

**ANNUAL REPORT OF
THE INTEGRATED GOVERNANCE IMPLEMENTATION**

FINANCIAL CONGLOMERATION PT BANK CENTRAL ASIA Tbk

YEAR 2018

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THE INTEGRATED GOVERNANCE IMPLEMENTATION OF
THE FINANCIAL CONGLOMERATION PT BANK CENTRAL ASIA Tbk
YEAR 2018**

Annual Report of The Integrated Governance Implementation of The Financial Conglomeration PT Bank Central Asia Tbk ("BCA") year 2018 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. Financial Services Authority Regulation Number 55/POJK.03/2016 dated 7 December 2016 on Implementation of Governance for Commercial Banks.
4. Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 dated 17 March 2017 on Implementation of Governance for Commercial Banks.

Annual Report of The Integrated Governance Implementation of The Financial Conglomeration PT Bank Central Asia Tbk ("BCA") year 2018 at least consist of:

- I. Self Assessment Report on the Integrated Governance Implementation;
- II. Financial Conglomerate Structure as of 31 December 2018;
- 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;
- V. Intra-group transaction policy which at least contains policy to identify, to manage and to mitigate intragroup transaction;
- VI. Supervision of Board of Commissioners and Board of Directors;
- VII. Adequacy of Policy, Procedure, and Implementation of Inter-group Transaction Risk Limit;
- VIII. Adequacy of Identification Process, Measurement, Monitoring, and Risk Control and Information System of Inter-group Transaction Risk Management;
- IX. Overarching Internal Control Towards the Implementation of Inter-group Transaction Risk;
- X. The Report of Good Corporate Governance of the Company 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;
 2. Self Assessment Report Implementation of GCG year 2018 in accordance with The Attachment IV Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 dated 17 March 2017; and
 3. The Company's Good Corporate Governance Action Plan for 2018 in accordance with the point X Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 dated 17 March 2017.

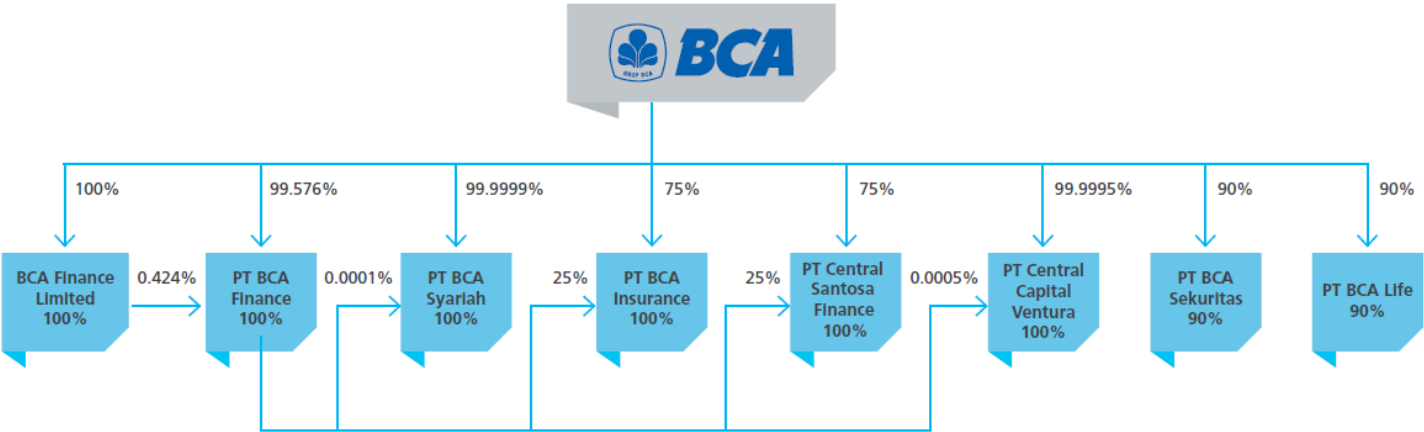
I. SELF-ASSESSMENT REPORT ON INTEGRATED GOVERNANCE IMPLEMENTATION

Main Entity : PT Bank Central Asia Tbk

Report Position : 31 December 2018

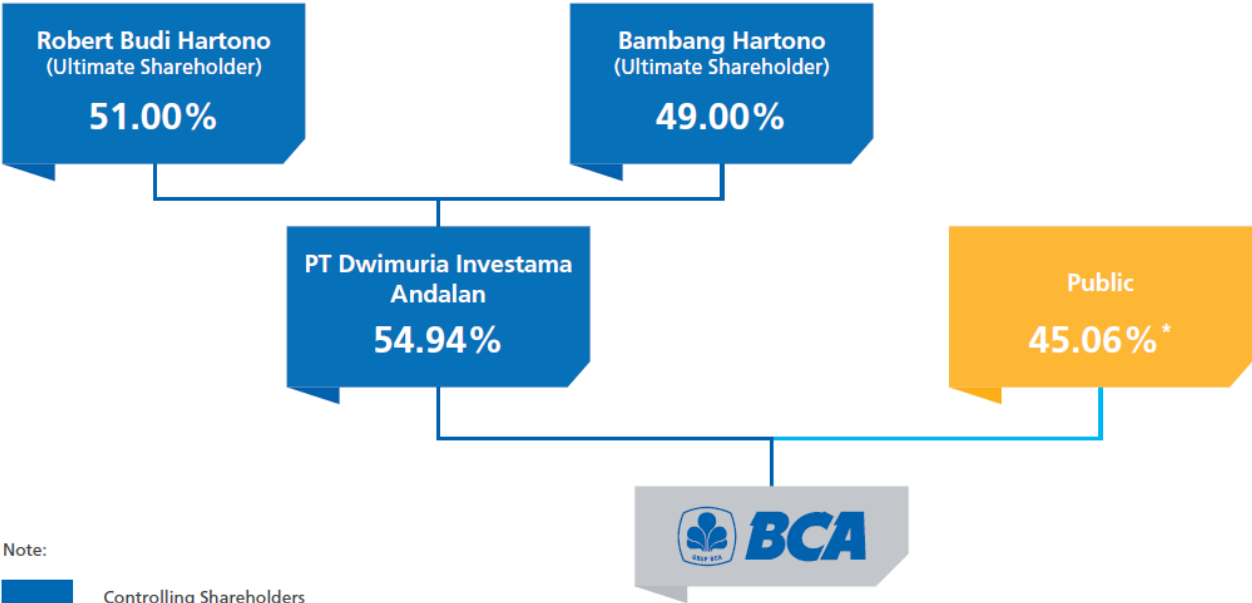
Result of Self-Assessment Implementation of Integrated Governance	
Rating	Rating Definition
1	Financial Conglomerate has implemented the Integrated Governance very well . This is reflected in the adequate compliance over the implementation of Integrated Governance principle. If there is a weakness in the implementation of Integrated Governance, in general the weakness is deemed insignificant and can be improved by the Main Entity and/or Financial Service Sector (Subsidiary Company) in Financial Conglomerate.
Analysis	
<p>Based on the Self-Assessment analysis towards Integrated Governance structure, Integrated Governance process, and Integrated Governance result in each assessment factor to evaluate the implementation of Integrated Governance, it can be concluded that:</p> <ol style="list-style-type: none">1. Integrated Governance Structure based on the result of assessment is complete.2. Integrated Governance process, based on the result of assessment is effective supported by a complete structure.3. Integrated Governance result, based on the result of assessment, has a very good quality resulted from the Integrated Governance process aspect which is effective and supported by a full structure.	

II. SRUCTURE OF LIMITED LIABILITY FINANCIAL CONGLOMERATE OF THE COMPANY AS OF 31 DECEMBER 2018



III. STRUCTURE OF THE SHARE OWNERSHIP IN FINANCIAL CONGLOMERATE DESCRIBING PARTIES WHO BECOME THE SHAREHOLDERS OF LJK (SUBSIDIARY COMPANY) IN FINANCIAL CONGLOMERATE AND THE ULTIMATE SHAREHOLDERS

As of 31 December 2018

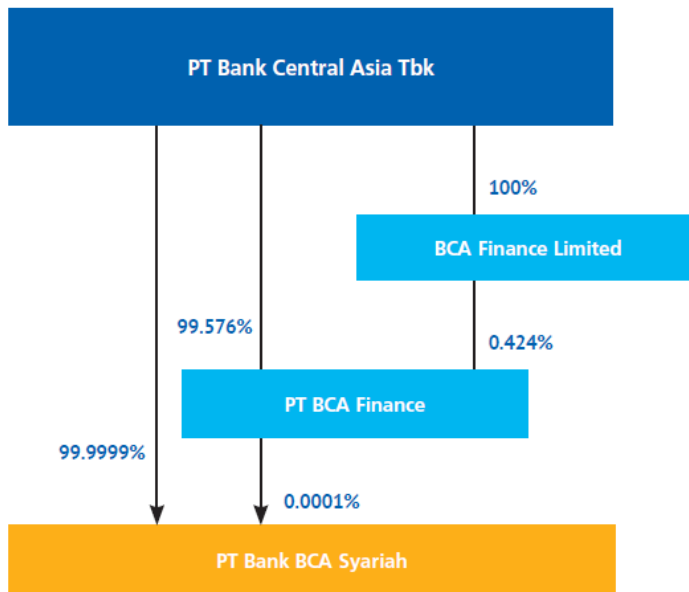


Note:

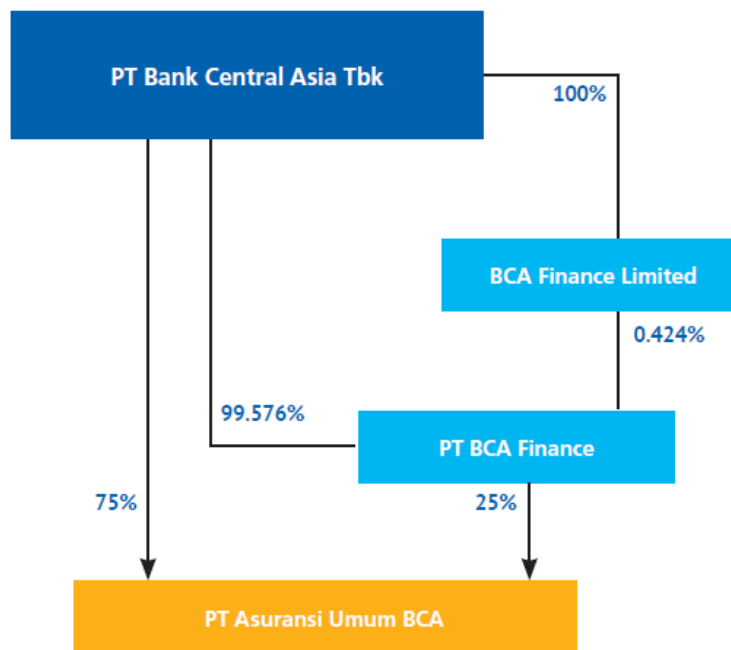
- Controlling Shareholders
- Controlling Line

* Of the portion of shares belonging to public shareholders, 2.49% is owned by affiliated parties of PT Dwimuria Investama Andalan, 1.76% is owned by Anthoni Salim and 0.19% is owned by certain members of the current Board of Commissioners and Board of Directors of BCA.

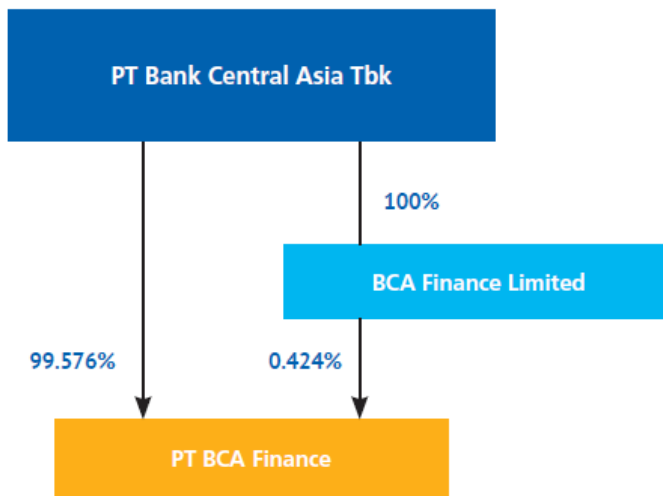
1. STRUCTURE OF SHARE OWNERSHIP OF PT BANK BCA SYARIAH



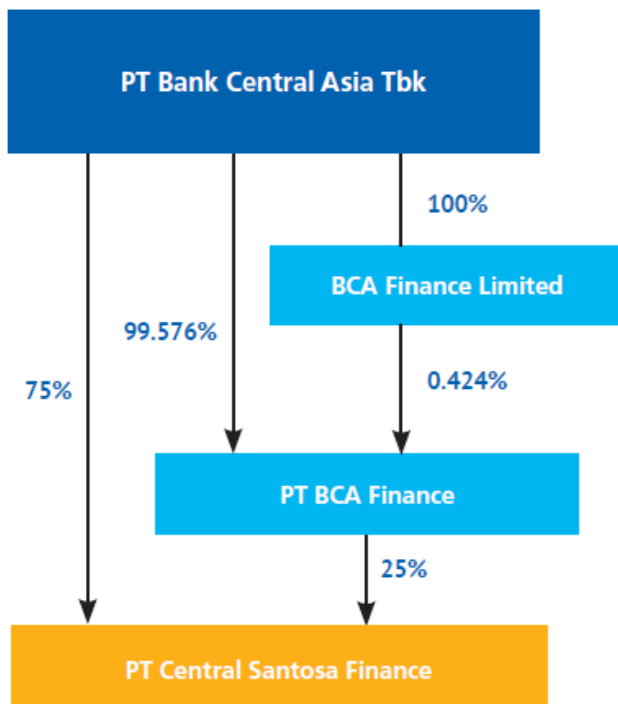
2. STRUCTURE OF SHARE OWNERSHIP OF PT ASURANSI UMUM BCA



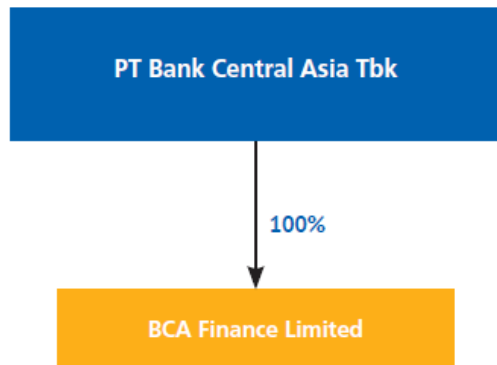
3. STRUCTURE OF SHARE OWNERSHIP OF PT BCA FINANCE



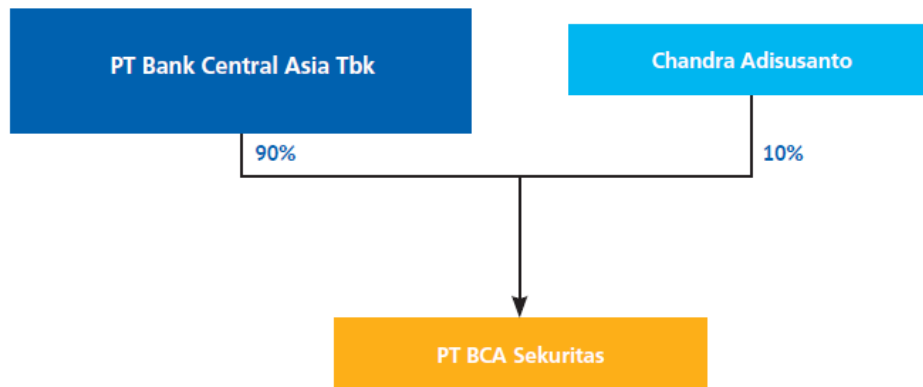
4. STRUCTURE OF SHARE OWNERSHIP OF PT CENTRAL SANTOSA FINANCE



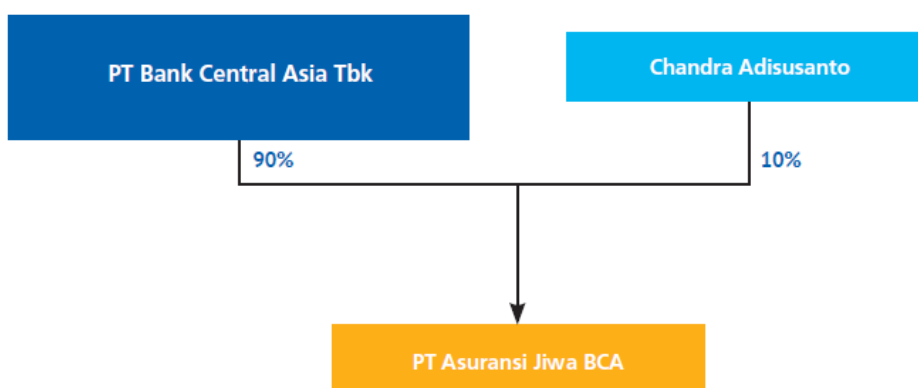
5. STRUCTURE OF SHARE OWNERSHIP OF BCA FINANCE LIMITED



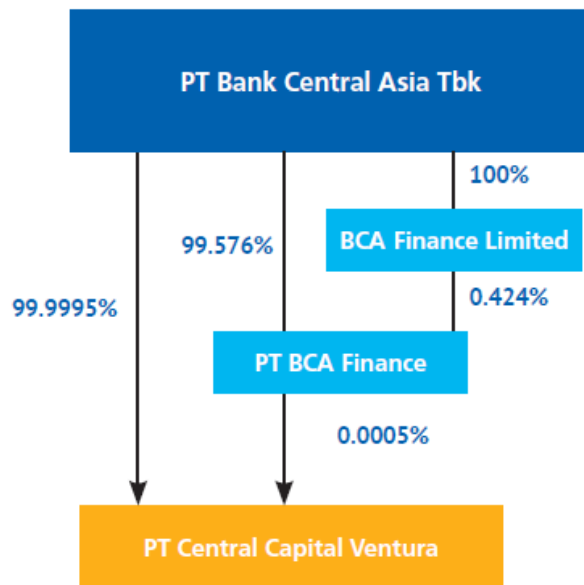
6. STRUCTURE OF SHARE OWNERSHIP OF PT BCA SEKURITAS



7. STRUCTURE OF SHARE OWNERSHIP OF PT ASURANSI JIWA BCA



8. STRUCTURE OF SHARE OWNERSHIP OF PT CENTRAL CAPITAL VENTURA



IV. MANAGEMENT STRUCTURE OF THE COMPANY AS THE MAIN ENTITY AND LJK (SUBSIDIARIES COMPANY) IN FINANCIAL CONGLOMERATE

MANAGEMENT STRUCTURE OF PT BANK CENTRAL ASIA Tbk

Board of Commissioners	
Position	Name
President Commissioner	Djohan Emir Setijoso
Commissioner	Tonny Kusnadi
Independent Commissioner	Cyrellus 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 Handojo
Director	Vera Eve Lim

