**)} Effective 23 May 2016, Raden Pardede has been appointed as Head of Integrated Governance Committee replacing Sigit Pramono.

^{***)} Effective 23 May 2016, Wimpie Rianto has been serving as an Independent Party member of Integrated Governance Committee replacing Inawaty Handoyo.

^{****)} Effective 13 December 2016, Mendari Handaya, Independent Commissioner of PT Central Santosa Finance has been serving as member of Integrated Governance Committee.

4. Audit Committee Work Realization Program in 2016

In 2016 the Audit Committee performed its duties effectively and held 19 (nineteen) meetings. In addition, the Audit Committee also realized the following work program:

1. To conduct meetings with Siddharta Widjaja & Rekan Public Accounting Firm to discuss the final audit results of BCA's Financial Statement in 2015 along with the Management Letter.
2. To evaluate and approve the proposal for contract extension with Siddharta Widjaja & Rekan Public Accountant Firm, member of KPMG International, and recommend the Board of Commissioners to perform audit on BCA's Financial Statements for financial year 2016.
3. To conduct meetings with Siddharta Widjaja & Rekan Public Accounting Firm to discuss plan and scope of audit on BCA's Financial Statements for financial year 2016.
4. To conduct meetings with the Finance and Planning Division to review BCA's Financial Statements to be published quarterly.
5. To conduct 8 (eight) meetings with the Internal Audit Division for the following purposes:
 - a. Evaluating the annual plan;
 - b. Evaluating the implementation of internal audit every semester;
 - c. To discuss significant audit results.
6. To attend the internal audit exit meetings at 4 (four) Main Branch Offices and 1 (one) subsidiary company, and inspection to 1 (one) Supporting Branch Office as part of internal audit quality assessment process as well as assessment of the internal audit adequacy and effectiveness.
7. To review internal audit result reports (more than 155 reports) and monitor the follow-ups.
8. To review BCA's compliance towards the applicable provision, regulation, and law in banking through the review of the compliance report and prudent principles reported quarterly.
9. To review the credit portfolio report issued each semester.
10. To monitor the implementation of risk management through the BCA's Risk Profile quarterly report and Operation Risk Management Information System (ORMIS) monthly report.
11. To conduct reviews on:
 - a. Examination results by the Financial Services Authority and its follow-ups;
 - b. Examination results by the Bank of Indonesia and its follow-ups;
 - c. Management Letter from Siddharta Widjaja & Rekan Public Accounting Firm and its follow-ups.
12. To report the result of reviews and regular evaluation on aspects of governance, risk management, compliance and control to the Board of Commissioners every quarter.

13. Together with the Risk Oversight Committee, Strategic Information Technology Group, and Internal Audit Division discuss the Application Programming Interface.
 14. To attend an interview with external reviewer – Price Waterhouse Cooper in accordance with the re-review on the internal audit functions (as stated in the Audit Function Implementation Standard), and approve the update of internal audit charter.
 15. To attend the GMS, Analyst Meeting, and the 2017 National Meeting of BCA to monitor the GCG implementation.
- All programs the working realized.

Report of the Implementation of Risk Oversight Committee Work Program in 2016

In 2016 the Risk Oversight Committee held 7 (seven) meetings and performed the following work program:

1. To monitor the implementation of duties of the Risk Management Committee.
2. To monitor the implementation of duties of the Risk Management Work Unit.
3. Reviewing and updating the Risk Monitoring Committee Charter.
4. To review BCA's Risk Profile for Quarter IV – 2015, and Quarter I, II, and III – 2016.
5. To review the result of ICOS SME rating analysis.
6. To review the risk assessment and grading in the Risk Profile Report.
7. To review the impact of declining interest rate to NIM and liquidity.
8. To monitor BCA readiness to face the Financial Technology and the API (Application Programming Interface) service cooperation.
9. To monitor the adequacy of CKPN with NPL of BCA.
10. To review the market risk stress test.
11. To review risk appetite.
12. To monitor the preparation of IFRS 9 (PSAK 71) implementation in BCA.
13. To ensure a proper implementation of GCG is in place and to attend the General Meeting of Shareholders, Analyst Meeting, and the National Work Meeting.

All programs the working realized.

Reports on the Implementation of Remuneration and Nomination Committee Work Program in 2016

In 2016 the Remuneration and Nomination Committee held 9 (nine) meetings and conducted the work program as follows:

1. To give recommendation to the Board of Commissioners on the proposal of the new membership of the Board of Commissioners and the Board of Directors of PT Bank Central Asia Tbk for 2016-2021 period, to be communicated at the Annual General Meeting of Shareholders (AGMS) on 07 April 2016 for approval.
2. To give recommendation to the Board of Commissioners on the distribution of tantiem in fiscal year 2015 to all members of the Board of Commissioners and

the Board of Directors who were in charge in fiscal year 2015, to be communicated at the Annual General Meeting of Shareholders (AGMS) on 07 April 2016 for approval.

3. To give recommendation to the Board of Commissioners on the candidates of Chairman and member of Committee from independent parties, who will assist the Board of Commissioners in 2016-2021 period.
4. To submit the report on review result of the remuneration package for the Board of Commissioners and the Board of Directors as stipulated at POJK Number 45/POJK.03/2015 concerning the Implementation of Governance in Providing Remuneration in Bank.