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
Director	Rickyadi Widjaja
Compliance Director	Tantri Indrawati
Syariah Supervisor	
Position	Name
Chairman	Prof. DR. H. Fathurrahman Djamil, MA
Member	Sutedjo Prihatono

MANAGEMENT STRUCTURE OF PT BCA FINANCE

Board of Commissioners

Position	Name
President Commissioner	Jacobus Sindu Adisuwono
Independent Commissioner	Adhi Gunawan Budirahardjo
Independent Commissioner	Sulistiyowati

Board of Directors

Position	Name
President Director	Roni Haslim
Director	Petrus Santoso Karim
Director	Amirdin Halim
Director	Lim Handoyo
Director	Sugito Lie

MANAGEMENT STRUCTURE OF PT CENTRAL SANTOSA FINANCE

Board of Commissioners

Position	Name
President Commissioner	Roni Haslim
Commissioner	Hermanto, SH
Independent Commissioner	Mendari Handaya

Board of Directors

Position	Name
President Director	Herwandi Kuswanto
Director	Senjaya Komala
Director	Adhi Purnama
Director	Parmanto Adhi Tjahjono
Director	Suiman Agung

MANAGEMENT STRUCTURE OF PT ASURANSI UMUM BCA

Board of Commissioners

Position	Name
President Commissioner	Petrus Santoso Karim
Commissioner	Liston Nainggolan
Independent Commissioner	Gustiono Kustianto
Independent Commissioner	Edison Idrus

Board of Directors

Position	Name
President Director	Hariyanto
Technical Director	Hendro H. Wenan
Director	Antonius
Director	Sri Angraini

MANAGEMENT STRUCTURE OF PT BCA SEKURITAS

Board of Commissioners

Position	Name
President Commissioner	Dharwin Yuwono
Independent Commissioner	Hendra Iskandar Lubis

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	Christina Wahjuni Setyabudhi
Commissioner	Eva Agrayani Tjong
Independent Commissioner	Pudjianto
Independent Commissioner	Hardjono

Board of Directors

Position	Name
President Director	Rio Cakrawala Winardi
Director	Yannes Chandra
Director	Honggo Djojo

MANAGEMENT STRUCTURE OF BCA FINANCE LIMITED

Board of Directors

Position	Name
Director	Andy Kwok Sau Lai
Director	Edmund Tondobala
Director	Rudy Harjono

MANAGEMENT STRUCTURE OF PT CENTRAL CAPITAL VENTURA

Board of Commissioners

Position	Name
President Commissioner	Arif Singgih Halim Wijaya

Board of Directors

Position	Name
President Director	Armand Widjaja
Director	Michelle Suteja

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

Relationship between ownership and/or control in various financial service sector will influence the sustainability of the respective financial service business caused by the risk exposure that occurs directly and indirectly from the business activity of the subsidiary company incorporated in one Financial Conglomerate.

As the Main Entity of the Company Financial Conglomerate, the Company is obliged to manage the inter-group transaction risk and monitor the inter-group transaction in an integrated manner.

The Making of Policy of Inter-Group Transaction Risk Management in Limited Liability is guided by:

1. Financial Services Authority Regulation No. 17/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Conglomerate.
2. Circular Letter of Financial Services Authority No. 14/SEOJK.03/2015 concerning the Implementation of Integrated Governance for Financial Conglomerate.
3. Board of Directors Decision Letter No. 178/SK/DIR/2015 concerning the Issuance of Basic Policy of Integrated Risk Management of Financial Conglomerate BCA.

Definition of Inter-Group Transaction Risk

Inter-group transaction risk is the risk occurring due to the dependency of an entity, directly and indirectly, to another entity in one Financial Conglomerate in the effort to comply the obligation of written and non-written agreement followed with the displacement of fund and/or not followed by the displacement of fund.

Objective of inter-group transaction risk management

Main objectives of the inter-group transaction risk management are:

1. Manage and supervise the inter-group transaction of Financial Conglomerate based on the Principle of Prudence.
2. Ensure that the risk management process can minimize the potential negative impact caused by the dependency of a Financial Service Sector (LJK) directly or indirectly towards other LJK in one Financial Conglomerate.

Inter-group transaction type

Inter-group transaction risk can occur from:

1. Cross ownership between LJK in Financial Conglomerate.
2. Centralization of short-term liquidity management.
3. Collateral, loan, and commitment given by or obtained by an LJK from another LJK in the Financial Conglomerate.
4. Exposure to the ultimate shareholders, including the loan exposure and off-balance sheet such as collateral and commitment.
5. Purchase or selling of asset to another LJK in one Financial Conglomerate.
6. Risk transfer through reinsurance.
7. Transaction to shift the third-party risk exposure between LJK in one Financial Conglomerate.

Scope of inter-group transaction risk management policy

Implementation of inter-group risk management in Financial Conglomerate includes:

1. Supervision of Board of Commissioners and Board of Directors.
2. Adequacy of policy, procedure, and implementation of inter-group transaction risk limit.
3. Adequacy of identification process, measurement, monitoring, and risk control and information system of inter-group transaction risk management.
4. Overarching internal control towards the implementation of inter-group transaction risk management.

VI. SUPERVISION OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Supervision by Board of Commissioners and Board of Directors is necessary to ensure the effectiveness of the inter-group transaction risk management and the conformity with the prevailing provisions.

Authority and responsibility of Board of Commissioners

Authority and responsibility of Board of Commissioner in implementing inter-group transaction risk management, are:

1. Approve the inter-group transaction risk management.
2. Evaluate the accountability of the Board of Director and give guideline to improve for the implementation of inter-group transaction risk management policy.

Authority and responsibility of Board of Directors

Authority and responsibility of the Board of Directors in inter-group transaction risk management, are:

1. Understand the inter-group transaction risk embedded in Financial Conglomerate.
2. Make and determine the inter-group transaction risk management policy.
3. Responsible to the implementation of inter-group transaction risk management.
4. Ensure that every entity in Financial Conglomerate implement inter-group transaction risk management.
5. Monitor the inter-group transaction risk regularly.
6. Develop the risk culture as part of the implementation of inter-group transaction risk management.
7. Ensure that the implementation of inter-group transaction risk management is free from any conflict of interest between Financial Conglomerate and individual LJK.

VII. ADEQUACY OF POLICY, PROCEDURE, AND IMPLEMENTATION OF INTER-GROUP TRANSACTION RISK LIMIT

Policy, procedure and determination of inter-group transaction risk limit refers to the policy, procedure and determination of limit as mentioned in the Basic Policy of Integrated Risk Management.

Risk appetite and risk tolerance

Level of risk appetite and risk tolerance of inter-group transaction is explained as follows:

1. Level of risk appetite or inter-group transaction is the risk that is taken in the effort to achieve the target in an integrated manner. The risk taken is reflected in the business strategy and target.
2. Risk tolerance is the maximum level of risk that is taken.
3. Risk appetite and risk tolerance must be in-line with the business strategy, risk profile, and plan of capital of Financial Conglomerate.

Policy and Procedure

Some matters must be taken into account in the policy and procedure relating to the inter-group transaction risk, among others:

1. Financial Conglomerate Policy must respect the prevailing regulator provision concerning inter-group transaction.

2. Financial Conglomerate must ensure the compliance of arm's length principle relating to inter-group transaction.
3. Inter-group transaction risk management must contain at least:
 - a. Accountability and clear level of authority delegation in implementing inter-group transaction risk management.
 - b. Implementation of reviewing towards the procedure regularly.
 - c. Documentation of procedure in an adequate manner, including written documentation, complete documentation enabling the implementation of audit trail.

Limit of Inter-Group Transaction Risk

Financial Conglomerate must ensure that the determination of inter-group transaction limit is already according to the prevailing regulator's provision.

VIII. ADEQUACY OF IDENTIFICATION PROCESS, MEASUREMENT, MONITORING, AND RISK CONTROL AND INFORMATION SYSTEM OF INTER-GROUP TRANSACTION RISK MANAGEMENT

In implementing inter-group transaction risk management, as the Main Entity, Limited Liability is obliged to do the identification process, measurement, monitoring, and risk control towards all risk factors that are significant in nature in an integrated manner, and supported by adequate information system of inter-group transaction risk management.

Identification of Inter-Group Transaction Risk

Identification of inter-group transaction risk is done through:

1. Identification of inter-group transaction composition in Financial Conglomerate.
2. Identification of documentation and arm's length.
3. Identification of other information.

Measurement of Inter-Group Transaction Risk

Measurement of inter-group transaction risk is aimed to obtain the rank of level of inter-group transaction risk of Financial Conglomerate. Besides that, as the Main Entity, the Company is obliged to make the profile of the inter-group transaction risk in an integrated manner with members of Financial Conglomerate.

The following is the measurement that must be done to obtain the profile of integrated inter-group transaction risk:

Measurement	Description	Result of Measurement
Risk Inherent	In determining the level of inherent risk, Main Entity must conduct a comprehensive analysis by using all relevant quantitative and qualitative indicators. It covers 3 (three) aspects, namely: 1. Composition of inter-group transaction in Financial Conglomerate. 2. Documentation and arm's length. 3. Other information.	1. Low 2. Low to Moderate 3. Moderate 4. Moderate to High 5. High
Quality Implementation Management Risk	Measurement of the implementation of quality to implement integrated risk management. It covers 4 (four) aspects, namely: 1. Supervision of Board of Commissioners and Board of Directors. 2. Adequacy of policy, procedure, and implementation of inter-group transaction risk limit. 3. Adequacy of identification process, measurement, monitoring, and risk control and information system of inter-group transaction risk management. 4. Overarching internal control towards the implementation of inter-group transaction risk management.	1. Strong 2. Satisfactory 3. Fair 4. Marginal 5. Unsatisfactory

Rank of Risk Level

Rank of risk level is a combination between the result of inherent risk measurement and the risk management implementation quality measurement.

The mapping of rank of level of inter-group transaction risk can be seen in the following matrix:

Result of Assessment Rank of Level Integrated Risk		Rank of Risk Management Implementation Quality (KPMR)				
		Strong	Satisfactory	Fair	Marginal	Unsatisfactory
Rank Risk Inherent in Integrated Manner	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 Inter-Group Transaction Risk

Monitoring of inter-group transaction risk is done by focusing on:

1. Composition of inherent risk parameters of inter-group transaction in the report of integrated risk profile.
2. Completeness of documentation of inter-group transaction.
3. Inter-group arm's length.
4. Other information relating to inter-group transaction.

Control of Inter-Group Transaction Risk

Control of inter-group transaction risk is done by ensuring:

1. Inter-group arm's length in Financial Conglomerate.
2. Availability of documentation for every inter-group transaction.
3. Every inter-group transaction must meet the prevailing legal/regulator provision.

Information System of Inter-Group Transaction Risk Management

Information System of inter-group transaction risk management includes the report of inter-group that part of integrated risk profile report.

IX. OVERARCHING INTERNAL CONTROL TOWARDS THE IMPLEMENTATION OF INTER-GROUP TRANSACTION RISK

Internal control system for inter-group transaction risk refers to the internal control as mentioned in the Basic Policy of Integrated Risk Management.

Effective inter-group transaction risk management implementing process must be equipped with an overarching internal control system. Effective internal control implementing system is expected to be able to maintain the asset of Financial Conglomerate, to guarantee the availability of trustworthy reporting, to improve the compliance towards provision and laws and regulations and to reduce the loss, misuse and violation of principles of prudence.

Implementation of internal control system is as follows:

1. The Company is obliged to carry out the internal control system of inter-group transaction risk effectively by referring to the determined policy and procedure.
2. Internal control system is made to ensure:
 - a. The respecting of policy or internal provision as well as laws and regulations.
 - b. Overall effectiveness of risk culture in the Financial Conglomerate organization to identify weaknesses and misuse earlier and to re-asses the fairness of policy and procedure in Financial Conglomerate in a sustainable manner.
3. Reviewing of the measurement of inter-group transaction risk, which cover at least:
 - a. Conformity of policy, organizational structure, resources allocation, design of inter-group transaction risk management, information system, and reporting of risk according to the business needs of Financial Conglomerate as well as the development of regulation and best practice relating to inter-group transaction risk management.
 - b. Complete and adequate documentation about scope, operational procedure, audit findings, and response of the management of Financial Conglomerate based on the result of audit.

X. REPORT OF THE COMPANY'S GOOD CORPORATE GOVERNANCE IMPLEMENTATION

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, consist of:

A. GCG Implementation Disclosures include:

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

Number, composition, and criteria of Members of the Board of Directors

Article 4 of Financial Services Authority Regulation No. 55/POJK.03/2016 on the Implementation of Governance for Commercial Banks states that Banks are required to have at least 3 (three) members of the Board of Directors.

As of 31 December 2018, memberships of the Board of Directors comprises 12 (twelve) persons, consisting of:

- 1 (one) President Director
- 2 (two) Deputy President Directors
- 1 (one) Compliance Director
- 1 (one) Independent Director
- 7 (seven) other Directors

One member of the Board of Directors is also the Director of Compliance. The President Director is an independent party from the controlling shareholder. The Company has also appointed an Independent Director who has the duties and responsibilities to supervise Regional & Branch Management, Network Management & Regional Development, and Procurement.

The term of office of the Board of Directors of the Company will expire until the closing of the 5th (fifth) Annual GMS held after the GMS which appoints the relevant members of the Board of Directors, without reducing the authority of the GMS to dismiss one or more members of the Board of Directors at any time before the position ends. The Articles of Association of the Company state that members of the Board of Directors whose term of office has expired can be reappointed.

In accordance with Bank Indonesia Regulation No.12/23/PBI/2010 concerning Fit and Proper Test and Bank Indonesia Circular Letter No.13/8/DPNP regarding the Fit and Proper Test as amended by Bank Indonesia Circular Letter No.13/26/DPNP dated 30 November 2011, essentially stating that the candidates for the Board of Commissioners and candidates for the Board of Directors shall obtain approval from Bank Indonesia (now from the Financial Services Authority) before performing their duties and functions in their positions. All members of the Board of Commissioners of the Company have met the requirements of the Financial Services Authority Regulation and Bank Indonesia Regulation above and have passed the Fit and Proper Test of Bank Indonesia (now of the Financial Services Authority), such as:

Name	Position	No. Letter of Agreement
Jahja Setiaatmadja	President Director	13/21/DPBB3/TPB3-7 dated 17 June 2011
Eugene Keith Galbraith	Deputy President Director	13/99/GBI/DPIP/Rahasia dated 25 August 2011
Armand Wahyudi Hartono	Deputy President Director	SR-106/D.03/2016 dated 21 June 2016
Suwignyo Budiman	Director	4/69/DpG/DPIP/Rahasia dated 13 August 2002
Tan Ho Hien/Subur/Subur Tan	Director (concurrently Compliance Director)	4/69/DpG/DPIP/Rahasia dated 13 August 2002
Henry Koenafi	Director	10/32/DPBB3/TPB3-2 dated 13 February 2008
Erwan Yuris Ang	Independent Director	13/99/GBI/DPIP/Rahasia dated 25 August 2011
Rudy Susanto	Director	SR-119/D.03/2014 dated 21 July 2014
Lianawaty Suwono	Director	SR-137/D.03/2016 dated 27 July 2016
Santoso	Director	SR-143/D.03/2016 dated 8 August 2016
Inawaty Handojo	Director	SR-144/D.03/2016 dated 8 August 2016
Vera Eve Lim	Director	SR-79/PB.12/2018 dated 23 April 2018

All members of the Company's Board of Directors who have passed the Fit and Proper Test are domiciled in Indonesia as referred to in Article 4 of OJK Regulation No. 55/POJK.03/2016 concerning Implementation of Governance for Commercial Banks.

In 2018, there was a change in the composition of the Board of Directors. The Membership Structure of the Company's Board of Directors in 2018 has been included in the Deed of Decision of the Meeting of PT Bank Central Asia Tbk No. 180 dated 26 April 2018, which was made before Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta.

Composition of the Board of Commissioners of the Company as of December 31, 2018

Position	Name	Period
President Director	Jahja Setiaatmadja	2016-2021
Deputy President Director	Eugene Keith Galbraith	2016-2021
Deputy President Director	Armand Wahyudi Hartono	2016-2021
Director (concurrently Compliance Director)	Tan Ho Hien/ Subur/ Subur Tan	2016-2021
Director	Rudy Susanto	2016-2021
Director	Henry Koenafi	2016-2021
Director	Suwignyo Budiman	2016-2021
Independent Director	Erwan Yuris Ang	2016-2021
Director	Lianawaty Suwono	2016-2021
Director	Santoso	2016-2021
Director	Inawaty Handojo	2016-2021
Director	Vera Eve Lim	2018-2021

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

Those who may be appointed as a Director are individuals who meet the criteria and requirements in accordance with:

1. Financial Services Authority Regulation No. 33/ POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers or Public Companies namely to:
 - a. Have good ethics, morals, and integrity.
 - b. Be proficient in performing legal actions.
 - c. Within 5 (five) years before appointment and during the term of office:
 - 1) not have been declared bankrupt;

- 2) not have been a member of a Board of Directors or Board of Commissioners found guilty of causing a company to be declared bankrupt;
 - 3) not have been punished for committing a crime detrimental to state finances or relating to the financial sector; and
 - 4) not have been a member of a Board of Directors or Board of Commissioners in which during his/her term of office:
 - i. did not organize an Annual GMS;
 - ii. had his/her accountability as a member of the Board of Directors or Board of Commissioners not accepted by the GMS or he/she did not submit his/her accountability as a member of the Board of Directors or Board of Commissioners to the General Meeting of Shareholders; and
 - iii. have caused a company that obtained license, approval or registration from the Financial Services Authority to not fulfill the obligation to submit annual report and/or financial report to the Financial Services Authority.
 - d. Have a commitment to comply with laws and regulations.
 - e. Have knowledge and/or expertise in the field required by the Company.
2. Bank Indonesia Regulation No. 12/23/PBI/2010 regarding the Fit and Proper Test among others states that:
- a. The requirements of integrity include to:
 - 1) have good character and morals, among others shown by the attitudes to comply with applicable provisions, including not having been convicted for specific crimes within the last 20 (twenty) years prior to nomination;
 - 2) have a commitment to comply with applicable laws and regulations;
 - 3) be committed to the development of healthy Bank operations;
 - 4) not be included on the Disqualified List (DTL);
 - 5) be committed not to conduct and/ or repeat offenses and/or actions as referred to in Article 27 and Article 28, for a candidate of the Board of Directors who had once been disqualified in the Fit and Proper Test and undergone a period of sanction as referred to Article 35 Paragraph 1, Article 40 Paragraph 4 letter a, and Article 40 paragraph 5 of the above-mentioned Bank Indonesia Regulation.
 - b. Competence requirements include having:
 - 1) adequate knowledge in banking relevant to his/her position;
 - 2) experience and expertise in banking and/or finance;
 - 3) the ability to undertake strategic management in the framework of healthy Bank development.
 - c. Financial reputation requirements include:
 - 1) not having bad credit; and
 - 2) not having been declared bankrupt or, on a Board of Directors or Board of Commissioners, found guilty of causing a company to be declared bankrupt within the last 5 (five) years before being nominated.
3. Based on Financial Services Authority Regulation No. 55/POJK.03/2016 on the Implementation of Good Corporate Governance for Commercial Banks, each Director must meet the requirements of Fit and Proper Test according to Financial Services Authority Regulation No. 27/POJK.03/2016 on the Assessment of Ability and Compatibility for the Main Party of the Financial Services Institution, which among other matters details:
- a. Requirements of integrity, including to:
 - 1) be capable of performing legal actions;

- 2) have good character and morals, at least indicated by attitudes to comply with regulatory requirements, including to have not been convicted a specific crime within a certain period prior to nomination;
 - 3) be committed to complying with laws and regulations and supporting Financial Services Authority policies;
 - 4) be committed to the development of a healthy Financial Service Institution; and
 - 5) be not included as a party prohibited to become a Principal Party.
- b. Financial reputation requirements, at least proven by:
- 1) having no bad credit and/or non-performing financing; and
 - 2) having not been declared bankrupt and/or has not been a shareholder, insurance company controller who is not a shareholder, member of a Board of Directors or Board of Commissioners found guilty of causing a company to be declared bankrupt within the last 5 (five) years prior to 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.