All programs the working realized.

Reports on the Implementation of Integrated Governance Committee Work Program in 2016

In 2016 the Integrated Governance Committee held 4 (four) meetings and conducted the work program as follows:

1. To evaluate the implementation of integrated governance within BCA Financial Conglomerate, among others through presentation and discussion on the Integrated Internal Audit Results Report, Integrated Compliance Report, review on the transaction and interaction amongst the Financial Service Institution Subsidiary Company and discussion on the integrated risk management implementation.
2. To review the Integrated Governance Guideline.
3. To discuss and standardize the work mechanism and information flow among members of the Integrated Governance Committee.

All programs the working realized.

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

Implementation of Compliance Function

BCA business activities have continuously undergone changes and improvements due to advancements in information technology that is resulting in higher complexity in business activities. Such increasingly complex business activities have shall force greater to larger business challenges and risk exposures.

BCA takes proactive steps to mitigate increasingly complex risk such as compliance risk. Accordingly, in accordance with the prevailing regulations, BCA has appointed one Director as Compliance Director to manage and mitigate compliance risk and to oversee the compliance function.

To assist the duties of the Board of Directors supervising Compliance function, BCA established Compliance Function which is independent and free from undue influence

from other business units. Compliance Function is also responsible for the implementation of Anti Money Laundering and Counter Terrorist Financing programs.

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

In accordance with the prevailing the Financial Services Authority Regulations, BCA as the Primary Legal Entity in the Financial Conglomerate, has also added integrated compliance function under Compliance Work Unit. The main duties of integrated compliance function include the monitoring and evaluation of Compliance Function in each financial service subsidiary within BCA Financial Conglomerate.

Compliance Related Activities in 2016

The activities performed in 2016 were as follows:

1. In order to encourage Compliance Culture:
 - Socialized and informed the new regulations to the Board of Director and the Board of Commissioners.
 - Disseminated new provisions from regulators to related units.
 - Socialized new regulations to BCA employees.
 - Provided information on the Financial Services Authority and Bank Indonesia regulations and other laws and regulations in BCA intranet sites accessible for employees.
 - Enrolled Compliance Unit personnel in various training sessions, seminars and events to improve performance quality, including active participation in a working group known as the Communication Forum of Banking Compliance Directors and in compliance certification programs held by the Banking Professional Certification Institute.
 - 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.
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.

- Conducted study adherence to the release of the corporate credit.
 - Tested the level of compliance on 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, such as CAR, Mandatory Minimum Reserves, NOP, LLL, and NPL. In 2016, 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.
 - Prepared Quarterly Report of Compliance Monitoring submitted to the Board of Directors and the Board of Commissioners.
 - Reviewed documents for the purpose of ensuring the operational readiness of opening, transferring and closing of offices.
 - Coordinated with related work 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 the Financial Services Authority, Bank Indonesia and other regulators, together with the Internal Audit Division.
 - Monitored and followed up on requests for data/information from Financial Services Authority and Bank Indonesia relating banking supervision.
 4. To monitor and evaluate compliance function in each subsidiary in BCA Financial Conglomeration and to prepare integrated compliance report submitted to the Board of Directors and the Board of Commissioners.

The Implementation of Anti-Money Laundering and Prevention of Terrorism Financing in 2016

As a commitment of BCA in participating to combat money laundering and counter terrorist financing, BCA has performed the following:

- Reporting the implementation of Anti Money Laundering and Counter Terrorist Financing activities on a regular basis to the Board of Directors and the Board of Commissioners.
- Implementing new system to monitor suspicious financial transactions.
- Coordinating the customer data updating activities by preparing the targets and monitoring the achievement of such targets.
- Reviewing the new products and activities to ensure that they have complied with Anti Money Laundering and Counter Terrorist Financing regulations.
- Filtering the customers and transactions against the current terrorist list.

- Conducting compliance test on the implementation of Anti Money Laundering and Counter Terrorist Financing programs at branch office in cooperation with Branch Internal Supervisor.
- Conducting compliance reviews of branch offices to ensure that the implementation of Anti Money Laundering and Counter Terrorist Financing is in accordance with prevailing regulations.
- Reporting suspicious financial transactions, cash transactions, and bank transfer transactions to and from foreign countries and Data Sistem Informasi Pengguna Jasa Terpadu (SiPESAT) to Reporting and Analysis Center of Financial Transactions.
- Conducting training and sensitization of Anti Money Laundering and Counter Terrorist Financing continuously through classroom, e-learning and internal discussion forum.
- Developing training materials for the implementation of Anti Money Laundering and Counter Terrorist Financing programs.
- Developing and implementing risk and compliance awareness program for branch offices in cooperation with Risk Management Unit.

Indicators of Compliance in 2016

- The Capital Adequacy Ratio (CAR) involving credit risk, market risk and operational risk is at 21.90% or above the required level.
- The NPL ratio (net) is 0.31%, 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 7.25% and Secondary 16.17% already comply with the existing provision concerning Minimum Statutory Reserves in Rupiah.
- Minimum Statutory Reserves in Foreign Exchange at 8.46% already comply with the existing provision concerning Minimum Statutory Reserves in Foreign Exchange.
- Net Open Position is 0.20%, significantly below the limit allowed by the regulatory provision of a maximum 20% of the capital.
- Liquidity Coverage Ratio (LCR) 391% is already above the minimum limit of 70%.
- 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 of Primary Legal Entity in monitoring through planning, the implementation or monitoring a follow up from the audits on Primary Legal 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, process internal control and governance in order to assess its adequacy and effectiveness.
3. Conduct credit quality assessment.
4. Offer recommendations for improving and objective information on audited activities.
5. Conduct special investigations/examinations at the request of the Board of Commissioners, Audit Committee, the Board of Directors and working 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.
8. Monitor the implementation of internal audit functions at each subsidiary company in order to perform the integrated internal audit functions.
9. Prepare a program to evaluate the quality of internal audit activities being performed.

Audit Implementation Standards

Activities carried out by the Internal Audit Division refer to the Internal Audit Work Manual and Charter in accordance with the Board of Directors Decision Letter Number 074A/SK/DIR/2012 dated 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 Financial Services Authority. 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 2016.

Internal Audit Division Activities in 2016

Activities carried out by the Internal Audit Division in 2016 focused on the following:

1. Renewal of the Strategic Audit Plan 2016-2018 by referring to the Bank's vision, Internal Audit's mission, and value drivers 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 in accordance with the results of a risk assessment.
3. Conducted end-to-end audit process on electronic delivery channels: Automated Teller Machine (ATM) and Electronic Data Capture (EDC Machines) in line with the increasing volume of transactions through such delivery channels.
4. Conducted a thematic audit of Compliance Function, implementation of Risk Management function, Consumer Protection, Branchless Banking activity.
5. Conducted regulatory audit on the payment system process and Internal Capital Adequacy Assessment Process (ICAAP) in accordance with Bank Indonesia Regulation and the Financial Services Authority Regulation.
6. Conducted an audit of information technology infrastructure and operations and a number of core application systems for bookkeeping, treasury, and credit cards in line with the increasing complexity of information technology in BCA.
7. Enhanced the effectiveness of audit by developing and implementing continuous auditing to support the role of the audit process as an early warning system.
8. Developed Audit Management System (AMS) to improve efficiency and effectiveness of management of internal audit activities.

Focus of Audit Plan in 2017

1. In 2017 Internal Audit Plans to focus on:
 - Implementation of risk management in adopting information technology and enterprise security in connection with the increasing complexity of information technology in BCA.
 - Electronic channel internet banking in line with the increasing volume of transaction utilizing such e-channels.
 - Card payment and new e-Money and electronic banking products.
 - Issuing and acquiring business activities, in connection with the increasing number of card-based transactions.
 - Commercial credit process to maintain good credit quality.
 - Implementation of Internal Control Over Financial Reporting in relation to Good Corporate Governance.
2. Conducting audits of Branch Office, Regional Office, Head Office Business Divisions/Units, and Subsidiaries based on Annual Audit Plan already established based on risk assessment results.
3. Improving the utilization of technology in managing the audit activities by developing Audit Management System.
4. Developing and implementing proactive monitoring system through continuous auditing and analytical review.

In line with the enactment of the Financial Services Authority Regulation POJK Number 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. Assess the adequacy and effectiveness of the risk management process, internal control and governance of the Legal Primary Entity and Subsidiary Companies within the Financial Conglomerate, and give recommendations for improvement.
2. Monitor the implementation of internal audit in each Subsidiary Company within the Financial Conglomerate.
3. Monitor and evaluate the adequacy of follow-up improvements on audit results of the Legal Primary Entity and Subsidiary Companies, and report it to the Board of Directors of the Legal Primary Entity, the Board of Commissioners of Legal Primary Entity, and Audit Committee of Legal Primary Entity.
4. Submit the integrated internal audit report to the Board of Directors of the Legal Primary Entity, the Board of Commissioners of Legal Primary Entity, and Audit Committee of Legal Primary Entity.

Implementation of External Audit

In order to ensure that the External Audit function is implemented in compliance with the Financial Services Authority Regulation Number 31/POJK.03/2016 concerning Amendment to the Financial Services Authority Regulation Number 6/POJK/2015 concerning Transparency and Publication of Bank Reports, and Bank Indonesia Circular Letter Number 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 AGM, 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 was 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 2016, for an estimated fee of Rp7,305,980,00000 (seven billion three hundred and five million nine hundred and eighty thousand rupiah) excluding VAT.

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 4 (four) months after the fiscal year.

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

	2016	2015	2014	2013
Public Accounting Firm	Siddharta Widjaja & Rekan	Siddharta Widjaja & Rekan	Siddharta Widjaja & Rekan	Siddharta & Widjaja
Public Accountant	Kusumaningsih Angkawijaya	Kusumaningsih Angkawijaya	Elisabeth Imelda	Elisabeth Imelda

4. Implementation of Risk Management and the Internal Control System

The Board of Commissioners and the Board of Directors are responsible for implementing risk management and the internal control system within BCA. The implementation of risk management and the internal control system 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.
- Comprehensive internal control system.