Amount and Composition of Members of the Board of Commissioners

Financial Services Authority Regulation No. 55/POJK.03/2016 concerning Implementation of Governance for Commercial Banks stating that Banks are required to	Company Implementation
Have at least 3 (three) people and is at most equal to the number of members of the Board of Directors (article 23)	Out of 5 (five) members of the Boards of Commissioners.
Have at least 1 (one) member of the Board of Commissioners domiciled in Indonesia	All members of the Board of Commissioners are domiciled in Indonesia.
Have at least 50% Independent Commissioners of the total members of the Board of Commissioners	The number of Independent Commissioner is 3 (three) or 60% (sixty percent) of the total members of the Board of Commissioners.

As of 31 December 2018, there were 5 (five) members of the Company's Board of Commissioners, consisting of 1 (one) President Commissioner, 1 (one) Commissioner, and 3 (three) Independent Commissioners. The number of members of the Board of Commissioners of the Company does not exceed the number of members of the Company's Board of Directors. The number of Independent Commissioners is 60% (sixty) of the total members of the Company's Board of Commissioners. All members of the Company's Board of Commissioners are domiciled in Indonesia.

The term of office of members of the Board of Commissioners is 5 (five) years. The term of office of the members of the Board of Commissioners for the current period will expire at the close of the Company's Annual GMS in 2021, without reducing the authority of the GMS to dismiss one or more members of the Board of Commissioners at any time before the position ends. For Independent Commissioners who have served for 2 (two) consecutive terms of office, they can be reappointed in the next period as Independent Commissioners in terms of:

- Meeting of the members of the Board of Commissioners considers that the Independent Commissioner can still act independently; and
- Independent Commissioners stated at the GMS regarding the independence of the concerned parties.

Cyrillus Harinowo and Raden Pardede are Independent Commissioners who have been appointed for more than 2 (two) periods to make an Independence Statement Letter. The Statement Letter was read at the time of the appointment of Independent Commissioner members at the Company's Annual GMS 2016. The independency statement can be viewed in the section of the Independent Commissioner in this Annual Report.

In accordance with Bank Indonesia Regulation No. 12/23/PBI/2010 concerning Fit and Proper Test and Bank Indonesia Circular Letter No. 13/8/DPNP concerning Fit and Proper Test as amended by Bank Indonesia Circular Letter No. 13/26/DPNP dated 30 November 2011, essentially stated that candidates for the Board of Commissioners and prospective members of the Board of Directors must obtain approval from Bank Indonesia (currently OJK) before carrying out their duties and functions in their positions. All members of the Board of Commissioners of the Company have fulfilled the OJK Regulations and Bank Indonesia Regulations above and have passed the fit and proper test from Bank Indonesia (currently OJK), namely:

Name	Position	No. Letter of Agreement
Djohan Emir Setijoso	President Commissioner	13/99/GBI/DPIP/Rahasia dated 25 August 2011
Cyrillus Harinowo	Independent Commissioner	5/4/DpG/DPIP/Rahasia dated 4 September 2003
Raden Pardede	Independent Commissioner	8/84/DPB3/TPB3-2 dated 16 August 2006
Tonny Kusnadi	Commissioner	5/4/DpG/DPIP/Rahasia dated 4 September 2003
Sumantri Slamet	Commissioner	SR-117/D.03/2016 dated 11 July 2016

In 2018, there was no change in the composition of the Board of Commissioners. The composition of the Company's Board of Commissioners in 2018 has been contained in the Deed of Decision of the Meeting of PT Bank Central Asia Tbk No. 180 dated 26 April 2018, which was made before Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta.

The composition of the Company's Board of Commissioners as of 31 December 2018

Position	Name	Period
President Commissioner	Djohan Emir Setijoso	2016 - 2021
Commissioner	Tonny Kusnadi	2016 - 2021
Independent Commissioner	Cyrillus Harinowo	2016 - 2021
Independent Commissioner	Dr. Ir. Raden Pardede	2016 - 2021
Independent Commissioner	Sumantri Slamet	2016 - 2021

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

Those who may be appointed as members of the Board of Commissioners are individuals, who meet the criteria and requirements in accordance with:

- Financial Services Authority Regulation No. 33/ POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers or Public Companies, which, among other things, states that:
 - Having good character, morals, and integrity.
 - Be proficient in performing legal action.
 - Within 5 (five) years before appointment and during the term of office:
 - Not declared bankrupt.
 - Has not been a member of the Board of Directors and/or a member of the Board of Commissioners who is found guilty of causing a company to be declared bankrupt.

- 3) Has not been punished for committing a criminal offense that is detrimental to state finances and/or relating to the financial sector.
 - 4) Has not been a member of the Board of Directors and/or any member of the Board of Commissioners who, during his term of office:
 - i. Not held an Annual GMS.
 - ii. Accountability as a member of the Board of Directors and/ or a member of the Board of Commissioners has not been accepted by the GMS or has not been granted responsibility as a member of the Board of Directors and/or members of the Board of Commissioners to the GMS.
 - iii. Has not caused a company obtaining permits, approvals or registrations from the Financial Services Authority to fail to comply with the obligation to submit annual reports and/ or financial statements to the Financial Services Authority.
 - d. Has the commitment to comply with laws and regulations.
 - e. Has knowledge and/or expertise in the field required by the company.
2. Bank Indonesia Regulation No. 12/23/PBI/2010 concerning the Fit and Proper Test, which among others states that:
- a. The requirements of integrity include:
 - 1) Has good morals and character, among others, indicated by attitudes to comply with applicable provisions, including not been convicted for certain crimes within the last 20 (twenty) years before being nominated;
 - 2) Has the commitment to comply with applicable laws and regulations;
 - 3) Has the commitment towards the development of healthy bank operation;
 - 4) Never been on the Disqualified List (DTL);
 - 5) Has a commitment not to commit and/or repeat the acts and/or acts as referred to in Article 27 and Article 28, for candidates for members of the board of commissioners who have had no predicate in the t and proper test and have served the sanction as intended in Article 35 Paragraph (1), Article 40 Paragraph (4) a and Article 40 Paragraph (5) of the aforementioned Bank Indonesia Regulation.
 - b. Competence requirements include:
 - 1) Having adequate knowledge in banking and relevant to the position; and/or
 - 2) Having experience and expertise in banking and/or finance.
 - c. Financial reputation requirements include:
 - 1) Not having bad credit; and/or
 - 2) Have not been declared bankrupt or on a Board of Directors or Board of Commissioners found guilty of causing a company to be declared bankrupt, within the last 5 (five) years before being nominated.
3. Under Article 27 of Financial Services Authority Regulation No. 55/POJK.03/2016 concerning the Implementation of Good Corporate Governance for Commercial Banks, each Commissioner must meet the requirements of the t and proper test according to the Financial Services Authority Regulation No.27/ POJK.03/2016 on the Assessment of Ability and Precision for the Main Parties of the Financial Services Institution, which among others states that:
- a. Requirements of integrity, including:
 - 1) Able to perform legal action;
 - 2) Having good morals and character, at least indicated by attitudes to comply with applicable provisions, including not having been convicted for committing a crime within a certain period of time before being nominated;

- 3) Has the commitment to comply with laws and regulations and uphold Financial Services Authority policies;
 - 4) Has the commitment towards the development of a healthy Financial Services Authority; and
 - 5) Not included as individual prohibited becoming a Principal Party.
- b. Financial reputation requirements, at minimum demonstrated by:
- 1) Not having any bad credit and/or non-performing loan; and
 - 2) Has not been declared bankrupt and/or has not been a shareholder, controller of an insurance company who is not a shareholder, member of a board of directors or a board of commissioners found guilty of causing a company to be declared bankrupt within the last 5 (five) years before being nominated.

Independence of the Board of Commissioners

All Independent Commissioners of the Company have no financial relationship, management relationship, shareholder relationship, and/or family relationship up to the second degree with members of the Board of Commissioners of the Board of Directors, and/or controlling shareholders or any relationship with the Company that may affect its ability to act independently.

Duties and responsibilities of the Board of Directors

The duties and responsibilities of the Board of Directors are detailed in the Articles of Association and other related regulations to:

- a. Lead and manage the Company in accordance with the purposes and objectives of the Company.
- b. Master, maintain and manage the Company's assets for the benefit of the Company.
- c. Create internal control structures, ensuring the implementation of the Internal Audit function at every level of management and following-up on the Company's internal audit findings in accordance with the policies or directives provided by the Board of Commissioners.
- d. Submit the Annual Work Plan containing the Annual Budget to the Board of Commissioners for approval prior to the commencement of the forthcoming fiscal year, taking into account prevailing regulations.
- e. Implement the principles of Good Corporate Governance in every business activity at all levels and stages of the organization.
- f. Establish the Integrated Risk Management Committee.
- g. Evaluate the performance of the committees under the Board of Directors at the end of fiscal year.
- h. Conduct meetings of the Board of Directors periodically, at least 1 (one) time each month.
- i. Record the minutes of meetings of the Board of Directors and have them signed by all members of the Board of Directors present at the Board of Directors meeting.
- j. Distribute copies of the minutes of meetings of the Board of Directors to all members of the Board of Directors and related parties.
- k. Conduct meetings of the Board of Directors with the Board of Commissioners in accordance with regulations.
- l. To hold and keep a List of Shareholders, Special List, Minutes of General Meetings of Shareholders, and Minutes of Board of Directors meetings.
- m. Prepare Annual Reports and other company documents as referred to in the prevailing laws and regulations.

- n. Follow-up audit findings and recommendations of the external auditor, the results of the supervision of the Financial Services Authority, Bank Indonesia and the results of supervision of other authorities including but not limited to the Indonesia Stock Exchange.
- o. Be responsible for implementation of its duties and responsibilities to 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

The Board of Commissioners has duties and responsibilities to:

- a. Supervise and be responsible for oversight of the Company's management policy, the running of the general management, and advise the Board of Directors. Supervision by the Board of Commissioners shall be conducted for the importance of the Company in accordance with the purpose and objectives as well as the Articles of Association.
- b. Ensure the implementation of the principles of corporate governance in every business aspect of the Company organization and at all levels.
- c. Direct, monitor and evaluate the implementation of the Company's strategic policy.
- d. Ensure that the Board of Directors has followed up on audit findings and recommendations from the Internal Audit Division, External Auditor, the results of supervision by the authorities including but not limited to the Financial Services Authority, Bank Indonesia and/or the Indonesia Stock Exchange.
- e. Notify the Financial Services Authority/Bank Indonesia no later than 7 (seven) working days since the violation of financial and banking regulations and/or circumstances or presupposition of circumstances that may jeopardize the Company's business continuity.
- f. Establish:
 - Audit Committee;
 - Risk Oversight Committee;
 - Remuneration and Nomination Committee;
 - Integrated Governance Committee.

The Board of Commissioners shall ensure that the committees established by the Board of Commissioners perform their duties effectively and evaluate the performance of the committees that assist in the implementation of their duties and responsibilities at the end of each fiscal year.

- g. Ensure that the committees established by the Board of Commissioners perform their duties effectively.
- h. Allocate adequate time to carry out duties and responsibilities effectively.
- i. Convene Board of Commissioners regular meetings in accordance with prevailing laws and regulations.
- j. Prepare minutes of meetings of the Board of Commissioners as signed by all members of the Board of Commissioners attending the Board of Commissioners meeting.
- k. Distribute copies Board of Commissioners minutes of meetings to all members of the Board of Commissioners and other related parties.
- l. Convene periodic meetings with the Board of Directors at least 1 (one) meeting every 4 (four) months.

- m. Submit reports on supervisory results performed during the preceding scale year to the Annual GMS and set forth in the Annual Report.
- n. Supervise the implementation of integrated governance.
- o. Approved the Sustainable Financial Action Plan prepared by the Directors.

Duties and Responsibilities of the President Commissioner

In addition to carrying out the duties and responsibilities of the Board of Commissioners as mentioned above, the President Commissioner also has duties and responsibilities including:

- a. Leading the Board of Commissioners in carrying out the duties of supervision and assurance;
- b. Coordinate the implementation of the duties and responsibilities of the Board of Commissioners;
- c. Provide proposals to hold Board of Commissioners meetings, including the meeting agenda;
- d. Make calls and lead Board of Commissioners meetings;
- e. Submitting supervision reports to obtain Annual GMS approval for the implementation of duties and supervision of the Board of Commissioners;
- f. Ensure that the implementation of the responsibilities of the Board of Commissioners has been carried out according to procedures;
- g. Ensure that Board of Commissioners meetings make effective decision making based on correct and complete information, including ensuring that:
 - All strategic and important issues are taken into consideration by the Board of Commissioners;
 - Problems are discussed carefully and thoroughly;
 - All members of the Board of Commissioners are given the opportunity to contribute effectively;
 - Each Commissioner receives relevant information in a timely manner, including a brief explanation of the issues that will be discussed at the Board of Commissioners meeting, and the Board of Commissioners' meetings produce clear decisions and are recorded in the minutes.
- h. Ensure that the Board of Commissioners behaves in accordance with the Board of Commissioners Charter;
- i. Leading efforts to meet the development needs of the Board of Commissioners; and
- j. Conduct a final evaluation by considering the recommendations of the Nomination and Remuneration Committee on the results of the collective evaluation of the Board of Commissioners and Committees as well as evaluating individual members of the Board of Commissioners and Committee members.

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.

Implementation of Duties of the Board of Commissioners

The Board of Commissioners carries out supervisory duties to ensure that the Company's business goes in the right direction, maintains business sustainability and provides added value to all stakeholders. The Board of Commissioners provides recommendations and advice to the Board of Directors in relation to their supervisory duties, including recommendations, advice and assessments related to the implementation of good corporate governance in the Company.

The Board of Commissioners' advice and recommendations to the Board of Directors are as follows:

Topic	Summary
Business strategy and management	<ul style="list-style-type: none"> • Maintain Bank's performance by increasing cost efficiency, sustaining loan quality and quality growth. • Support innovations and adjustments to keep up with technology and fintech industry developments. • Supervise and provide advice on corporate actions. • Provide advice on optimization use of liquidity.
Risk management	<ul style="list-style-type: none"> • Require further review on major risks (strategic impacts) of the Bank and its subsidiaries. • Provide advice on exchange rate risk and its impact on business. • Minimize concentration risk; diversify lending across high-potential sectors. • Provide advice to review the complexity of risks in lending for infrastructure. • Require policies for monitoring of restructured loans. • Approve the update of 2019 recovery plan.
Audit and compliance	<ul style="list-style-type: none"> • Prioritize auditing for high-risk matters (risk-based audit). • Approve the proposed amendments to the BCA's Articles of Association according to the Law and systematics of Annual General Meeting results. • Approve the proposed amendment to the Audit Committee Charter regarding the recommendation matters for appointment/ dismissal/ replacement of public accountant.

2. Adequacy and implementation of duties of the Committees

Committees under the Board of Commissioners

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

- The Company's Audit Committee comprises 3 (three) members as follows:
 - 1 (one) Independent Commissioner concurrently as Head of Audit Committee;
 - 1 (one) Independent Party having expertise in finance/accounting; and
 - 1 (one) Independent Party having expertise in banking.
- Composition of the Audit Committee as of 31 December 2018:

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

- The Company's 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 independent parties, not having financial and management relationship, share ownership, and/ or family relationships with members of the Board of Commissioners, Board of Directors, and/or controlling shareholders, or business relationships with the Company that may influence their ability to act independently.

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

- The Risk Oversight Committee comprises 3 (three) members as follows:
 - 1 (one) Independent Commissioners concurrently Chairman of Risk Oversight Committee;
 - 1 (one) Independent Party having expertise in risk management;
 - 1 (one) Independent Party having expertise in finance.

- Composition of Risk Oversight Committee per December 31, 2018 is as follows:

Name	Position
Sumantri Slamet	Chairman (concurrently as Independent Commissioner)
Endang Swasthika Wibowo	Member (Independent Party)
Lianny Somyadewi D.	Member (Independent Party)

- The appointment of members of Risk Oversight Committee of the Company 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 Risk Oversight Committee are independent parties, not having financial relationship, management relationship, share ownership and/ or family relationship with members of Board of Commissioners, Board of Directors, and/ or Controlling Shareholders, or having business relationship with the Company that may influence their ability to act independently.

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

- The Company's Remuneration and Nomination Committee comprises 3 (three) members as follows:
 - 1 (one) Independent Commissioner as Chairman of Remuneration and Nomination Committee;
 - The President Commissioner; and
 - 1 (one) Executive Officer in charge of the Human Capital Management Division (Human Resources). The Executive Officer is knowledgeable of remuneration and/or nomination system and succession plan.
- Composition of Remuneration and Nomination Committee Members as of 31 December 2018:

Name	Position
Raden Pardede	Chairman (concurrently as Independent Commissioner)
D.E. Setijoso	Member (concurrently as President Commissioner)
Hendra Tanumihardja	Member (concurrently as Head of Human Capital Management Division)

- 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. The composition of the Remuneration and Nomination Committee are in accordance with the Financial Services Authority Regulation No. 34/POJK.04/2014 on The Nomination and Remuneration Committee Issuers or Public Companies.
- The independence aspect of the Remuneration and Nomination Committee members have been achieved according to the terms and conditions, namely not having financial and management relationship, share ownership and/or family relationship with members of Board of Commissioners, Board of Directors, and/or Controlling Shareholders, or business relationship with the Company that may influence their ability to act independently. The members of the Remuneration and Nomination Committee are independent parties in fulfilling their duties throughout 2018.