BCA effectively applies risk management and the internal control system are in line with the BCA's business goals and strategies, business size and complexity and comply with the requirements and procedures set forth in regulations issued by Bank Indonesia and the Financial Services Authority, as well as by referring to best practices through the following actions to:

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 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 Services Authority Number 17/POJK.03/2014 dated 18 November 2014 and Circular Letter of Financial Services Authority Number 14/SEOJK.03/2015 regarding Implementation of Integrated Risk Management for Financial Conglomeracy, the Financial Conglomeration of BCA as:

1. Appointed a Risk Management Director to become a Integrated Risk Management Director.
2. Established an Integrated Risk Management.
3. Added an Integrated Risk Management function to the Risk Management Work Unit.
4. Prepare the Integrated Risk Profile Report every semester to be submitted to the Financial Services Authority in a timely fashion.

Risk Management System

For 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 faces in the normal course of business 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.

In addition to 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 based on regulatory requirements.

In the Implementation of Integrated Risk Management, as Primary Legal Entity of Financial Conglomeration BCA has prepared:

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

Managed Risks

In relation to the issuance of Financial Services Authority Regulation Number 17/POJK.03/2014 dated 18 November 2014 and Financial Services Authority Circular Letter Number 14/SEOJK.03/2015 regarding Implementation of Integrated Risk Management for Financial Conglomeration, the Financial Conglomeration of BCA in integrated manner manages 10 (ten) type of risks as follows:

1. Credit Risk

- Credit is underwritten based on the “four eyes principle” whereby credit decisions are made according to two considerations: business capacity and credit risk analysis.
- BCA has established a basic Bank Lending Policy that is constantly reviewed and refined in line with changes in, developments within BCA and regulations issued by regulation, and according with international best practices.
- The credit risk management system and procedure is refined through the development of a start to finish Loan Origination System for the lending process to ensure an effective and efficient credit process. A debtor risk profile assessment system is reviewed and upgraded to ensure its comprehensive implementation and as a tool 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. Close monitoring and authority control were conducted in branches with SME/mortgage/credit card loans in Special Mention category of >30 days (in arrears) and high level of NPL, to enable those branches to improve the loan quality.
- 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 plans.

- In monitoring and controlling credit risks in subsidiary companies, BCA regularly monitors the credit risks of its subsidiaries while ensuring that an effective Credit Risk Management Policy is in place in subsidiary companies.

2. Market Risk

- In managing other 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. For calculating the Bank's 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 focuses 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 management are managed committee and executed operationally by treasury.
- Liquidity risks are measured and controlled by monitoring liquidity reserves, the Loan to Funding Ratio (LFR) and the Liquidity Coverage Ratio (LCR), conducting maturity profile analysis, cash flows projections and stress tests on a regular basis to observe the impact on BCA's liquidity under extreme conditions. BCA has prepared a contingency funding plan for confronting such extreme situations.
- 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 maintains a Loss Event Database (LED) which is a database of cases/losses related to operational risks that have occur in various work units. The LED is maintained as an instrument to record operational losses which BCA will use in calculating capital charge and as a way to measure operational events that could potentially result in operational losses for BCA. In addition, BCA uses data captured by the LED to analyze cases or problems facing the bank in order to develop the necessary improvement/preventive measures for minimizing/mitigating the risk of operational losses which may later arise. BCA has also developed a system application for Key Risk Indicator (KRI), which is used to identify early warning signs of the likelihood of increased operational risk in work units. The KRI is also further enhanced into a predictive risk management to assist the work units in monitoring risk exposure.
- 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 the allocation of capital for loss reserves due to credit risk and market risk.

5. Legal Risk

- Inherent legal risks are assessed according to the potential losses in ongoing as well as resolved court cases involving BCA and its subsidiary companies against the Bank's consolidated capital. The parameter for calculating potential losses from an ongoing court case is the basis for the lawsuit, value of court case and legal documentation. Meanwhile, for resolved court cases, the assessment is based on the losses incurred by the Bank due to a decision of the court with a permanent legal standing.
- 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.
- Socialized 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 based on regulatory requirements.

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

- Compliance risk is one of the risk factors that must be managed by BCA in view of its potential to inflict financial and non-financial loss to the Bank.
- Pursuant to Bank Indonesia Regulation (PBI) Number 13/2/PBI/2011 dated 12 January 2011 on Implementation of Compliance Function in Commercial Banks, BCA has appointed a member of the Board of Directors as Director overseeing the compliance function, responsible to ensure compliance and to minimize compliance risk through the formulation of compliance risk management policies and procedures and to monitor the implementation of such policies and procedures. In discharging its duties, the Compliance Director oversees the compliance function with assistance from the Compliance Unit which is independent from the operational work units.
- 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. The Compliance Unit is also in charge of the implementation of Anti Money Laundering and Prevention of Terrorism Funding programs.
- BCA has introduced and implemented Anti Money Laundering and Prevention of Terrorism Funding programs. To help identify suspicious financial transactions, BCA has an application that is constantly improved to enhance its capacity.

9. 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, management information system and human resource, and adequacy of risk management system.

10. 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 2016 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 have implemented 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.

The trend of risk management implementation quality in the future is stable as BCA and its Subsidiary Companies have enhanced the implementation of risk management for all activities which help BCA and its Subsidiary Companies identify, measure, monitor and control each risk.

Internal Control System

BCA's internal control system abides by Bank Indonesia Circular Letter Number 5/22/DPNP on Guidelines for Internal Control Systems Standard for Commercial Banks dated 29 September 2003, and covers 5 (five) key components, as follows:

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 duties and have responsibilities 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.

Implementation of Internal Control System

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:
 - Functions that may create conflicts of interest are segregated.
 - Supervisor oversees the implementation of internal controls in branches on a daily basis.
 - Branch Internal Supervisor oversees the implementation of internal controls in branches on a periodic basis.
 - Internal 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 are established.
 - Internal Audit Division is established as:
 - ✓ Independent from the risk-taking unit.
 - ✓ Responsible for examining and assessing 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, Legal Group, Compliance Unit, Credit Risk Analysis Group, and Internal Audit Division.
 - Internal Audit Division 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, Internal Regional Office Supervisor and Internal Audit Division evaluate the implementation of BCA systems and procedures. Evaluation results from Branch Internal Supervisor, Internal Regional Office Supervisor and Internal Audit Division 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 2016, there was no violation or exceeding of the LLL.

Provision of Funds To Related Parties and Main Individual and Group Debtors (Large Exposures) in BCA in 2016

No	Provision of Funds	Amount	
		Debtor/Group	Nominal (Rp million)
1	To Related Parties	198	8432976
2	To Main Debtors:		
	a. Individual	50	89582508
	b. Group	30	123331982

6. Strategic Plan

Responding to the dynamic external environment, BCA regularly reviews the Banks's short-term, medium-term and long-term business strategy, which are incorporated into the Bank Business Plan (BBP) and the Work Plan & Annual Budget (WPAB). The BCA's strategic plan is compiled with reference to Financial Services Authority Regulation Number 5/POJK.03/2016 dated 26 January 2016 concerning Banking Business Plans and to Financial Services Authority Circular Letter Number 25/SEOJK.03/2016 dated 14 July 2016 concerning Public Banking Business Plans.

In line with the Banks's policy and strategic steps to realize its vision and mission, BCA designed and developed various business initiatives oriented towards fulfilling the dynamic customers' needs.

BCA 2017 Strategic Plan

In 2017, Indonesia's economic prospects are expected to be more positive when compared with 2016, driven by the government's economic policy, the ongoing effects of the tax amnesty, and continuing infrastructure development.

BCA believes that the prospects for 2017 will be strongly influenced by the global economy. The expected increase in the Fed Funds Rate has the potential to trigger uncertainty in global interest rates and instability in global capital flows. While it requiring careful monitoring, economic prospects in Indonesia in 2017 are projected to be more conducive than 2016 owing to the Government's economic policies, the continued impact of the tax amnesty program and ongoing infrastructure development.

The Bank is of the opinion that the banking sector in Indonesia will have a solid foundation for supporting the national economy. Lending activity is projected to improve in 2017 in line with improving domestic macro-economic conditions. Though precautions are still needed, we note that pressures on the loan portfolio and the growth in non-performing loans should ease in 2017. Banking liquidity is sufficient, yet potential liquidity stress must be monitored considering the ongoing infrastructure developments.

The Bank will continue to observe macro-economic developments and the impact on different business sectors. The Bank will remain prudent in managing liquidity, the capital position and the quality of the loan portfolio. Through various business initiatives, BCA is optimistic that the Bank will be able to face the coming challenges and will capture business opportunities that will provide added value for its customers.

The Bank will regularly review its short, medium and long term business strategies as outlined and reflected in the Bank Business Plan and the Annual Budget and Work Plan.

In 2017, the Bank is committed to continuing investments in strengthening its franchise value. Strategic priorities and work programs in 2017 will remain focused on efforts to improve relationships with customers through payment settlement services, prudent lending, and the development of new business lines through its subsidiaries. Below is a further elaboration of the three major business initiatives:

- **Payment Settlement Services**

The Bank has always prioritized the security, convenience and reliability of payment settlement services. The Bank believes that such business philosophy strengthens the trust and builds the loyalty of customers in the midst of tightening competition in the banking industry.

Going forward, the Bank will continue various work programs that will improve the capability of payment settlements services as the major driver of CASA funding source. CASA growth plays an important role for the Bank considering the stability of, and low interest rates on CASA accounts.

Digital technology developments are predicted to be increasingly influential in the future, particularly with the rapid growth of the fin-tech business model which has led to disruptions in the banking business. Accordingly, the Bank continues to improve its products and services by utilizing advancements in information technology. BCA is in the process of establishing a venture capital company which should be finalized in early 2017. This subsidiary will invest in fin-tech companies and other entities designed to provide added value for the Bank's transaction banking business and creating synergy with the Bank's business ecosystem.

To maintain a solid liquidity position, the Bank will continue to assess developments and liquidity trends in the banking sector. CASA will remain the major source of liquidity. If necessary, BCA can actively raise funds through time deposit products by adjusting interest rates. This is essential to maintaining third party funds and securing a strong and healthy liquidity position.

- **Prudent Lending**

Loan growth is expected to improve in 2017 when compared to 2016 although growth will continue to be moderated by the economic recovery process in Indonesia.