Structure, membership, and independence of the Integrated Governance Committee Members

- Membership of the committee at least must consist of:
 - An Independent Commissioner from the Company (Main Entity) as the chairman concurrently as member;
 - Independent Commissioners that representing and appointed by the Financial Services Institution in the Financial Conglomerate as member;
 - An Independent Party as member; and
 - Member of the Sharia Supervisory Board from of the Financial Services Institution in the Financial Conglomerates, as member.
- Membership Composition of Integrated Governance Committee as of 31 December 2018:

Name	Position
Sumantri Slamet	Chairperson (concurrently Independent Commissioner of Main Entity)
Wimpie Rianto	Members (Independent Main Entity)
Adhi Gunawan Budirahardjo	Member (Independent Commissioner of PT BCA Finance)
Gustiono Kustianto	Member (Independent Commissioner of BCA General Insurance)
Pudjianto	Member (Independent Commissioner of PT BCA Life Insurance)
Suyanto Sutjiadi	Member (Independent Commissioner of PT BCA Syariah)
Sutedjo Prihatono	Member (Member of the Sharia Supervisory Board of PT BCA Syariah)
Rudy Harjono	Member (BCA Finance Limited Independent Director)
Mendari Handaya	Member (Independent Commissioner of PT Central Santosa Finance)
Hendra Iskandar Lubis	Member (Independent Commissioner of PT BCA Sekuritas)

- The Number and Composition of Independent Commissioners serving as members of the Integrated Governance Committee have been adjusted to the needs of the Financial Conglomerate as well as the efficiency and effectiveness of duties implementation of the Integrated Governance Committee by at least taking into accounts the representation of each financial services sector.

b. Duties and Responsibilities of the Committees Under The Board of Commissioners

Duties and Responsibilities of the Audit Committee

1. Monitoring and evaluating the planning and implementation of audit activities as well as monitoring the follow-up actions of audit findings in order to assess the adequacy of internal controls, including the adequacy of financial reporting process.
2. To conduct duties as describe in point 1) and to provide and evaluate the following in order to carry out the above-stated duties and to provide recommendations to the Board of Commissioners, Audit Committee, and provide the oversight and evaluation to:
 - a. The implementation of tasks by the Internal Audit Division.
 - b. The adherence of the conduct of audit performed by Public Accountant Firm 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 dissenting opinions between the Management and Public Accountant Firm for the service rendered.
3. Conducting follow-up actions made by the Board of Directors on the findings of Audit Internal Division, Public Accountant Firm, and supervision of results of Financial Services Authority (OJK) and Bank Indonesia.
4. Reviewing other financial information that will be issued by the Company to the public and/or authorities such as projections and other reports relating to the financial information of the Company.
5. Reviewing the Company's compliance with the laws and regulations in banking, capital markets, and other laws and regulations pertaining to the Company's business activities.

6. Providing recommendations based on the evaluation to the Board of Commissioners about the appointment, re-appointment, and dismissal or replacement the Public Accounting Office and/or Public Accountant that will audit financial report based on independency, scope of the assignment, and fee
7. Reviewing and reporting to the Board of Commissioners regarding complaints in relation to the accounting process and financial reporting of the Company.
8. Reviewing and providing advice to the Board of Commissioners in relation to potential conflict(s) of interest in the Company.
9. Reviewing and monitoring the implementation of effective and sustainable GCG practices.
10. Performing other tasks relevant to the functions of Audit Committee at the request of the Board of Commissioners.
11. Maintaining the confidentiality of documents, data and information of the Company.

Duties and Responsibilities of the Risk Oversight Committee

1. Assisting and giving 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 the consistency between risk management policies and policy implementation.
 - b. Monitor and evaluate the implementation of duties of Risk Management Committee and Risk Management Unit.
3. Composing and/ or updating Risk Oversight Committee's charter and code of conduct.
4. Administer other duties that are relevant with the oversight function as requested by the Board of Commissioners.

Duties and Responsibilities of the Remuneration and Nomination Committee

1. To evaluate the remuneration and nomination policies of the Company.
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 the Company.
 - 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 and/ or replacement systems and procedures of the members of Board of Commissioners and Board of Directors to the Board of Commissioners, to be further submitted to the GMS.
4. To ensure that the remuneration policies of the Company are in accordance with:
 - a. Financial performance and fulfillment of reserve as governed under the prevailing laws and regulations;
 - b. Individual work performance;
 - c. Fairness based on peer group;
 - d. Mid-term/long-term targets and 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 Audit Committee and Risk Oversight Committee to the Board of Commissioners.

7. To review the policies regarding facilities provided for the Board of Commissioners and Board of Directors.
8. To conduct other tasks as assigned by the Board of Commissioners related to remuneration and nomination in accordance with the prevailing provisions.
9. To report needed to the Board of Commissioners the result of reviews and recommendations with regard to the tasks of the Remuneration and Nomination Committee.

In addition, pursuant to Financial Services Authority Regulation No. 34/POJK.04/2014 dated December 8, 2014 regarding Nomination and Remuneration Committee of Issuers or Public Companies, the Remuneration and Nomination Committee has the following duties and responsibilities:

- **Relating to Nomination function:**

1. Providing recommendations to the Board of Commissioners on:
 - a) composition of Board of Directors and/or Board of Commissioners;
 - b) policies and criteria required in Nomination process; and
 - c) performance evaluation policy for Board of Directors and/or Board of Commissioners.
2. Assisting the Board of Commissioners to assess the performance of Board of Directors and Board of Commissioners based on pre-established benchmarks as the evaluation material.
3. Providing recommendations to the Board of Commissioners on the competence development for Board of Directors and/or Board of Commissioners.
4. Nominating the candidates for Directors and/or Commissioners to the Board of Commissioners to be submitted to the GMS.

- **Relating to Remuneration function:**

1. Providing recommendations to the Board of Commissioners on:
 - a) Remuneration structure;
 - b) Remuneration policy; and
 - c) Amount of remuneration.
2. Assisting the Board of Commissioners to assess the performance compatibility with the Remuneration received by each of Board of Directors and Board of Commissioners.

Duties and Responsibilities of the Integrated Governance Committee:

1. Evaluate the implementation of Integrated Governance at least through assessing the adequacy of internal controls and implementing the compliance function in an integrated manner.
2. Provide recommendations to the Board of Commissioners of the Company as the Main Entity in the Financial Conglomerate to improve the Integrated Governance Guidelines.

c. The Frequency of Meetings of Committee

The Frequency of Meetings of Audit Committee

Audit Committee holds 4 (four) meetings, at the very least, in a year as stipulated in Decision Letter of the Board of Commissioners No. 160/SK/KOM/2018 on Audit Committee Charter. During 2018, the Audit Committee has held 22 (twenty-two) meetings.

Delivery of results of Audit Committee meeting is as follows:

1. Results of Audit Committee meetings should be stated in the minutes of meeting and properly documented.
2. Dissenting opinions that occur in the meetings of the committee should be clearly stated in the minutes of meeting along with the reasons behind such dissent.

Attendance of the members of Audit Committee at Audit Committee meetings during 2018 is as follows:

Name	Number of meetings	Attendance	Percentage
Cyrellus Harinowo	22	22	100%
Ilham Ikhsan	22	22	100%
Tjen Lestari	22	21	95%

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 2018, Risk Oversight Committee held 10 (ten) 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 2018 is as follows:

Name	Number of meetings	Attendance	Percentage
Sumantri Slamet	10	10	100%
Endang Swasthika Wibowo	10	10	100%
Lianny Somyadewi D.	10	10	100%

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 No. 34/POJK.04/2014 dated 8 December 2014 concerning the Remuneration and Nomination Committee of Issuers or Public Companies. During 2018, Remuneration and Nomination Committee held 6 (six) 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 2018 is as follows:

Name	Total Meetings	Attendance	Percentage
Raden Pardede	6	6	100%
D.E. Setijoso	6	4	67%
Hendra Tanumihardja	6	6	100%

From the 6 (six) meetings:

- a. There are 1 (one) meetings to discuss the nomination function.
- b. There are 5 (five) meetings to discuss the remuneration function.

The Frequency of Meetings Meetings of Integrated Governance Committee

The Integrated Governance Committee holds meetings at least 1 (one) time in one semester as stipulated in the Integrated Governance Committee Charter. During 2018, the Integrated Governance Committee currently in charge has held meetings as many as 4 (four) times.

Attendance of the members of Integrated Governance Committee at Integrated Governance Committee meetings in 2018 is as follows:

Name	Total Meeting	Attendance	Percentage
Sumantri Slamet	4	4	100%
Wimpie Rianto	4	4	100%
Adhi Gunawan Budirahardjo	4	3	75%
Gustiono Kustianto	4	4	100%
Pudjianto	4	3	75%
Suyanto Sutjiadi	4	4	100%
Sutedjo Prihatono	4	4	100%
Rudy Harjono	4	3	75%
Mendari Handaya	4	4	100%
Hendra Iskandar Lubis	4	4	100%

d. Realization of Work and Implementation Activities in 2018

Realization of Work and Implementation Activities of Audit Committee

The following points described the realization of work programs as well as activities of the Audit Committee in 2018:

1. Hold a meeting with the Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers) network of firms) to discuss the final results of the audit of the Company's Financial Statements for the financial year 2017 along with the Management Letter.
2. Recommend to the Board of Commissioners the reuse of the Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers network of firms) to conduct an audit of the Company's Financial Statements for fiscal year 2018.
3. Hold a meeting with Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers network of firms) to discuss the plan and scope of the audit of the Company's Financial Statements for fiscal year 2018.
4. Meeting with the Finance and Planning Division to review the Company's Financial Report, which will be published quarterly.
5. Meeting with the Internal Audit Division as much as 10 (ten) times for:
 - 1) Evaluation annual planning.
 - 2) Evaluation of the implementation of internal audits every semester.
 - 3) Discussing the results of the audit that is considered significant.
6. Attending internal audit exit meetings at 3 (three) Main Branch Offices, and 1 (one) Subsidiary as well as reviewing new work units in the form of Cash Processing Center (CPC) and Consumer Loan Document Center in Jakarta as part of the quality assessment process internal audit and assessment of the adequacy and effectiveness of internal controls.
7. Review internal audit reports (more than 166 reports) and monitor their follow-up.

8. Reviewing the Company's compliance with provisions, regulations, and applicable laws in the banking sector through a review of reports on compliance with prudential provisions reported every semester.
9. Review credit portfolio reports issued every semester.
10. Monitor the implementation of risk management through quarterly reports on the Company's Risk Profile and the monthly Operation Risk Management Information System (ORMIS) report.
11. Conduct studies on:
 - 1) Audit results of the Financial Services Authority (OJK) and their follow up.
 - 2) Bank Indonesia inspection results and follow-up.
 - 3) Management Letters from Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers network of firms) and its follow-up.
12. Report the results of routine studies and evaluations of governance aspects, risk management, and compliance and control to the Board of Commissioners every quarter.
13. Attending the GMS, Analyst Meeting, and National Work Meeting in 2019 in order to monitor the implementation of good corporate governance.

Realization of Work and Implementation Activities of Risk Oversight Committee

The realization of the work program of the Oversight Risk Committee during 2018 are:

1. Monitor the implementation of duties of Risk Management Committee.
2. Monitor the implementation of duties of Risk Management Work Unit.
3. Review the Company's Risk Profile, especially those related to operational risk, reputation risk, market risk and liquidity risk.
4. Review and conduct stress test on Market Risk and Liquidity Risk, as well as stress test on Credit Risk.
5. Ensure the implementation of GCG is done well and appropriately by attending the General Meeting of Shareholders, Analyst Meeting, and National Work Meeting 2019.
6. Review monthly credit risk, liquidity, market and operational.
7. Review compatibility between Charter of Oversight Risk Committee and new regulation implemented.

Realization of Work and Implementation Activities of Remuneration and Nomination Committee

Throughout 2018, the Remuneration and Nomination Committee has held 6 (six) meetings and realized the Committee's work programs as follows:

1. Provided recommendations to the Board of Commissioners on the Policy on tantieme suspension and clawback regulation for the Board of Directors and Board of Commissioners in regards to the application of POJK No. 45/ POJK.03/2015.
2. Provided recommendations to the Board of Commissioners on the distribution of tantieme for the Fiscal Year of 2017 to all members of the Board of Directors and Board of Commissioners that works throughout FY 2017, so it can be delivered at the Annual GMS on April 5, 2018 to get the approval.
3. Provided recommendations to the Board of Commissioners on the remuneration package for the new Board of Director's member for 2018 until the Annual GMS 2019.
4. Provided recommendations to the Board of Commissioners on the on the proposal of National Social Security (BPJS Ketenagakerjaan) program for the Board of Directors and Board of Commissioners.

5. Conduct discussion on Senior Leader Employee Talent Mapping (EVP to Echelon S1).

Realization of Work and Implementation Activities of Integrated Governance Committee

Implementation of Activities/Realization of the Integrated Governance Committee Work Program during 2018 are:

1. Evaluating the implementation of integrated governance in Company's Financial Conglomerate among others through presentation and discussion of Integrated Internal Audit Results Report and Integrated Compliance Report.
2. Participated in organizing seminars on integrated governance, regulations, current and best practices by the National Committee of Governance Policy.

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

Compliance Function

The Company's business activities continue to experience changes and improvements, one of which is caused by the use of information technology that is developing very rapidly, so that the complexity of its activities is increasingly high. The increasing complexity of the Company's business activities has resulted in greater challenges and risk exposures faced.

Seeing the increasing growth of the Company's business challenges and risks, a variety of efforts are needed to mitigate these risks, one of which is compliance risk. Hence, in accordance to the prevailing regulations, to manage and mitigate the compliance risk, the Company has appointed one member of the Board of Directors as the Director in charge of the compliance function.

To assist the duties of the Director in charge of the compliance function, the Company has formed a Compliance Unit (CU), which is independent and free from the influence of other work units. CU is responsible for monitoring the level of compliance of the Company in meeting the provisions of the Financial Services Authority (FSA), Bank Indonesia (BI) and other regulators. CU is also responsible for the provisions for implementing the Anti-Money Laundering and Prevention of Terrorism Funding (AML and PTF) program, including being responsible for conducting risk assessments for the implementation of the AML and PTF program in accordance with the provisions of the regulator. CU is currently also responsible for monitoring and evaluating the level of compliance with each Subsidiary Company, in the framework of implementing Integrated Governance.

In order to ensure the implementation of the Company's compliance function, the Board of Directors and the Board of Commissioners have also conducted active supervision. Active supervision is carried out in the form of, among others, approval of policies and procedures, periodic reporting, requests for clarification, and through meetings.

Activities Related to Compliance Function During 2018

The things that CU has done during 2018 in carrying out its functions are as follows:

1. In order to encourage the creation of a Compliance Culture:
 - Disseminate/inform new provisions to the Directors and Board of Commissioners.
 - Disseminate new regulations from regulators to related work units.
 - Conduct socialization of provisions to the Company's employees.
 - Providing information on FSA, BI regulations, and other regulations in the Company's portal site that can be accessed by employees.

- Include human resources in the Compliance Unit in various trainings/trainings, seminars, dissemination of regulations from regulators and also follow compliance certification held by the Banking Professional Certification Institute (LSPP) in order to improve quality, including actively participating in the Communication Forum Director working group Banking Compliance (FKDKP).
 - Carry out consultative functions related to the application of applicable regulations through giving advice/responses to questions from the Work Unit or Branch.
2. In order to manage compliance risk and ensure that policies, regulations, systems and procedures as well as business activities carried out by the Company are in accordance with the provisions:
- Identify sources of compliance risk.
 - Conduct gap analysis and analyze the impact of new provisions on the Company's operations.
 - Propose adjustments to internal manuals, policies and procedures.
 - Conducting reviews and giving opinions on new product and activity plans, to ensure that the products to be made and new activities to be carried out are in accordance with applicable regulations.
 - Reviewing the draft internal provisions that will be issued to ensure that internal provisions are in accordance with applicable regulations.
 - Review compliance with the release of corporate loans.
 - Conducting a compliance test on the implementation of provisions in the Branch Office, in collaboration with the Branch Internal Supervisor.
 - Updating database of applicable provisions.
 - Monitoring the level of compliance with applicable provisions related to the principle of prudential banking, such as Minimum Capital Adequacy Ratio, Rupiah Statutory Reserves, Net Open Position, Legal Lending Limit, Non Performing Loan. Throughout 2018, the Company's operations were carried out in accordance with prudential banking principles.
 - Develop Compliance Matrix Diary as a monitoring tool to maintain commitment to reporting obligations to regulators.
 - Monitor the imposition of sanctions/fines from regulators.
 - Conduct compliance risk assessments and compile compliance risk profile reports on a quarterly basis, in order to manage compliance risk.
 - Prepare Quarterly Compliance Monitoring Reports submitted to the Board of Directors and Board of Commissioners.
 - Review documents in order to ensure the operational readiness of opening, transfer of address and closure of office networks.
 - Coordinating with related work units in order to assess risk-based Bank Soundness Level.
3. In order to ensure the Company's compliance with the commitments made to regulators:
- Monitoring the Company's commitment to the FSA, Bank Indonesia and other regulators carried out with the Internal Audit Division (DAI);
 - Monitor and follow up on information/data requests by FSA and Bank Indonesia in the context of bank supervision.
4. Monitor and evaluate the compliance function of the subsidiary in the Company's Financial Conglomerate, and prepare the integrated compliance report to be submitted to the Board of Commissioners and the Board of Directors.

Compliance Indicator in 2018

Compliance indicators act as a form of commitment and level of compliance of the Company with the provisions and laws and regulations. The compliance indicators for 2018 are as follows:

1. The Minimum Capital Adequacy Ratio (MCAR) includes credit risk, market risk and operational risk is 23.39%, which is above the applicable provisions.
2. The NPL ratio (net) is 0.45%, which is within the permissible limit of a maximum of 5% (net).
3. There is no exceeding or violation of the Legal Lending Limit (LLL), both to related parties and unrelated parties.
4. 6.55% Rupiah Statutory Reserves (RSR) and 11.88% of Macroprudential Liquidity Buffers (MLB) in accordance with applicable regulations.
5. Foreign Currency Statutory Reserves (RSR) 8.41% in accordance with the applicable provisions regarding Foreign Currency RSR.
6. The Net Open Position (PDN) of 0.54% is far within the permissible limits of the applicable provisions of a maximum of 20% of capital.
7. Liquidity Coverage Ratio (LCR) 266.18% already above the minimum requirement of 100%.
8. Commitments to the FSA, Bank Indonesia, and other supervisory authorities are well met.