The ability to gather funds from CASA accounts is a competitive strength for BCA in loan distribution based on the Bank's ability to offer attractive interest rate terms. The Bank regularly reviews lending rates for each lending segment and sets competitive interest rates in accordance with market conditions. To support sustainable loan growth, the Bank will improve its lending infrastructure on an ongoing basis including improving the capacity and capability of Account Officers (AO)/Relationship Officers (RO), simplifying the loan process, developing Customer Relationship Management tools, exploring new products and providing analytical data to serve the customers based on their needs.

In lending to the Corporate, Commercial & SME, and Consumer segments, the Bank has always adopted prudent lending principles to maintain the level of quality of the loan portfolio. The Bank will remain cautious in the NPL movement until the overall economic environment fully recovers. The Bank believes that the NPL will be maintained within a tolerable level in accordance with the Bank's risk appetite.

- **Business Development among the Subsidiaries**

The Bank continues to make innovations in products and services in order to provide more comprehensive financial solutions to meet the increasingly diverse needs of customers. The Bank has made efforts to complement its main business activities by providing non-banking financial services through synergy with subsidiaries, including indirect subsidiary, engaged in vehicle financing (four wheeler and two wheeler), sharia banking, securities brokerage & underwriting, remittance, general insurance and life insurance. BCA is committed to providing capital support for its subsidiaries in line with their business growth prospects.

Various activities in the three business pillars as outlined above and improvement in the Bank's organizational structure are expected to improve the Bank's business performance and to optimize interest and fee based income. Business initiatives will be rolled out seamlessly with operational efficiency programs in 2017 and in the years to come.

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:

Transparency of Financial Condition

1. Annual Report

Annual Report Contains the followings:

- a. Financial Highlights, Reports from the Board of Commissioners and Board of Directors, Company Profile, Management Analysis and Discussion on Business and Financial Performance, Good 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

- a. BCA has published its Quarterly Published Financial Report in accordance with prevailing OJK Regulations in newspapers and Bank's website.
- b. The financial report in newspaper represents the Consolidated Financial Statements of the BCA and its subsidiaries which is published in 2 (two) newspapers and Financial Statements of BCA as the holding entity is published in 1 (one) newspaper. The newspaper shall be daily national newspapers in Bahasa Indonesia with wide circulation at the location where BCA Head Office is domiciled. The published quarterly financial report is signed by President Director and 1 (one) the Board of Directors member of BCA.
- c. The published quarterly financial reports in the corporate website, both the financial statements and other reports, would be maintained for at least the last 5 (five) fiscal years.

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 nonfinancial 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/ Financial Services Authority policy on the transparency of information on banking products and us and protection of customers' personal data.
- d. Provided customers with a customer complaint and dispute settlement mechanism according to Bank Indonesia/Financial Services Authority policy on customer complaints and banking mediation.
- e. Submitted the Annual Report to Bank Indonesia, Financial Services Authority policy and other institutions as required or deemed necessary.
- f. Disclosed information on the Ownership 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 Directors and the Board of Commissioners 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 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	-	-	-	-
Armand W. Hartono	-	-	-	√
Suwignyo Budiman	-	-	-	-
Subur Tan	-	-	-	-
Henry Koenafi	-	-	-	-
Erwan Yuris Ang	-	-	-	-
Rudy Susanto	-	-	-	-
Lianawaty Suwono	-	-	-	-
Santoso	-	-	-	-
Inawaty Handoyo	-	-	-	-

Description:

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

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	-	-	-	√
Sumantri Slamet	-	-	-	-

Description:

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

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

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

The majority of members of the Board of Directors of BCA have no financial, management, stock ownership and/or family relationships until second layer 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	-	√	-	√	-	√	-	√	-	√	-	√
Armand Wahyudi Hartono	Deputy President Director	-	√	-	√	√	-	-	√	-	√	√	-
Suwarno Budiman	Director	-	√	-	√	-	√	-	√	-	√	-	√
Tan Ho Hien/ Subur atau Subur Tan	Director (Compliance Director)	-	√	-	√	-	√	-	√	-	√	-	√
Henry Koenafi	Director	-	√	-	√	-	√	-	√	-	√	-	√
Erwan Yuris Ang	Independent Director	-	√	-	√	-	√	-	√	-	√	-	√
Rudy Susanto	Director	-	√	-	√	-	√	-	√	-	√	-	√
Lianawaty Suwono	Director	-	√	-	√	-	√	-	√	-	√	-	√
Santoso	Director	-	√	-	√	-	√	-	√	-	√	-	√
Inawaty Handoyo	Director	-	√	-	√	-	√	-	√	-	√	-	√

The majority of members of the Board of Commissioners 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	-	√	-	√	-	√	-	√	-	√	-	√
Cyrrillus Harinowo	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Raden Pardede	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Sumantri Slamet	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√

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

The Structure of Remuneration Components and The Nominal Amount for the all of the Board of Directors in 2016 is as follows:

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)	13	324.308
2. Other natura facilities:		
a. Business Travel Allowance	11	573
b. Health Benefits	13	1.047
c. Health Club Membership	10	700
d. Option to buy service vehicle at the end of leasing period	-	-
3. Benefit retirement (owned at the end of the duty)	-	-
Total		326.628

Notes:

The amount in the table of Remuneration Structure include remuneration for members of the Board of Directors that were not re-appointed, as well as the newly appointed Directors based on the resolution of the AGMS in 2016.