Table of Compliance Indicators in 2018

No.	Compliance Indicator	Applicable Provision	Company's Achievement
1	KPMM	Min. 12.375% s.d. < 13.375%	23.39%
2	NPL	Max. 5%	0.45%
3	BMPK	Max. 10% of Equity	7.38%
4	GWM Rupiah	Min. 6.5%	6.55%
5	GWM Foreign Currency	Min. 8%	8.41%
6	PDN	Max. 20%	0.54%
7	LCR	Min. 100%	266.18%

Anti-Money Laundering and Prevention of Terrorism Funding Programs (AML and PTF)

One of the main tasks related to aspects of customer recognition in the Compliance Unit is ensuring that the Company has implemented an Anti-Money Laundering and Prevention of Terrorism Funding Program (AML and PTF). The Company has carried out various activities as a manifestation of the Company's commitment to participate in eradicating money laundering and preventing funding of terrorism. Related activities for the Implementation of the Anti-Money Laundering and Prevention of Terrorism Funding (AML and PTF) Program during 2018 are as follows:

1. Periodically report the implementation of AML and PTF to the Directors and Board of Commissioners.
2. Monitor suspicious financial transactions using the Anti-Money Laundering application.
3. Coordinate the implementation of updating customer data through preparation of targets and monitoring of realization of targets.
4. Reviewing new product and activity plans to ensure that they pay attention to AML and PTF regulations.
5. Filter customers and transactions related to the List of Suspected Terrorists and Terrorist Organizations (LSTTO) and the List of Funds for Proliferation of Weapons of Mass Destruction (DPPSP) issued by the competent authorities.
6. Conducted a compliance test on the application of AML and PTF at the branch office in collaboration with the Branch Internal Supervisor.
7. Reporting suspicious financial transactions, cash financial transactions, and financial transactions to transfer funds to and from abroad, as well as Integrated Services User

Information System Data (SiPESAT) to the Financial Transaction Reports and Analysis Center (PPATK).

8. Conduct training and socialization of AML and PTF on an ongoing basis through classroom, e-learning as well as video conferencing.
9. Develop training materials for the application of AML and PPT.
10. Develop and implement a risk and compliance awareness program for branches through collaboration with the Risk Management Unit.
11. Conduct periodic reviews of internal provisions related to AML and PTF based on the renewal of AML and PTF provisions from regulators, as well as changes in the company's processes or products.

Integrated Compliance Function

In accordance with the applicable FSA Regulations, and in the framework of implementing Integrated Governance, the Company as the Main Entity in the Company's Financial Conglomerate, has also added an integrated compliance function within the Compliance Work Unit organization. The main task of the integrated compliance function in the Compliance Unit is to monitor and evaluate the implementation of the compliance function in each Financial Services Institution (FSI) in the Company's Financial Conglomerate, including implementation of AML and PTF Program.

Implementation of Internal Audit

The Internal Audit unit function is carried out by the Internal Audit Division. The mission of the Internal Audit Division is to improve and protect the value of the Company through providing risk-based and objective assurance, advice and insight. In addition, the Internal Audit Division has a role as a strategic management partner in building sound financial institutions.

In carrying out its functions, the Internal Audit Division carries out independent and objective assurance and consultation activities to provide added value and improve the Company's operations in achieving its objectives by evaluating the effectiveness of the risk management process, internal control, governance.

Internal Audit Charter

The Internal Audit Division has an internal audit charter as a frame of reference in carrying out its duties and it contains the mission, independence, authority, and scope of work. The internal audit charter has been regularly reviewed and updated according to the needs of the Company. The final update on the charter of internal audit was carried out in April 2018 and was approved by the Board of Commissioners, Audit Committee and President Director.

Independency

To support independence and ensure a smooth implementation of audits and monitoring of the audit results follow-up actions, the Head of the Internal Audit Division is responsible to the President Director. The Head of the Internal Audit Division can communicate directly with the Board of Commissioners and the Audit Committee, to inform various matters relating to the audit. During 2018, the Internal Audit Division met with the President Director and Audit Committee each 9 (nine) times, while the meeting with the Board of Commissioners took place 2 (two) times.

The Internal Audit Division does not have the authority and responsibility to carry out operational activities, both in the Company and Subsidiaries.

Auditor's Code of Ethics

In addition to complying with the Company's code of ethics, the Internal Audit Division has an auditor code of ethics that serves as a standard and reference of conducts and thinking in implementing their duties and functions as auditors. The auditor's code of ethics refers to the International Professional Practices Framework (IPPF) -The Institute of Internal Auditors (IIA), which consists of Integrity, Objectivity, Confidentiality and Competence. Annually, all auditors in the Internal Audit Division make a statement of compliance to the auditor's code of ethics as an effort to increase the shared commitment and trust of stakeholders.

Duties and Responsibilities of the Internal Audit Division

The scope of assignment of the Internal Audit Division includes the activities of all Branch Offices, Regional Offices, Head Offices, Subsidiaries, and activities of companies that are outsourced to third parties (outsourced) with the following duties and responsibilities:

1. Assist the President Director, the Board of Commissioners and the Audit Committee in carrying out the supervisory function.
2. Prepare and implement an annual risk-based audit plan and report its realization to the President Director, the Board of Commissioners and the Audit Committee.
3. Test and evaluate the adequacy and effectiveness of the risk management process (risk management), internal control (internal control), governance processes (governance) and provide recommendations for improvements.
4. Evaluate the quality of performance and achievement of targets from the work program of the Branch Office / Regional Office / Head Office.
5. Monitor, analyze and report on the implementation of follow-up actions that have been conducted by the auditee on the recommendations of the audit results.
6. Carry out credit quality assessment continuously.
7. Compile and submit reports related to the audit results to the Board of Commissioners, Audit Committee and the Board of Directors and other reports regarding the implementation of the internal audit function to the Financial Services Authority.
8. Carry out the integrated internal audit function, monitor the effectiveness of the internal audit function, and support the improvement of internal audit quality in each of the Subsidiary Companies.
9. Acting as a consultant for the internal parties of the Company in need, especially regarding the scope of internal audit duties.

Audit Implementation Standards

The audit is carried out in accordance with the Standards for Implementing the Bank's Internal Audit Function (SPFAIB).

The Internal Audit Division also uses reference to global best practices published by:

1. The Institute of Internal Auditors (covering The Core Principles for the Professional Practice of Internal Auditing, The Code of Ethics, The Standards and The Definition of Internal Auditing).
2. Information Systems Audit & Control Association (ISACA).
3. Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The effectiveness of the internal audit function and its compliance with SPFAIB and The Institute of Internal Auditors (IIA) Standards are reviewed by independent external parties at least once in 3 (three) years. The last review by external parties was carried out at the end of 2016.

Audit Management System & Continuous Auditing

In line with technological developments, the Internal Audit Division continues to innovate the use of data, techniques, and technology in order to increase the effectiveness and efficiency of audit implementation and increase added value with near real time auditing, and early detection of potential errors / fraud.

In carrying out audit activities, the Internal Audit Division has used an integrated Audit Management System to support the implementation of audit and audit planning processes to monitor follow-up of audit results and implement technology-based Continuous Auditing including Continuous Risk Assessment and Continuous Control Assessment to improve monitoring, risk management evaluation and internal control more effectively, efficiently and earlier to support early warning systems.

Reporting

Board of Commissioners, Audit Committee and Directors consisting of:

1. Board of Commissioners, Audit Committee and Directors consisting of:
 - a. Audit Report.
 - b. Follow-up Report on Audit Results.
 - c. Report on Investigation Results.
 - d. Audit Activity Realization Report.
 - e. Integrated Internal Audit Report.
 - f. Report on Quality Control Review Results.
2. The Financial Services Authority concerning the implementation of the Internal Audit function which consists of:
 - a. Report on the implementation of activities and results of internal audit.
 - b. Report on the results of information technology audits.
 - c. Special report on each internal audit finding that is expected to disrupt the Company's business continuity.
 - d. External party review report that contains opinions on the work of the Internal Audit Division and its compliance with the Bank's Internal Audit Function Implementation Standards (SPFAIB) and possible improvements.

Implementation of Internal Audit Division Activities during 2018

The activities of the Internal Audit Division in 2018 are focused on the following:

1. Carry out audits of Branch Offices, Regional Offices, Division / Work Units of the Head Office, and Subsidiaries in accordance with the Annual Audit Plan determined based on the results of the risk assessment.
2. Give an audit focus on:
 - a. Process System Development Life Cycle (SDLC) is in line with the development of information technology that is relatively fast.
 - b. Mobile banking is in line with the increase in transaction volume through the channel.
 - c. Corporate credit process to maintain good corporate loan quality.
 - d. The products and processes of credit card transactions are in line with the implementation of the National Payment Gateway.
 - e. Regulatory audit of payment system processes.
 - f. Regulatory audit of the Internal Capital Adequacy Assessment Process (ICAAP).
3. Conduct an evaluation of the development of Continuous Auditing to support audit activities.

Focus of the 2019 Audit Plan

1. Execute audits of Branch Offices, Regional Offices, Division / Work Units of the Head Office, and Subsidiaries in accordance with the Annual Audit Plan determined based on the results of the risk assessment, focusing on:
 - a. Application of enterprise security to ensure integrated and comprehensive protection and security against the resilience of information technology systems and information security.
 - b. Internet banking is in line with the increase in volume and transactions through the channel.
 - c. The process of organizing ATMs (including the use of third parties) is in line with the growth of transactions and the number of machines and the addition of features to support operational activities.
 - d. The main application reliability that supports the credit card and bookkeeping business processes.
 - e. Regulatory audit in accordance with Bank Indonesia Regulations and Financial Services Authority Regulations on:
 - Payment system process.
 - Internal Capital Adequacy Assessment Process (ICAAP).
 - Electronic money and payment transaction processing.
2. Increasing the role of the Internal Audit Division in Early Warning Systems (EWS) by continuing to develop audit coverage through continuous auditing and analytical data for early detection of potential errors / fraud.
3. Increasing collaboration with other assurance providers in identifying and mapping the impacts and changes in risk in line with business changes, technology, and providing recommendations to mitigate risks that might occur.
4. Develop ongoing auditor competency and professionalism with a focus on increasing specialist auditors, analytic data and continuously following the development of information technology.

Public Accountant Firm (External Audit)

In order to fulfill the implementation of the External Audit function in accordance with Financial Services Authority Regulation No. 32/POJK.03/2016 concerning Amendments to Financial Services Authority (OJK) Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports, and Financial Services Authority Circular Letter No. 36/POJK.03/2017 concerning Procedures for Using Public Accountant Services (AP) and Public Accounting Firms (KAP) in Financial Services Activities, then:

1. The Company uses the services of an AP and/or KAP to carry out an annual audit of historical financial information based on work agreements with the KAP. The work agreement includes the scope of the audit.
2. The Company restrict using audit services to the annual historical financial information from the same AP no later than the audit period for 3 (three) years of reporting in a row. The Company can reappointment audit services for annual historical financial information from the same AP after 2 (two) financial years reporting in a row as long as it does not use audit services for annual historical financial information from the same AP.
3. Appointment of AP and/or KAP is conducted on AP and/or KAP registered at the Financial Services Authority. The Company only includes 4 (four) of the largest Public Accounting Firms registered at the Financial Services Authority.
4. The appointment of an AP and/or KAP that provides audit services for annual historical financial information is decided by the General Meeting of Shareholders of the Company by considering the proposal of the Board of Commissioners.

5. Proposals for the appointment of the AP and/or KAP submitted by the Board of Commissioners pay attention to the recommendations of the Audit Committee, taking into account:
 - a. Independence of AP, KAP, and staff of KAP.
 - b. The scope of the audit.
 - c. Audit service benefits.
 - d. The expertise and experience of the AP, KAP, and Audit Team from KAP.
 - e. Methodology, techniques, and audit facilities used by KAP.
 - f. The benefits of fresh-eye perspectives will be obtained through replacing the AP, KAP, and the audit team from the KAP.
 - g. Potential risks for the appointment of audit services by the same KAP consecutively for a long period of time, and/or
 - h. The results of the evaluation of the implementation of audit services for annual historical financial information by the AP and KAP in the previous period.
6. The Company reports the appointment of AP and/or KAP in the framework of audits of annual historical financial information using the form contained in the annex Circular Letter of Financial Service Authority by attaching:
 - a. Documents for the appointment of the AP and/ or KAP, among others of which are a Summary of Minutes of General Meeting of Shareholders or Minutes of General Meeting of Shareholders, and Work Agreements between the Company and KAP.
 - b. Audit Committee recommendations and considerations used in giving recommendations on the appointment of an AP and/or KAP.
7. The Audit Committee evaluates the implementation of audit services for annual historical financial information by the AP and/or KAP, which at least includes:
 - a. Conformity of audit implementation by the AP and/or KAP with applicable audit standards.
 - b. Adequacy of time for field work.
 - c. Assessment of coverage of services provided and adequacy of quotation tests.
 - d. Recommendations for improvements provided by the AP and/or KAP.
8. Reports on the results of the evaluation of the Audit Committee are submitted by the Board of Directors of the Company by using the form contained in the annex SE OJK and signed by the Audit Committee.

2018 Audit Fees

The Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers network of firms) was appointed as the Company's auditor to conduct an audit of the Company's financial statements for the financial year ending 31 December 2018, with an estimated service fee of Rp6,400,000,000 (six-billion four-hundred-million rupiah) excluding VAT.

For the appointment of the Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers network of firms), the Company submitted a report to the Financial Services Authority by letter No. 352/DIR/2018 dated 29 June 2018. This is in accordance with the provisions stipulated in Financial Services Authority Regulation No. 13/POJK.03/2017 concerning the Use of Public Accountant Services and Public Accounting Firms in Financial Service Activities and Financial Services Authority (OJK) Circular No. 36/ SEOJK.03/2017 concerning Procedures for the Use of Public Accountant Services and Public Accounting Firms in Financial Service Activities.

Annually, The Company submits an annual publication report accompanied by a Management Letter on the annual financial report audit to the Financial Services Authority no later than 4 (four) months after the end of the financial year.

Others Audit Services Provided by KAP/AP

During 2018, there were no fees for non-audit services paid to Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers network of firms).

Public accountant office and public accountants who have audited the Company's financial statements (2018, 2017, 2016, 2015 and 2014)

	2018	2017	2016	2015	2014
Public Accountant Office	Tanudiredja, Wibisana, Rintis & Rekan	Tanudiredja, Wibisana, Rintis & Rekan	Siddharta Widjaja & Rekan	Siddharta Widjaja & Rekan	Siddharta Widjaja & Rekan
Public Accountants	Lucy Luciana Suhenda	Lucy Luciana Suhenda	Kusumaningsih Angkawijaya	Kusumaningsih Angkawijaya	Elisabeth Imelda

4. Application of Risk Management

The Board of Commissioners and Directors of the Company are responsible for implementing risk management and internal control systems in the Company and Subsidiaries in an integrated manner. Disclosure of the application of the Company's risk management includes:

- Active supervision by the Board of Commissioners and Directors.
- Adequacy of risk management policies and procedures, as well as risk limits.
- Adequacy of the identification process, measurement, monitoring, and risk control, as well as risk management information systems.
- A comprehensive internal control system.

Overview of the Company's Risk Management System

The Company effectively implements risk management and internal control systems that are tailored to the objectives and business policies, size and complexity of the Company's business activities based on requirements and procedures as stipulated in Bank Indonesia Regulations (PBI), Financial Services Authority Regulations (POJK), and refers to international best practices, through the following actions:

1. Identify and control all risks including those originating from new products and new activities.
2. Have a Risk Oversight Committee which aims to ensure the existing risk management framework has provided adequate protection against all Company risks and has the main duty:
 - to provide recommendations and opinions in an independent professional manner regarding the suitability of policies with the implementation of risk management policies to The Board of Commissioners,
 - monitor and evaluate the implementation of duties of the Risk Management Committee (KMR) and the Risk Management Work Unit (SKMR).
3. Having a KMR that has the main task :
 - compiling policies, strategies and guidelines for implementing risk management,
 - perfecting the implementation of risk management based on the results of evaluating the implementation of effective risk management processes and systems, and
 - determining matters related to business decisions that deviate from normal procedures (irregularities).

4. Have an Integrated Risk Management Committee (KMRT) which has the main task of providing recommendations to the Board of Directors which at least includes:
 - Preparation of integrated risk management policies.
 - Improvement or completion of integrated risk management policies based on the results of the implementation evaluation.
5. Having a SKMR that was formed to convince the Company and Subsidiaries to integrate risk mitigation correctly through identification, measurement, monitoring, control and reporting in accordance with the risk management framework and able to deal with emergency situations that threaten the sustainability of the Company's business.
6. Manage risks and ensure the availability of policies and determination of risk limits supported by procedures, reports and information systems that provide accurate and timely information and analysis to management, including determining steps to deal with changing market conditions.
7. Ensure that in the process of compiling work systems and procedures it has taken into account both the operational and business aspects and the level of risk that may occur in a work unit.
8. Ensure that the internal control system has been implemented in accordance with the provisions.
9. Monitor the Company's compliance with the principles of sound bank management in accordance with applicable regulations through the work unit of the Compliance Unit.
10. Make a quarterly Company Risk Profile Report and Integrated Risk Profile Report every semester and submit it to the OJK in a timely manner.

Risk Management System

In the context of risk control, the Company has implemented an integrated Risk Management Framework as outlined in the Basic Risk Management Policy (KDMR). The framework is used as a means of determining the strategy, organization, policies and guidelines, as well as the Company's infrastructure so that all risks faced by the Company can be identified, measured, monitored, controlled and reported properly.

In order for the implementation of risk management to run effectively and optimally, the Company has a KMR that has the authority to review and provide recommendations on matters relating to risk management for decisions from the Board of Directors.

In addition, the Company has formed several other Committees whose task is to handle risks more specifically, including the Credit Policy Committee (KKP), the Credit Committee and the Asset and Liability Committee (ALCO).

The Company always carries out a comprehensive risk assessment of the planned issuance of new products and activities in accordance with regulatory provisions.

Risks Faced and Managed

In accordance with OJK Regulation No. 17/POJK.03/2014 dated November 18, 2014 and Circular Letter of OJK No. 14/SEOJK.03 /2015 concerning the Implementation of Integrated Risk Management for Financial Conglomerates, the Company becomes the Main Entity of the Company's Financial Conglomerate, which integrates managing 10 (ten) types of risks, as follows:

1. Credit Risks

- Credit organizations continue to be refined by referring to the four eyes principle where credit decisions are taken from two sides, namely business development and credit risk analysis.
- The Company has a Bank Credit Basic Policy (KDPB) which is constantly refined in line with the Company's development, regulatory provisions and in accordance with the prudential banking principles and international best practices.
- Improvement of the credit risk management system and procedures is carried out through the development of a "Loan Origination System" on the work flow of the crediting process (from beginning to end) so that an effective and efficient credit process can be achieved. The development of a debtor risk profile measurement system continues to be developed so that it can be applied as a whole, as well as the process of building a credit database that continues to be carried out and refined.
- To maintain credit quality, the monitoring of credit quality continues to be carried out regularly, both in the credit category (Corporations, Commercials, Small & Medium Enterprise (SME), Consumers and Credit Cards), the industrial sector and the overall credit portfolio. For branches that have SME / KPR / credit card with a DPK30 + ratio (overdue > 30 days) and a high NPL, close monitoring and control of authority is carried out so that the branch can focus on improving credit quality.
- The Company has developed credit risk management by conducting stress testing analysis of the loan portfolio and monitoring the results of the stress testing. In response to conditions of market changes and economic turmoil, the Company periodically conducts stress testing analysis. Stress testing is useful for the Company as a tool to estimate the magnitude of the risk impact on "stressful conditions" so that the Company can make appropriate strategies to mitigate these risks as part of implementing the "contingency plan".
- In the context of monitoring and controlling credit risk that occurs in subsidiaries, the Company has regularly monitored the credit risk of subsidiaries, while ensuring that the subsidiaries have a good and effective Credit Risk Management Policy.

2. Market Risk

- In managing foreign exchange risk, the Company centralizes the management of Net Open Position (NOP) in the Treasury Division, which combines daily NOP Reports from all branches. In general, each branch must close its foreign exchange risk at the end of each working day, even though there is a PDN tolerance limit for each branch depending on the amount of foreign exchange transaction activity in the branch. The Company makes daily PDN Reports that combine PDN in consolidated and administrative account financial position reports (off-balance sheet accounts).
- To measure foreign exchange risk, the Company uses the Value at Risk (VaR) method with the Historical Simulation approach for internal reporting purposes, while for the calculation of reporting on the Minimum Capital Provision Obligation, the Company uses standard methods in accordance with regulatory provisions.
- The main components of the Company's obligations that are sensitive to movements in interest rates are customer deposits, while sensitive Company assets are Government Bonds, securities, and loans. ALCO regularly monitors market developments and adjusts deposit and credit interest rates.

- The Company determines deposit and credit interest rates based on market conditions and competition by monitoring the movement of the benchmark interest rates and interest rates offered by competing banks.

3. Liquidity Risk

- The Company attaches great importance to safeguarding the adequacy of liquidity in fulfilling its commitments to customers and other parties, both in terms of providing credit, repaying customer deposits, and for meeting operational liquidity needs. The overall management function of liquidity needs is carried out by ALCO and operationally by the Treasury Division.
- Measurement and control of liquidity risk is carried out by monitoring liquidity reserves and liquidity ratios such as Loan to Funding Ratio (LFR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), analyzing maturity profiles, cash flow projections, and stress test regularly to see the impact on the Company's liquidity in the face of extreme conditions. The company also has a contingency funding plan to deal with these extreme conditions.
- The Company has implemented provisions related to liquidity in accordance with regulatory provisions that require the Bank to maintain Rupiah liquidity (Statutory Reserves / GWM) both on a daily basis and on average for a certain reporting period, which consists of Primary GWM and RIM Demand Deposits (Macroprudential Intermediation Ratio) in the form of Rupiah demand deposits at Bank Indonesia, PLM (Macroprudential Liquidity Buffer) in the form of SBI, SDBI, and SBN, as well as foreign currency GWM in the form of foreign currency demand deposits at Bank Indonesia.

4. Operational Risk

- Reliable and effective operational risk management is a key factor in maintaining the Company's position as the leading transaction bank in Indonesia. The Company faces operational risks caused by human errors, insufficient internal processes, system failures, and / or external events. To manage, mitigate and minimize operational risks, the Company has an Operational Risk Management Framework, and has implemented the Operational Risk Management Information System (ORMIS), a web-based application consisting of several tools and methodology, as follows:
 - Risk Control Self Assessment (RCSA) to all Branches/Regional Offices and to Work Units/Divisions at Headquarters which are considered to have significant operational risks. One of the objectives of RCSA implementation is to instill a risk culture and increase risk awareness which is the main requirement in risk management.
 - Loss Event Database (LED) as a database of cases/losses related to operational risk that occur in all Work Units. The main purpose of implementing LEDs is as a means of recording operational losses that will be used in calculating the capital burden allocation, continuous monitoring of events that can cause operational losses for the Company, and to analyze cases or problems encountered, so that corrective/preventive actions can be taken to minimize/mitigate the risk of operational losses that may arise in the future.
 - Key Risk Indicator (KRI) is an application used to provide an indicator as a means to be able to provide an early warning sign of the possibility of an increase in operational risk in a Work Unit. This KRI is also further developed to become Predictive and Risk Management which can assist the Work Unit in monitoring risk exposures.

- In accordance with the regulator's provisions regarding the Minimum Capital Provision Obligation, in calculating the bank's capital adequacy ratio (CAR), the Company has allocated capital for the provision of losses from operational risk using the Basic Indicator Approach, excluding capital allocation for reserve losses from credit risk and market risk.
- To ensure that the Company can serve banking transactions that last 24 (twenty four) hours a day without interruption, the Company runs 2 (two) data centers in redundancy designed to ensure business continuity in the event of a system failure in one of the two data center locations. In addition to 2 (two) data centers that work in mirroring, the Company also has a Disaster Recovery Center (DRC) in Surabaya. At present the Surabaya DRC continues to be developed as part of the Bank's Business Continuity Management and is designed to be able to operate as a Crisis and Command Center in the event of a disruption or natural disaster in the Jakarta area which causes the data center in Jakarta to be inoperable.
- The Company also has a Secondary Operation Center ready for use in the event of a disturbance/disaster in the building/work location of the Company's Critical Work Unit.

5. Legal Risk

- Inherent legal risk is assessed based on the potential loss of cases that occur in the Company and Subsidiary Companies that are in the process as well as those that have been completed in court compared to capital on a consolidated basis. The parameters used to calculate the potential losses for cases currently in process in the court are the basis of the claim (case position), case value, and legal documentation. Meanwhile, the parameters used to calculate losses from a claim are losses suffered by the Company and Subsidiaries based on court decisions that have permanent legal force.
- To identify, measure, monitor and control legal risk, the Company has established a Legal Group at the Head Office and Legal Work Unit in all Regional Offices.

In order to mitigate legal risk, the Legal Group has done, among others:

- Creating a Legal Risk Management Policy, has internal provisions governing the organizational structure and job description of the Legal Group as well as standardizing legal documents.
- Hold legal communication forums to improve the competence of legal staff.
- Disseminating the impact of the new regulations in force on the Company's banking activities and various modus operandi of banking crimes and legal handling guidelines for branch officials, Regional Offices and related Head Office work units.
- Conduct legal defense of civil and criminal cases involving the Company that is in the process in court and monitor the progress of the case.
- Prepare a strategy for credit security strategies (in collaboration with other work units, including the Credit Rescue Unit) in connection with the problem of bad credit.
- Registering the assets of the Company, including Intellectual Property Rights (IPR) for the Company's banking products and services as well as rights to land and buildings owned by the Company at the competent authority.
- Monitor and carry out legal actions for violations of the Company's assets including violations of the Company's Intellectual Property Rights (IPR).
- Monitor and analyze cases currently in process in court faced by the Company and Subsidiaries.
- Conduct an inventory, monitor, analyze and calculate potential losses that may arise related to legal cases that occur.

6. Reputation Risk

- An assessment of reputation risk is carried out using parameters such as the number of complaints and negative publications as well as the achievement of complaints. The assessment is compiled in a quarterly reputation risk profile report.
- To manage and control reputation risk, the Company is supported by Halo BCA Contact Center facilities (24-hour telephone service for information, advice and complaints; social media manager; webchat service www.bca.co.id). The development of procedures and working management in order to facilitate better monitoring and information system management can support speed and quality of work organization.
- Reputation risk management is carried out based on regulatory provisions.

7. Strategic Risk

- The inherent strategic risk assessment is carried out using parameters such as the suitability of the strategy with the conditions of the business environment, low risk strategies and high risk strategies, the Company's business position and the achievement of the Bank's Business Plan.
- Quality assessment of the implementation of strategic risk management is carried out using parameters such as risk governance, risk management framework, risk management process, Management Information System and Human Resources, and the adequacy of the risk control system.

8. Compliance Risk

- Compliance risk is one type of risk that must be managed by the Company, considering that this risk can cause financial or non-financial losses.
- In accordance with OJK Regulation No. 46 / POJK.03 / 2017 dated 12 July 2017 concerning Implementation of Commercial Bank Compliance Function, the Company has appointed a member of the Board of Directors as Director in charge of the compliance function, who is responsible for ensuring compliance and minimizing compliance risk by formulating compliance risk management policies and procedures and monitor the implementation. In carrying out its duties, the Director in charge of the compliance function is assisted by the Compliance Unit (CU) which is independent of the operational work unit.
- In assessing inherent compliance risk, the parameters used are the type and significance of violations committed, frequency of violations committed or track records of compliance, and violations of provisions for certain financial transactions. In addition, CU is also responsible for the implementation of the Anti Money Laundering and Prevention of Terrorism Funding Program (APU and PPT), including being responsible for conducting risk assessments on the implementation of the AML and CFT program according to regulatory provisions.
- The Company has compliance policies and procedures, which include, among other things, a process to always adjust the provisions and internal systems with applicable regulations, communicate provisions to related employees, conduct a review of new products / activities, conduct periodic compliance tests, and train employees. The results of supervision of the Compliance Director are reported quarterly to the President Director with a copy to the Board of Commissioners.

- In monitoring suspicious financial transactions as part of the implementation of the AML and CFT program, the Company has an Anti Money Laundering application that is constantly being developed in order to improve its capabilities.

9. Inter-Group Transaction Risk

- The assessment of inherent intra-group transaction risk is carried out using parameters such as the composition of intra-group transactions in the Financial Conglomerate, documentation and fairness of transactions and other information.
- Quality assessment implementation of intra-group transaction risk management is carried out using parameters such as risk governance, risk management framework, risk management process, Management Information System and Human Resources, and the adequacy of the risk control system.

10. Insurance Risk

- The inherent insurance risk assessment is carried out using parameters such as technical risk, insurance risk domination of the overall business line, product risk mix and types of benefits, and reinsurance structure.
- Quality assessment application of insurance risk management is carried out using parameters such as risk governance, risk management framework, risk management process, Management Information System and Human Resources, and the adequacy of the risk control system.

Implementation of Risk Management System Review

Based on the results of self-assessment, in 2017 the rating of the Company's risk profile individually and in an integrated manner with Subsidiary Companies is "low to moderate".

The risk profile rating is the result of an inherent assessment "low to moderate" risk rating and the rating of the quality of implementing "satisfactory" risk management.

Risk level rating from 10 (ten) types of risk assessed are as follows:

- Risk that has a "low" risk level rating are Market Risk, Liquidity Risk, Legal Risk and Intra-Group Transaction Risk.
- Risk that has a risk level rating of "low to moderate" are Credit Risk, Operational Risk, Reputation Risk, Strategic Risk, Compliance Risk and Insurance Risk.

The rating of the Integrated Company risk profile that is "low to moderate" can be achieved as the Company and Subsidiary Companies have implemented a risk management process quite effectively and efficiently in all of their activities.

The inherent risk trend for the coming period is stable because based on the projection results, it is estimated that there will be no significant changes in inherent risk.

Macroeconomic conditions in the coming period are not expected to have a negative impact on the Company and Subsidiaries. Although it is estimated that there will still be pressure on the national economic condition in the coming period, the risks in all business activities of the Company and Subsidiaries are expected to be able to continue to be managed based on the precautionary principle.

The quality of risk management implementation for the coming period is stable because the Company and Subsidiaries continuously improve the adjustment of risk management in all of their activities so that the Company and Subsidiaries can identify, measure, monitor and control any risks that exist.

The Company and Subsidiary Companies have implemented integrated risk management covering all risks, which directly or indirectly affects the continuity of their business. This is intended so that the Company and Subsidiaries can better manage risk and establish risk appetite and risk tolerance that are in accordance with the complexity and characteristics of their business.

The Company's and Subsidiaries' risk management policies are constantly updated in accordance with regulatory regulations / regulations, direction of developments in the implementation of Basel II and III Accord, prudential banking principles and international best practices.

The Company and Subsidiaries will continue to pay attention to the economic situation and conditions and the development of the banking sector in carrying out their business.

Internal Control System

The Bank's internal control system abides by Financial Services Authority Circular Letter No. 35/SEOJK.03/2017 dated July 7, 2017 regarding Guidelines for Internal Control System Standards for Commercial Banks, which covers 5 (five) key components, namely:

1. Management Oversight and Control Culture.
2. Risk Recognition and Assessment.
3. Control Activities and Segregation of Duties.
4. Accounting, Information and Communication Systems.
5. Monitoring Activities and Correcting Deficiencies.

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

The Company has:

1. Established a business contingency recovery plan and back-up system to prevent failure in high-risk businesses.
2. Documented and reviewed the effectiveness of back-up procedures, processes and systems in a periodic manner to ensure that all plans and processes regarding contingency recovery and back-up systems run effectively.
3. Documented the implementation of above mentioned periodic reviews. In addition, the Board of Directors of the Bank puts great attention to any weaknesses found in procedures, processes and systems based on the results of reviews, and takes improvement measures to eliminate those weaknesses.
4. Established and maintained management information systems implemented electronically and non-electronically. Considering the fact that the use electronic information system and information technology has risk potentials, the Bank's management seeks to control them in an effective manner to avoid disturbance to the business and prevent the potential of significant loss occurring to the Company.

The management and all employees of the Bank have vital roles and responsibilities in improving the quality and implementation of the Bank's internal control system so as to be more reliable and effective.

All the parties involved and responsible for implementing the Bank's Internal Control System in order to be more reliable and effective are:

1. Board of Commissioners;
2. Audit Committee;
3. Board of Directors;
4. Internal Audit Division;
5. Internal supervisors of the Bank;
6. Work units;
7. Work unit issuing the Bank's policy and/or procedure;
8. Officers and employees of the Bank;
9. External parties.

An effective internal Control System should at least provide adequate and comprehensive data/information regarding:

1. Business activities;
2. Financial performance;
3. Compliance with the prevailing provisions and laws and regulations;
4. Market information (external conditions);
5. Current events and conditions;

so as to be able to make the accurate decisions which can be held accountable for.

Implementation of Internal Control

1. Internal control is implemented through several activities, namely:

a. Financial Control, whereby:

- 1) The Board of Directors has prepared strategic plans that have been approved by the Board of Commissioners. The strategic plans have been stipulated in the Bank Business Plan as the blueprint of a 3-year business strategy and Annual Work Plan and budget of the Company, which have been distributed to all relevant officers of the Company in order to be implemented.
- 2) The strategies have been established by factoring in any impact of strategic risk on the Company's capital, in among other areas, capital projections and the Minimum Capital Requirement.
- 3) The Board of Directors actively engages in discussions or offers input and monitors the internal situation, and developing external factors that directly or indirectly would affect meeting the Company's business strategic objectives.
- 4) The Company has implemented a financial control process, both on the Company and on the members of the Company's Financial Conglomerates, in order to monitor the realization against the budget as drafted in periodic reports. The Company has established a subsidiary monitoring unit to monitor the performance development of each of its subsidiaries.

b. Operational Control, whereby:

- 1) Each banking operational transaction that the Company undertakes has been equipped with a work procedure that is stipulated in work manuals. Such work procedure is

developed by the Operational and Service Development and Strategy Division and reviewed by various relevant work units to ensure that operational risks that may arise have been effectively and properly mitigated.

- 2) There are several boundaries in place by:
 - a) Imposing a limit and authorization for officers to conduct a transaction.
 - b) Utilizing User IDs and passwords as well as installing finger-scanners for employees to access computers.
- 3) To support comprehensive operational risk control, the Company has:
 - a) Established an organizational structure as follows:
 - Segregation of functions so as to avoid the occurrence of conflict of interest.
 - Supervisor to oversee the implementation of internal control at Branch Offices on daily basis.
 - Branch Internal Supervisor to oversee the implementation of internal control at Branch Offices.
 - Regional Office Internal Supervisor to oversee the implementation of internal control at Regional Offices.
 - Head Office Internal Supervisor to oversee the implementation of internal control in certain work units at Head Office.
 - Internal Audit Division that is independent of risk taking unit to examine and assess the adequacy and effectiveness of risk management, internal control and corporate governance processes, either at the Company or for members of the Company's Financial Conglomerates.
 - Risk Management Work Unit, Legal Group and Compliance Work Unit that are independent of risk taking units.
 - Anti-Fraud Bureau to improve the effectiveness of anti-fraud strategy implementation on all activities of the Company.
 - b) Established employee rotation and transfer policies.

c. Compliance to laws and regulations, whereby:

- 1) The Company is committed to comply with the prevailing laws and regulations and take the necessary steps to improve weaknesses found in regard to risk, if any.
- 2) The Company has established a Compliance Work Unit independent of risk taking units and is responsible for monitoring the compliance of the Company and its subsidiaries in an integrated manner.
- 3) The Company has :
 - a) Monitoring on Reporting Compliance to Bank Indonesia or Financial Services Authority or other regulators.
 - b) Compliance Report of the Company, including Report on the Implementation of APU and PPT Program to be submitted to the Financial Services Authority every 6 (six) months.
 - c) Compliance Monitoring Report on the Prudent Principles of the Company, including Report on the implementation of APU and PPT Program to be submitted to the Board of Commissioners, President Director and Deputy President Director every 3 (three) months.
 - d) The Company's Compliance Risk Management Strategy involves the necessary policies to always comply with applicable regulations; which means, pro actively taking preventive measures (ex-ante) to minimize the possibility of violations and conducting curative actions (ex-post) for improvements.

- 4) The Company's Compliance Risk Management Strategy involves the necessary policies to always comply with applicable regulations; which means, pro actively taking preventive measures (ex-ante) to minimize the possibility of violations and conducting curative actions (ex-post) for improvements.

2. The Application of Internal Control Function

The Company applies an effective internal control system tailored to the Company's business goals, policies, size and complexities, in accordance with the requirements and procedures set forth by regulators, and refer to the best practices through the following measures:

- a) Establishment of clear reporting lines and separation of functions between operational units and units implementing the control function.
- b) The control function is implemented by the Risk Management Work Unit, Legal Group, Compliance Work Unit, Credit Risk Analysis Group and Internal Audit Division.
- c) The Internal Audit Division has independently and objectively reviewed the Bank's procedures and operational activities on a periodic basis. Review results are presented in Audit Reports and Audit Follow-Up Reports to be submitted to the Board of Commissioners, Audit Committee and Board of Directors,
- d) The Branch Internal Supervisor, Regional Office Internal Supervisor, Head Office Internal Supervisor and Internal Audit Division have evaluated the implementation of systems and procedures applicable in the Company. Evaluation results from the Branch Internal Supervisor, Regional Office Internal Supervisor, Head Office Internal Supervisor and Internal Audit Division serve as benchmarks on the level of compliance of work units in existing systems and procedures.