The amount of remuneration received in cash throughout 2016 is in excess of Rp 2 billion for each member of the Board of Directors in 1 (one) year.

The Structure of Remuneration Components and The Nominal Amount for the all of the Board of Commissioners in 2016 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 allowances, tantiem, and other non-natura facilities)	6	89.849
2. Other natura facilities:		
a. Business Travel Allowance	5	110
b. Health Benefits	6	622
c. Health Club Membership	2	295
d. Option to buy service vehicle at the end of leasing period	-	-
3. Benefit retirement (owned at the end of the duty)	-	-
Total		90.876

Notes:

The amount in the table of Remuneration Structure include remuneration for member of the Board of Commissioner that was not re-appointed, as well as the newly appointed Commissioner based on the resolution of the AGMS in 2016.

The amount of remuneration received in cash during 2016 for each Commissioner for 1 (one) year is in excess of Rp 2 billion.

E. Stock Option

In 2016, BCA did not have 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 following is the highest and lowest salary ratio according to the comparative scale:

Ratio	Comparative Scale
Highest and lowest employee salary ratio	42.50
Highest and lowest BOD salary ratio	3.00
Highest and lowest BOC salary ratio	1.62
Highest BOD and employee salary ratio	6.93

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 2016

The Board of Directors meeting

The Board of Directors meeting schedule is set at the beginning of the year. Throughout 2016 the Board of Directors held 55 (fifty five) meetings

BCA is in compliance with Bank Indonesia regulations and Financial Services Authority Regulations regarding minimum mandatory Board of Directors Meetings and Joint Meetings between the Board of Directors and the Board of Commissioners.

Decision making is conducted through consensus agreement. In the event when consensus agreement does not occur, decision making is carried out based on majority vote. All decisions taken in the meeting of the Board of Directors is binding. Differences of opinion (dissenting opinion) that occur in Board of Directors 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 2016 are as follows:

Name	Position	Number of Meetings	Attendance	Percentage
Jahja Setiaatmadja	President Director	38	35	92%
Eugene Keith Galbraith	Deputy President Director	38	32	84%
Armand W. Hartono	Deputy President Director	38	25	66%
Dhalia Mansor Ariotedjo	Director	11	8	73%
Anthony Brent Elam	Director	11	11	100%
Suwignyo Budiman	Director	38	33	87%
Subur Tan	Director (Compliance Director)	38	28	74%
Henry Koenafi	Director	38	30	79%
Erwan Yuris Ang	Independent Director	38	25	66%
Rudy Susanto	Director	38	27	71%
Lianawaty Suwono	Director	20	10	50%
Santoso	Director	18	11	61%
Inawaty Handoyo	Director	18	17	94%

Notes:

- Based on the resolution of the AGMS in 2016 on 7 April 2016, Dhalia Mansor Ariotedjo and Anthony Brent Elam that were not re-appointed as Director.
- Based on Letter of Appointment from the Financial Services Authority Number SR-106/D.03/2016 dated 21 June 2016 Mr. Armand Wahyudi Hartono was appointed as Deputy President Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority Number SR-137/D.03/2016 dated 27 July 2016 Mrs. Lianawaty Suwono was appointed as Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority Number. SR-143/D.03/2016 dated 8 August 2016 Mr. Santoso was appointed as Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority Number SR-144/D.03/2016 dated 8 August 2016 Mrs. Inawaty Handoyo was appointed as Director of PT Bank Central Asia Tbk.

The Board of Commissioners Meeting

The Board of Commissioners meeting schedule is set at the beginning of the year. Throughout 2016, the Board of Commissioners held 58 (fifty eight) meetings.

BCA is in compliance with Bank Indonesia regulations and Financial Services Authority Regulations regarding minimum mandatory Board of Directors Meetings and Joint Meetings between the Board of Directors and the Board of Commissioners.

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 2016 are as follows:

Name	Position	Number of Meetings	Attendance	Percentage
Djohan Emir Setijoso	President Commissioner	41	40	98%
Tonny Kusnadi	Commissioner	41	38	93%
Cyrillus Harinowo	Independent Commissioner	41	35	85%
Raden Pardede	Independent Commissioner	41	37	90%
Sigit Pramono	Independent Commissioner	9	7	78%
Sumantri Slamet	Independent Commissioner	21	20	95%

Notes:

- Based on the resolution of the AGMS in 2016 on 7 April 2016, Sigit Pramono that was not re-appointed as Independent Commissioner.
- Based on Letter of Appointment from the Financial Services Authority Number. SR-117/D.03/2016 dated 11 July 2016 Mr. Sumantri Slamet was appointed as Independent Commissioner of PT Bank Central Asia Tbk.