Review on the effectiveness of internal control system

Review on the effectiveness of internal control system in the Company were done by monitoring and correcting irregularities, namely:

1. The Company continuously evaluates and monitors the effectiveness of the overall internal control implementation, including changes in internal and external conditions that may influence the Company in achieving its targets.
2. Monitoring activity is focused on the Company's primary risks and is part of its routine activities, including periodic evaluations to detect and prevent unknowingly accepting of new risk conducted by operational work units, risk monitoring work unit and Internal Audit Division.

5. Provision of Funds To Related Party and Large Exposure

Related party and large exposure disclosures are prepared in reference to the Financial Services Authority Circular Letter No. 13/SEOJK.03/2017 concerning the Implementation of Good Governance for Commercial Banks under Report of Corporate Governance Implementation.

Provision of Funds to Board of Directors and Board of Commissioners Policy

The Company has policies in regards to the provision of funds to the Board of Directors and Board of Commissioners, regulated in:

1. Credit Provision Manual for SME, Corporate and Consumer;
 2. Credit Approval to Related Parties Mechanism Policy; and
 3. Basic Bank Lending Policy PT Bank Central Asia Tbk issued on January 23, 2018;
- (hereinafter referred to as, "Provision of Funds to the Board of Directors and Board of Commissioners Policy).

The Provision of Funds to the Board of Directors and Board of Commissioners Policy regulates that the provision of funds to the Board of Directors and Board of Commissioners is given at arm's length basis and with market interest rates, thus in its implementation must comply with:

1. Provision of funds to related parties may not conflict the general lending regulation and procedure and must generate reasonable profit to the Company.
2. The credit terms to related parties policy, particularly in regards to the credit interest rate and the form or type of loan will be in accordance with the Company's general credit regulation.

Provision of Funds to Related Parties Policy

Provision of funds to related parties and large exposures are always conducted with reference to prudential principles, through review and mechanism according to the Company's policy and with compliance to Bank Indonesia regulations and other prevailing rules and regulations, including the Legal Lending Limit (LLL). In addition, the provision of funds to related parties must be approved by the Board of Commissioners in an independent manner.

Throughout 2018, the Company provides funds to related parties, large exposure and to the Board of Directors and Board of Commissioners according to the regulation.

Provision of Funds to Related Parties and to Individuals and Large Exposure in the Company during 2018:

Provision of Funds	Total	
	Debtor/Group	Nominal (Rp Million)
To Related Parties	204	11,155,600
To Main Debtors:		
a. Individual	50	124,251,730
b. Group	30	162,922,004

6. Strategic Plan

The Board of Directors and Board of Commissioners build effective communication in aligning the Company's strategic plan in banking. The Board of Directors led the company in maintaining business sustainability by bringing forward the strategic goals. The Board of Directors had a process of reviewing, supervising and monitoring the implementation of the company's strategic plan according to the internal policy and the regulations. During 2018, review has been held through Joint Meeting of BOC & BOD related to Corporate Strategic Plan involving related working unit.

The banking industry continues to experience dynamic changes as the development of the economy, business environment, digital technology, and the uprising of financial technology (fintech) start-ups. The consumer's behavior and preference for banking products and services are also changing. Thus, the Company constantly reviews business strategies for the short, medium and long term as outlined in the Company's Strategic Plan in the form of Bank Business Plan (RBB) and Annual Work Plan and Budget (RKAT). The Company prepares the Company's Strategic Plan with due observance to Financial Services Authority Regulation No.5/POJK.03/2016 dated January 26, 2016 concerning Bank Business Plan and Financial Services Authority Circular Letter No. 25/SEOJK.03/2016 dated July 14, 2016 concerning Business Plan of Commercial Banks. As part of the direction and strategic steps for the Company to achieve its vision and mission, the Company designs and develops business-oriented initiatives to meet its customers' evolving needs.

The Company's Strategic Plan in 2019

In 2018, the Indonesian economy successfully overcame several challenges and caused by the global economic conditions, and GDP grew 5.2%. Stepping into 2019, we believe in the resilience of Indonesia's macroeconomic conditions and the banking sector to face dynamic changes on the global stage. The realization of infrastructure projects initiated by the Government and the large contribution of domestic consumption will support better economic growth. We are optimistic that the Indonesian economy has great prospects and long-term potential.

Supported by economic growth, the Indonesian banking sector will continue to grow in 2019. The sector has a strong foundation with a healthy capital adequacy ratio of 23.0%. The non-performing loans ratio is at a tolerable 2.4%. Proactively the regulator helped maintain the liquidity conditions of the banking sector.

The banking sector certainly needs to be aware of liquidity risk and must pay attention to the risk of decreasing credit quality. The pace of credit growth was higher than the increase in third party funds in 2018, thus tightening the sector's loan to deposit ratio.

Rapid technological developments will continue to encourage banks to improve the efficiency of the banking transaction process and innovate digital products and services. The banking sector also needs to be wary of the rapid growth of fintech companies that start to disrupt the banking sector. The growth of fintech companies has also created new opportunities for collaboration with banks.

Indonesian banking assets are expected to grow in line with domestic economic growth. We believe the Indonesian banking sector has great potential going forward. BCA will consistently invest in developing its transaction banking network and capabilities, exploring untapped opportunities for lending in various segments. The business development of the subsidiaries will also strengthen BCA group's performance and relationships with customers. The following are BCA's strategic steps for 2019 in the areas of payment settlement services, lending, other banking solutions and subsidiary business development.

I. Payment Settlement Services

Enhancement of payment settlement services is one of BCA's top priorities and supports solid CASA funds collection. Product and service development along with investment in multi-channel network infrastructure are directed at increasing customer experience and oriented towards improving the convenience, security and reliability of the transaction banking system.

BCA will continue to assess developing customer needs and capture opportunities to increase the number of customers in various segments. With the use of the latest technological developments, BCA continues to develop products and services and ensures that the transaction banking system's capacity and capabilities will grow over time. Mobile and internet banking services will always be improved in accordance with trends in smartphone and internet usage. Collaboration with fintech and e-commerce businesses will continue to expand the franchise and the BCA transaction banking ecosystem.

In line with the development of transaction services across various e-channels, the role of branch offices will be more focused on building relationships with customers. Investments in the expansion of the branch office network will be focused on cash offices and BCA Express, non-permanent branches equipped with digital devices. Gradually, BCA will continue to increase

automation in aspects of branch services and operations. Employees at branch offices will be more equipped with the ability to interact and build relationships with customers, so they can provide better and more comprehensive banking services.

II. Prudent Lending

Solid capital, healthy liquidity and a large transaction banking customer base provide significant opportunities for BCA to increase its loan portfolio for both the business and individual segments. The Bank will continue to improve credit infrastructure, while maintaining prudence. BCA maintains a diversified loan portfolio to minimize concentration risk. BCA will also monitor movement in market interest rates and adjust credit pricing accordingly.

In 2019, it is estimated that credit for the business segment will continue growing at a faster rate than consumer credit, given the sensitivity of the consumer segment to interest rate trends. In the corporate segment, BCA prioritizes lending to leading corporations with a good track record. Providing credit to corporate debtors will support the Bank's efforts in financing throughout the business chain and create opportunities for the provision of more comprehensive banking products and services. In the commercial and SME segments, BCA will strengthen the functions of commercial business centers and SME centers to explore business opportunities and enhance the credit process. Special credit products and schemes continue to be developed to cater to loan demand.

Demand for consumer loans is also expected to grow slower than business loans in line with the higher cycle of interest rates. One of the challenges faced in efforts to increase consumer lending is the large portion of repayments settled each year. To stimulate demand for consumer loans, BCA will continue to offer attractive products and organize special events. BCA will increase mortgage-base lending activities, enhance synergy with subsidiaries in offering vehicle loans and conduct credit card promotions according to customer segmentation.

To support the lending process, BCA always equips account officers and relationship officers with knowledge of credit products, the ability to build relationships with customers and to understand customer businesses. The use of technology will also play a role in simplifying credit processing.

III. Comprehensive Banking Solutions and Business Development of Subsidiaries

The developing variety of customer needs has encouraged BCA to continue providing comprehensive financial products and services, such as foreign exchange, trade finance, cash management and a range of products and services from the subsidiaries. BCA believes these efforts will strengthen retention and relationships with customers. Through its subsidiaries, BCA caters to customer needs for vehicle financing, remittance transactions, Sharia banking, securities and insurance.

In line with the Bank's commitment to grow together with its subsidiaries, BCA will continue to support the capital of subsidiaries according to their respective business developments. It is hoped that the subsidiaries will increase their contribution to the overall performance of BCA in the future.

7. Transparency of Financial And Non-Financial Conditions Undisclosed In Other Reports

The Company already adopts policies and procedures concerning the procedures for transparency of financial and non-financial condition in accordance with prevailing regulations. Information on the Company's financial condition is disclosed explicitly and transparently in several reports, including the following:

Transparency of Financial Condition

1. Annual Report

- a. Financial Highlights, including Overview of Shares, Board of Commissioners reports, Board of Directors reports, company profile, management analysis and discussion on business and financial performance, good corporate governance and corporate social responsibility.
- b. Annual Financial Statements audited by a Public Accountant and Public Accountant Firm registered with Financial Services Authority. The Annual Financial Statements cover 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.
- d. In accordance with Financial Services Authority Regulation No. 32/POJK.03/2016 dated August 8, 2016 concerning Amendment to Financial Services Authority Regulation No. 6/POJK.03/2015 of Transparency and Publication of Bank Reports and Financial Services Authority Regulation No. 29/POJK.04/2016 on the Annual Report of Issuer or Public Company, the Company has submitted its Annual Report to Financial Services Authority and to shareholders.
- e. The Annual Reports (financial and non-financial) and the Company's Financial Statements have been published on the Company's website - www.bca.co.id with summaries of Financial Statements published in widely circulated newspapers in Indonesia.

2. Quarterly Published Financial Reports

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

3. Monthly Published Financial Reports

The Company has published the Monthly Financial Report in accordance with the applicable Financial Services Authority Regulations on the Company website.

Transparency of Non-Financial Condition

The Company 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 the Company 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, the Company 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 relation to the foregoing matters, the Company has performed the following measures:

1. Transparently publicized its financial and non-financial condition to stakeholders, among others through its periodic Financial Reports, routine reporting of Legal Lending Limit to Bank Indonesia, Quarterly Financial Reports, Governance Implementation Report, Analyst Meetings, Press Conferences, Public Expose and Road Shows and as featured in Company's official website according to existing policies.
2. 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.
3. Published information on Company 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.
4. Provided customers with a customer complaint and dispute settlement mechanism according to Bank Indonesia/Financial Services Authority policy on customer complaints and banking mediation, among others through the Company website - www.bca.co.id.
5. Submitted the Annual Report to Bank Indonesia, regulator and other institutions as required or deemed necessary.
6. Disclosed information on the ownership structure in the Annual Report and the Company's website.
7. Submitted internal reporting that has been completely, accurately, and in a timely way prepared and supported by an adequate Management Information System.
8. Provided reliable management information systems supported by competent human resources and an adequate IT security system capable of providing complete, accurate and timely information to the Board of Directors for the purpose of supporting the Company's business decision-making process. In addition, access to information uses user-IDs and passwords.

B. Share Ownership for The Board of Directors and The Board of Commissioners that Amounts to 5% or More

Table of Share Ownership of the Board of Directors that amounts to 5% or More as of December 31, 2018

Name	Table of Share Ownership of the Board of Directors that amounts to 5% or More on:			
	Company	Other banks	Non-bank financial institution	Other companies
Jahja Setiaatmadja	-	-	-	√
Eugene Keith Galbraith	-	-	-	-
Armand Wahyudi Hartono	-	-	-	√
Suwignyo Budiman	-	-	-	-
Henry Koenalfi	-	-	-	-
Subur Tan	-	-	-	-
Erwan Yuris Ang	-	-	-	-
Rudy Susanto	-	-	-	-
Lianawaty Suwono	-	-	-	-
Santoso	-	-	-	-
Inawaty Handojo	-	-	-	-
Vera Eve Lim	-	-	-	-

Table of Total Share Ownership by the Board of Directors in 2018

Directors	Total Ownership in the beginning of the year (as of January 1 st 2018)	Total Ownership at the end of year (as of December 31 st 2018)
Jahja Setiaatmadja	8,180,380	8,103,902
Eugene Keith Galbraith	1,435,365	1,581,879
Armand Wahyudi Hartono	851,213	851,213
Suwignyo Budiman	7,332,825	7,407,206
Henry Koenalifi	835,257	957,138
Subur Tan	2,606,100	2,705,481
Erwan Yuris Ang	1,526,500	1,191,967
Rudy Susanto	345,500	416,193
Lianawaty Suwono	110,000	126,279
Santoso	120,580	171,140
Inawaty Handojo	58,100	102,667
Vera Eve Lim	17,000	17,000

Share Ownership of Board of Commissioners Amounting to 5% or More

Name	Share Ownership of Board of Commissioners Amounting to 5% or More in:			
	Company	Other banks	Non-bank Financial Institution	Other Company/ies
Djohan Emir Setijoso	-	-	-	√
Tonny Kusnadi	-	-	-	√
Cyrrillus Harinowo	-	-	-	√
Raden Pardede	-	-	-	√
Sumantri Slamet	-	-	-	-
Remarks: √ holds shares of 5% (five percent) or more.				

Table of Total Share Ownership by the Board of Commissioners in 2018

Name	Total Ownership in the beginning of the year (as of January 1, 2018)	Total Ownership at the end of year (as of December 31, 2018)
Djohan Emir Setijoso	23,199,582	23,100,481
Tonny Kusnadi	1,097,183	1,137,939
Cyrellus Harinowo	-	-
Raden Pardede	-	-
Sumantri Slamet	-	-

C. Affiliated Relationships

Affiliated relationships between Board of Directors, Board of Commissioners and the principal shareholders and/or controllers are as follows:

Affiliated Relationship of the Board of Directors

Article 21 of Financial Services Authority Regulation No. 55/POJK.03/2016 concerning the Implementation of Good Corporate Governance for Commercial Banks states that Directors shall disclose financial and family relationships with other members of the Board of Directors, Commissioners, and/or controlling shareholders of the Bank in the report on the implementation of good governance.

The majority of the members of the Company's Board of Directors are not affiliated with other members of the Board of Directors and with the main shareholders and / or controllers.

The following table illustrates the affiliation relationship of the Board of Directors with other Directors, Commissioners and/or the controlling shareholders of the Company.

Table of Affiliated Relationships of the Board of Directors

Name	Position	Familial Relationship with						Financial relationship with					
		The Board of Commissioners		The Board of Directors		Controlling Shareholder		The Board of Commissioners		The Board of Directors		Controlling Shareholder	
		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	-	✓	-	✓	✓	-	-	✓	-	✓	✓	-
Suwignyo Budiman	Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Henry Koenafi	Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Tan Ho Hien/ Subur atau Subur Tan	Director (concurrently Compliance Director)	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Erwan Yuris Ang	Independent Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Rudy Susanto	Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Lianawaty Suwono	Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Santoso	Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Inawaty Handojo	Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓
Vera Eve Lim	Director	-	✓	-	✓	-	✓	-	✓	-	✓	-	✓

Affiliated Relationships of the Board of Commissioners

Article 39 of Financial Services Authority Regulation No. 55/POJK.03/2016 concerning the Application of Governance for Commercial Banks states that Commissioners shall disclose financial and family relationships with other Commissioners, Directors and/or controlling shareholders of the Bank in the report on the implementation of good governance.

All of the members of the Company's Board of Directors are not affiliated with other members of the Board of Directors and with the main shareholders and / or controllers.

The following table illustrates the affiliation relationship between the Board of Commissioners and other members of the Board of Commissioners, Directors and/or the controlling shareholders of the Company.

Table of Affiliated Relationships of the Board of Commissioners

Name	Position	Familial relationship with						Financial relationship with					
		Board of Commissioner		Board of Directors		Controlling Shareholder		Board of Commissioner		Board of Directors		Controlling Shareholder	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Djohan Emir Setijoso	President Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Tonny Kusnadi	Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Cyrillus Harinowo	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Raden Pardede	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Sumantri Slamet	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√

D. Remuneration Policy

1. Remuneration for the Board of Directors

The remuneration of the Board of Directors has been adjusted to the prevailing regulations and based on the procedures, structures and indicators, which form the basis of remuneration's determination.

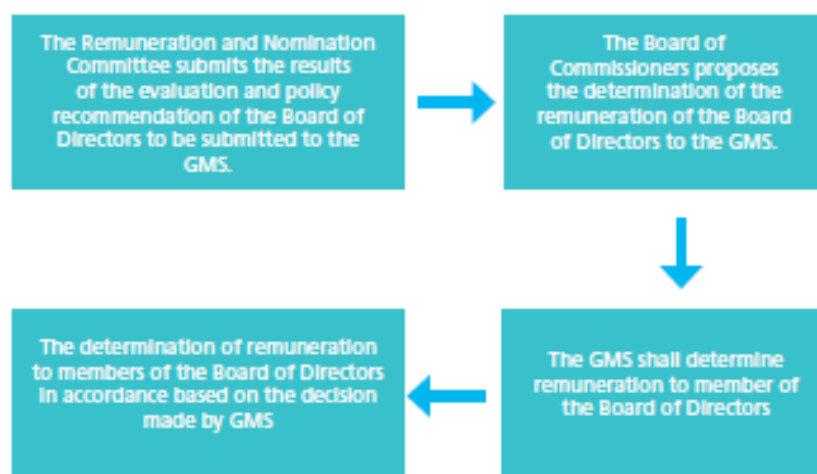
Procedure

Based on Resolution of the Company's Annual GMS held in 2018, Annual GMS authorized and granted:

- The Board of Commissioners to determine the amount of salary and other allowances for members of the Board of Directors;
- The Majority shareholder to determine royalties distribution among members of the Board of Commissioners and Board of Directors of the Company.

In exercising such power and authority, the Board of Commissioners observes the recommendations from the Remuneration and Nomination Committee.

Procedure of Proposal and Determination of Remuneration for The Boards of Directors



Remuneration Structure of the Board of Directors

Type of remuneration and facilities	Amount received in 1 (one) year	
	Directors	
	Number of people	In Million Rp
Salary, bonus, routine allowance, royalties, and other non-natura facilities	12	408,365
Other facilities in the form of natura (housing, health insurance, et cetera) which:		-
1. Can be possessed	-	-
2. Cannot be possessed	-	-
Total	-	408,365

The total remuneration for every member of the Board of Directors in 1 (one) year is above Rp2 billion, which was received in cash during 2018.