The frequency of Joint Meetings between the Board of Directors and the Board of Commissioners and Attendance of the Board of Directors during this joint meetings in 2016 is detailed in the following:

Name	Position	Number of Meetings	Attendance	Percentage
Jahja Setiaatmadja	President Director	17	15	88%
Eugene Keith Galbraith	Deputy President Director	17	13	76%
Armand W. Hartono	Deputy President Director	17	12	71%
Dhalia Mansor Ariotedjo	Director	3	3	100%
Anthony Brent Elam	Director	3	3	100%
Suwignyo Budiman	Director	17	16	94%
Subur Tan	Director (Compliance Director)	17	15	88%
Henry Koenafi	Director	17	10	59%
Erwan Yuris Ang	Independent Director	17	14	82%
Rudy Susanto	Director	17	14	82%
Lianawaty Suwono	Director	9	7	78%
Santoso	Director	9	8	89%
Inawaty Handoyo	Director	9	8	89%

Notes:

- Based on the resolution of the AGMS in 2016 on 7 April 2016, Dhalia Mansor Ariotedjo and Anthony Brent Elam that were not re-appointed as Director.
- Based on Letter of Appointment from the Financial Services Authority Number. SR-106/D.03/2016 dated 21 June 2016 Mr. Armand Wahyudi Hartono was appointed as Deputy President Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority Number. SR-137/D.03/2016 dated 27 July 2016 Mrs. Lianawaty Suwono was appointed as Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority Number SR-143/D.03/2016 dated 8 August 2016 Mr. Santoso was appointed as Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority Number. SR-144/D.03/2016 dated 8 August 2016 Mrs. Inawaty Handoyo was appointed as Director of PT Bank Central Asia Tbk.

The Board of Commissioners and Board of Directors Joint Meeting frequency and level of attendance of the Board of Commissioners at the Joint Meetings throughout 2016 are as follows:

Name	Position	Number of Meetings	Attendance	Percentage
Djohan Emir Setijoso	President Commissioner	17	16	94%
Tonny Kusnadi	Commissioner	17	15	88%
Cyrillus Harinowo	Independent Commissioner	17	17	100%
Raden Pardede	Independent Commissioner	17	11	65%
Sigit Pramono	Independent Commissioner	3	3	100%
Sumantri Slamet	Independent Commissioner	10	7	70%

Notes:

- Based on the resolution of the AGMS in 2016 on 7 April 2016, Sigit Pramono that was not re-appointed as Independent Commissioner.
- Based on Letter of Appointment from the Financial Services Authority Number. SR-117/D.03/2016 dated 11 July 2016 Mr. Sumantri Slamet was appointed as Independent Commissioner of PT Bank Central Asia Tbk.

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 2016, the BCA experienced more than one internal fraud incidents at a nominal value of above IDR100,000,000 (one hundred million rupiah), including 2 (two) case of internal fraud committed by permanent employees.

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	-	-	1	2	1	-
Ongoing cases resolved internally within BCA	-	-	1	2	1	-
Cases yet to be resolved	-	-	-	-	-	-
Cases already followed-up through the legal process	-	-	-	-	-	-

I. Significant Cases and Administrative Sanction

BCA legal proceedings in 2016 are depicted in the table below:

Legal Proceedings	Civil	Criminal
In the process of settlement	194	5
Resolved (with permanent legal force)	72	11
Total	266	16

a. In the process of settlement

There are 199 (one hundred and ninety nine) cases in the process of settlement with the details as follows:

1. Civil: 194 (one hundred and ninety four) cases.
 - Credit-related: 142 (one hundred and forty two) cases, including lawsuit or appeal/objection from debtors, collateral owner, other parties or BCA claims on confiscated goods or claims pertaining to collateral and credit.
 - Operation: 51 (fifty one) cases, including matters related to banking operation, land and building owned by BCA, and other lawsuits other than credit issues.
 - Human resources-related: 1 (one) case.
2. Criminal: 5 (five) cases.

b. Resolved (with permanent legal force)

There are 83 (eighty tree) cases already resolved (with permanent legal force) as follows:

1. Civil: 72 (seventy two) cases
 - Credit-related: 56 (fifty six) cases, including lawsuits or appeal/objections from debtor, collateral owner, other parties or BCA claims on confiscated goods or claims pertaining to collateral and credit
 - Operation: 15 (fifteen) cases, including matters related to banking operation, land and building owned by BCA, and other lawsuits other than credit issues.
 - Human-resources related: 1 (one) case.
2. Criminal: 11 (eleven) cases.

In 2016, 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.

In 2016 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

In 2016, BCA had no transactions with conflict of interest.

K. Shares Buy Back

In 2016, BCA did not undertake any corporate action for repurchasing shares (share buy backs).

L. Funds for Social Activities and Funds for Political Activities

Provision of Funds For Social 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 2016 focused on 3 (three) key pillars:

1. Pilar Solusi Cerdas (Smart Solution Pillar) 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) 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 follows:

- a. Partnership with the community.
- b. Business Development Institute.

In addition to the aforementioned programs, BCA also channels donations to other social organizations.

Provision of Funds For Political Activities

Similar to previous years, in 2016 BCA did not provide funds for political activities.

Results of The GCG Implementation Self-Assessment at BCA

Bank Name : PT Bank Central Asia Tbk

Position : 31 December 2016

Results of The GCG Implementation Self-Assessment at BCA		
	Rank	Rank Definition
Individual	1	Overall, implementation of Good Corporate Governance (GCG) by the Management of BCA is rated Excellent . This is 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">1. The governance structure as per all the GCG Implementation Assessment Factors is more than adequate and comprehensive.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.3. The governance outcome 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.		