2. Remuneration for the Board of Commissioners

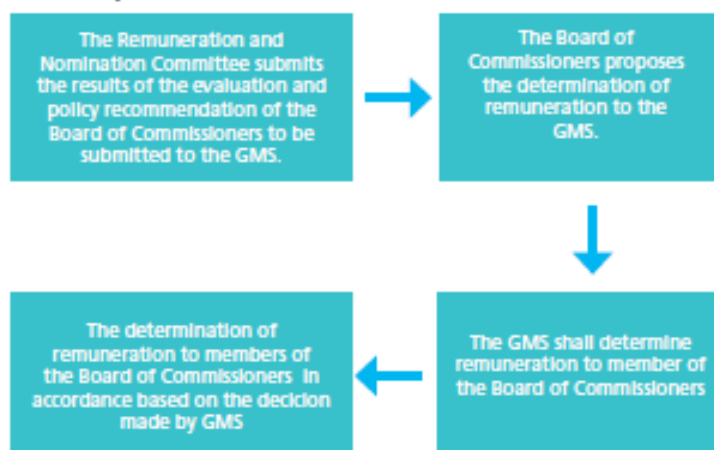
The remuneration of the Board of Commissioners has been adjusted to the prevailing regulations and based on the procedures, structures and indicators, which form the basis of the remuneration's determination.

Procedure

Based on Conclusion of the Annual GMS held in 2018, the 2018 Annual GMS authorized and granted:

- The majority shareholder to determine the amount of honorarium and other allowances to be paid by the Company to the members of the Board of Commissioners who served during fiscal year 2018.
- The majority shareholder to determine royalties distribution among members of the Board of Commissioners and Board of Directors of the company.

Procedure of Proposal and Determination of Remuneration for The Boards of Commissioners



Remuneration Structure of the Board of Commissioners

Type of Remuneration and Facilities	Amount Received in 1 (one) year	
	The Board of Commissioners	
	Number of people	In million Rupiah
Salary, bonus, routine allowance, royalties, and other non-natura facilities	5	108,038
Other facilities in the form of natura (housing, health insurance, et cetera) which:		-
1. Can be possessed	-	-
2. Cannot be possessed	-	-
Total	-	108,038

The total remuneration for every member of the Board of Commissioners in 1 (one) year is above Rp2 billion, which was received in cash during 2018.

E. Share Option

In 2018, the Company did not launch any Share Option program.

F. The ratio of the highest and lowest salaries

Ratio	Comparative Scale
Highest and lowest employee salary ratio	32,37
Highest and lowest Board of Directors salary ratio	3,00
Highest and lowest Board of Commissioners salary ratio	1,62
Highest Board of Directors and employee salary ratio	7,44

G. Meetings of The Board of Directors, Board of Commissioners and Joint Meetings

Board of Directors Meetings

Disclosure of the Board of Directors Meetings is based on Financial Services Authority Circular Letter No. 30/SEOJK.04/2016 concerning the Form and Contents of the Annual Report of the Issuer or Public Company in Chapter III on the Content of the Annual Report, which states that the Governance Report of Issuer or Public Company contains a brief description of the policy and implementation of the frequency of meetings, joint meeting of Boards of Commissioners and Directors, attendance of members of the Boards of Commissioners and Directors in the meeting.

Meeting Policy

The governance guidelines of the Company govern the policy of the Board of Directors Meeting in Part II on the Implementation of Governance Principles Procedures - Chapter IV concerning the Code of Conduct and Guidelines of the Board of Directors, which essentially states that Board of Directors meetings are held at least 1 (one) time in each month and the Board of Directors shall hold a meeting of the Board of Directors together with the Board of Commissioners on a periodic basis of at least 1 (one) time in 4 (four) months.

Quorum and Decision Making Method

Based on Article 13 paragraph 8 of the Articles of Association, the Board of Directors meeting is legitimate and has rights to make binding decisions if attended by more than 1/2 (half) of the members of the Board of Directors who are in office and represented at the meeting.

Resolutions to the meeting agenda is adopted by amicable deliberation to reach consensus. If deliberation to reach consensus is not reached, then the resolutions will be adopted through voting mechanism, based on more than 1/2 (half) agreed votes from the number of valid votes issued at the meeting. All resolutions made in the meeting of Board of Directors are legitimate and binding. Dissenting opinion happened in the meeting must be stated clearly in the Minutes of Meeting along with its supporting reasons.

Implementation

During 2018, the Board of Directors held 36 (thirty-six) meetings. The Company has fulfilled the Financial Services Authority regulations on minimal requirements for the Board of Directors meetings.

Meeting Frequency and Attendance of the Board of Directors in 2018 Meetings

Name	Position	Number of Meetings	Attendance	Percentage
Jahja Setiaatmadja	President Director	36	27	75%
Eugene Keith Galbraith	Deputy President Director	36	29	81%
Armand Wahyudi Hartono	Deputy President Director	36	27	75%
Suwignyo Budiman	Director	36	33	92%
Henry Koenafi	Director	36	31	86%
Tan Ho Hien/Subur atau Subur Tan	Director (concurrently Compliance Director)	36	32	89%
Erwan Yuris Ang	Independent Director	36	28	78%
Rudy Susanto	Director	36	34	94%
Lianawaty Suwono	Director	36	31	86%
Santoso	Director	36	33	92%
Inawaty Handojo	Director	36	33	92%
Vera Eve Lim*	Director	24	20	83%

Remarks :

*: Vera Eve Lim appointed in the AGMS in 2018 and has passed the fit and proper test based on Financial Services Authority Letter No. SR-79/PB.12/2018 dated April 23, 2018.

Board of Directors Meeting Plan for 2019

January - April		May - August		September - December	
Month	Date	Month	Date	Month	Date
January	24	May	9, 16	September	5, 19
February	7, 21	June	6, 20	October	10, 17, 24
March	7, 14, 21	July	18, 25	November	7, 21
April	4, 11, 18	August	1, 8, 15	December	5

The above schedule may change at any time as needed. The meeting plan for 2019 has been posted on the Company's website and can be accessed at <https://www.bca.co.id/en/Tentang-BCA/Tata-Kelola-Perusahaan/Struktur-Organisasi>.

Board of Commissioners Meetings

Meeting disclosure is based on Financial Services Authority Circular Letter No. 30/SEOJK.04/2016 on the Form and Contents of the Annual Report of the Issuer or Public Company in Chapter III on the Content of Annual Report, which states that the Governance Report of the Issuer of Public Company contains a brief description of the policy and implementation of the frequency of meetings, including joint meetings with the Board of Directors, and the attendance of the members of the Board of Commissioners in the meetings.

Meeting Policy

The Board of Commissioners Meeting Policy has been stipulated in the Corporate Governance Guidelines Part II Chapter 2 on the Code of Conduct and Guidelines of the Board of Commissioners, which essentially oversees among others about:

- a. Meetings Frequency
Meetings of Board of Commissioners must be held periodically at least 1 (one) time in 2 (two) months.
- b. Scheduling and Meeting Materials
For scheduled meeting, the meeting materials have to be disclosed to the meeting participants no later than 5 (five) days prior to the meeting.
- c. Minutes of the Board of Commissioners Meeting
 - The Board of Commissioners' meeting results must be stated in Minutes of Meeting signed by all members of the Board of Commissioners presence.
 - Meeting that conducted through teleconferencing technology must be recorded and stated as well in Minutes of Meeting then signed by all teleconferencing participants.

Quorum and Decision Making

Based on Article 16 paragraph 8 of the Articles of Association, the Board of Commissioners meeting is legitimate and has rights to make binding decisions if attended by more than 1/2 (half) of the members of the Board of Commissioners who are in office and represented at the meeting.

Resolutions to the meeting agenda is adopted by amicable deliberation to reach consensus. If deliberation to reach consensus is not reached, then the resolutions will be adopted through voting mechanism. All resolutions made in the meeting of Board of Commissioners are legitimate and binding. Dissenting opinion happened in the meeting must be stated in the Minutes of Meeting as well as its supporting reasons.

Implementation

During 2018, the Board of Commissioners held 37 (thirty-seven) meetings. The Company has fulfilled the Financial Services Authority regulations on minimal requirements for the Board of Commissioners meetings.

Meeting Frequency and Attendance of the Board of Commissioners in 2018

Name	Position	Number of Meetings	Attendance	Percentage
Djohan Emir Setijoso	President Commissioners	37	33	89%
Tonny Kusnadi	Commissioner	37	27	73%
Cyrellus Harinowo	Independent Commissioner	37	31	84%
Raden Pardede	Independent Commissioner	37	36	97%
Sumantri Slamet	Independent Commissioner	37	33	89%

Board of Commissioners Meeting Plan for 2019

Januari - April		May - August		September - December	
Month	Date	Month	Date	Month	Date
January	16, 23, 30	May	8, 15, 22	September	4, 11, 18, 25
February	6, 13, 20	June	19, 26	October	2, 23, 30
March	6, 13, 27	July	3, 10, 24	November	6, 20
April	10, 24	August	7, 14, 21	December	4, 11

The schedule may change at any time as needed. The meeting schedule for 2019 has been posted on the Company's website since Desember 2018 and can be accessed at <https://www.bca.co.id/en/Tentang-BCA/Tata-Kelola-Perusahaan/Struktur-Organisasi>.

Attendance Frequency of the Board of Commissioners in Joint Meetings of the Board of Commissioners and the Board of Directors in 2018

Name	Position	Number of Meetings	Attendance	Percentage
Jahja Setiaatmadja	President Director	14	9	64%
Eugene Keith Galbraith	Deputy President Director	14	14	100%
Armand Wahyudi Hartono	Deputy President Director	14	9	64%
Suwigno Budiman	Director	14	10	71%
Henry Koenaifi	Director	14	11	79%
Tan Ho Hien/Subur atau Subur Tan	Director (concurrently as Compliance Director)	14	9	64%
Erwan Yuris Ang	Independent Director	14	11	79%
Rudy Susanto	Director	14	12	86%
Lianawaty Suwono	Director	14	13	93%
Santoso	Director	14	13	93%
Inawaty Handojo	Director	14	12	86%
Vera Eve Lim*	Director	9	8	89%

Remarks :

*: Vera Eve Lim appointed in the AGMS in 2018 and has passed the fit and proper test based on Financial Services Authority Letter No. SR-79/PB.12/2018 dated April 23, 2018.

Attendance Frequency of the Board of Commissioners in Joint Meetings of the Board of Commissioners and the Board of Directors in 2018

Name	Position	Number of Meetings	Attendance	Percentage
Djohan Emir Setijoso	President Commissioner	14	14	100%
Tonny Kusnadi	Commissioner	14	9	64%
Cyrellus Harinowo	Independent Commissioner	14	12	86%
Raden Pardede	Independent Commissioner	14	13	93%
Sumantri Slamet	Independent Commissioner	14	12	86%

Joint Meetings Plan of the Board of Commissioners and the Board of Directors in 2019

January - April		May - August		September - December	
Month	Date	Month	Date	Month	Date
February	27	July	17	October	16
March	20			November	27
April	16				

The above schedule may change at any time as deemed necessary. The meeting plan for 2019 has been posted on the Company's website and can be accessed at <https://www.bca.co.id/en/Tentang-BCA/Tata-Kelola-Perusahaan/Struktur-Organisasi>.

H. Internal Fraud

Disclosure of irregularities/deviations (internal fraud) is based on section 64 of Financial Services Authority (OJK) Regulation No. 55/ POJK.03/2016 on the Implementation of Good Corporate Governance for Commercial Banks and Chapter IX point 5 of Financial Services Authority Circular Letter No. 13/SEOJK.03/2017 on the Implementation of Good Corporate Governance for Commercial Banks.

Internal fraud is defined as fraud committed by management, supervisors, permanent employees, temporary employees and/ or outsourced workers. The denominating classification expressed is a deviation of more than Rp100,000,000.00 (one-hundred-million rupiah).

Table of Fraud by Management, Permanent Employee and Non-Permanent Employee

Misappropriation (internal fraud) in 1 year	Number of cases done by:					
	Member of BOD and member of BOC		Permanent Employees		Contract employees and outsourced workers	
	2017	2018	2017	2018	2017	2018
Total Fraud	-	-	10	7	-	-
Resolved	-	-	7	5	-	-
Internal company investigation process	-	-	-	2	-	-
Settlement not sought	-	-	-	-	-	-
Followed up with legal process	-	-	3	-	-	-

I. Legal Cases

Legal proceeding and significant cases faced by the Company in 2018 are described as follows:

The Company's legal proceedings in 2018 that are processed in court are depicted in the table below:

Legal Proceedings	Number of Cases	
	Civil	Criminal
Resolved with permanent legal force	120	11
In the process of settlement	145	4
Total	265	15

a. In the process of settlement

There were 149 (one hundred and forty-nine) cases in the process of settlement with the details as follows:

1. Civil: 145 (one hundred and forty-five) cases.
 - Credit related: 103 (one hundred and three) cases, including lawsuits or appeals/objections from debtors, collateral owners, other parties or in regard to Company claims on confiscated goods or claims pertaining to collateral and credit.
 - Operations: 40 (forty) cases, including matters related to banking operations, land and buildings owned by Company, and other lawsuits other than credit issues.
 - Human resources – related: 2 (two) cases.
2. Criminal: 4 (four) cases.

b. Resolved (with permanent legal force)

There were 131 (one hundred and thirty-one) cases already resolved (with permanent legal force) as follows:

1. Civil: 120 (one hundred and twenty) cases.
 - Credit related: 92 (ninety-two) cases, including lawsuits or appeals/objections from debtors, collateral owners, other parties or in regard to Company claims on confiscated goods or claims pertaining to collateral and credit.
 - Operations: 28 (twenty-eight) cases, including matters related to banking operations, land and buildings owned by Company, and other lawsuits other than credit issues.
 - Human resources – related: 0 (zero) case.
2. Criminal: 11 (eleven) cases.

Details of legal proceeding faced by the Company in 2018 are described as follows:

Civil

Proceeding Types	Proceeding Details	Status	Value (Proceeding's Value ≤Rp10B)	Value (Proceeding's Value >Rp10B)
Credit	Lawsuits or appeals/objections from debtors, collateral owners, other parties or in regard to Company claims on confiscated goods or claims pertaining to collateral and credit.	In the process of settlement	103	-
		Resolved (with permanent legal force)	92	-
Operations	Matters related to banking operations, land and buildings owned by Company, and other lawsuits other than credit issues.	In the process of settlement	40	-
		Resolved (with permanent legal force)	28	-
Human Resources	Human Resources.	In the process of settlement	2	-
		Resolved (with permanent legal force)	-	-

Criminal

Proceeding Types	Proceeding Details	Status	Value (Proceeding's Value ≤Rp10M)	Value (Proceeding's Value >Rp10M)
Criminal	Deposit document forgery, Collateral document forgery, fraud	In the process of settlement	4	-
		Resolved (with permanent legal force)	11	-

None of the proceedings that the Company faced is valued more than Rp10 Billion.

The Company does not face any significant risk in regards to legal cases because according to its self-assessment the legal risk is considered "low".

Significant Cases And Administrative Sanctions Towards The Violations

Disclosure on significant cases faced by Company, subsidiaries, member of the Board of Directors and Board of Commissioners is carried out in accordance to Letter G Chapter III – Content of Annual Report on Financial Services Authority Circular Letter No. 30/SEOJK.04/2016 on Forms and Content of Listed Companies and Public Companies Annual Report.

In 2018, there were no significant cases facing Company 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 Company's financial condition.

In 2018, there were no material administrative sanctions imposed by authorities (Financial Services Authority, Bank Indonesia, Stock Exchange, and other authorities) on Company or members of the Board of Commissioners and Board of Directors.

J. Transactions with Conflict of Interests

Policy related to conflicts of interest

In policies related to conflicts of interest, everyone in the Company (including the Board of Directors and the Board of Commissioners) must be conscious and aware of activities that allow the occurrence or occurrence of conflicts of interest and must avoid them. If the activity is unavoidable, it must be reported immediately to management or the authorities.

In implementing policies related to conflicts of interest with integrated governance, the Board of Directors also ensures that the implementation of intra-group transaction risk management is free from conflicts of interest between Financial Conglomerates and individual Financial Services Institutions.

Disclosure

Disclosure of transactions with conflicts of interest is done based on Financial Services Authority Circular Letter No. 13/SEOJK.03/2017 about Implementation of Governance for Commercial Bank.

In 2018, the Company had no transactions with conflict of interest

Name and position of conflict	Name and position of decision maker	Type of transaction	Value of transaction	Description
-	-	-	-	-

K. Shares Buy Back

In 2018, the Company did not launch any shares buy back.

L. Distribution of Fund For Social Activities

The Company actively contributes towards the improvement of people's welfare and environmental condition through its Corporate Social Responsibility activities under the "Bakti BCA" program.

The Company's social activity program is focused into 3 (three) major pillars, namely:

I. BCA Smart Solutions, comprising:

1. Non-Title Accounting Education Program (PPA).
2. Non-Title Informatics Engineering Education Program (PPTI).
3. Bakti BCA Internship Program.
4. Bakti BCA Partner School.
5. Bakti BCA Scholarship.
6. Financial Literacy Education.
7. Education Partnership.

II. BCA Synergy Solution, comprising:

1. Bakti BCA on Culture.
2. Bakti BCA on Health.
3. Bakti BCA on Environment.
4. Bakti BCA on Sports.
5. Bakti BCA Empathy in the form of donation for disaster victims, and sports program.

III. Business Excellence Solution,

1. Tourism Village Development.
2. Community Development.
3. Micro, Small and Medium Enterprises (MSME) Development.

Apart from these programs, the Company also participates in giving donations to other social agencies.

M. Donation For Political Activities

Throughout 2018 and in previous years, the Company has never given any donation for political activities.

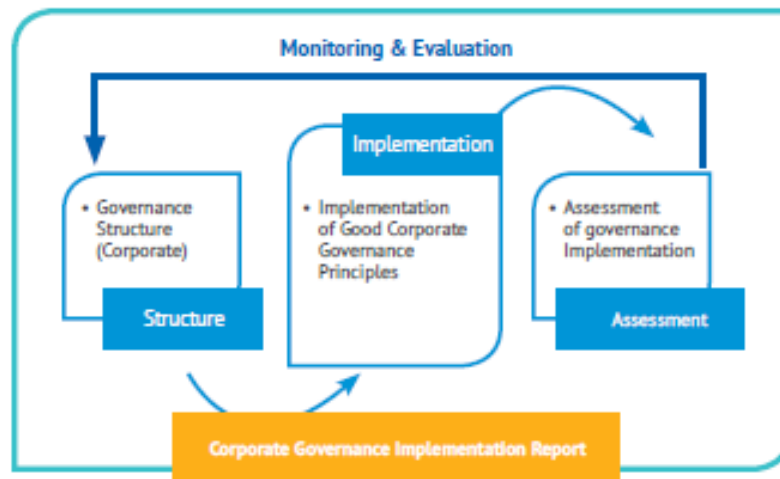
Self-Assessment Result on the Implementation of Good Corporate Governance

Main Entity : PT Bank Central Asia Tbk

Report Position : 31 December 2018

Result of Self-Assessment Implementation of Good Corporate Governance	
Rating	Rating Definition
1	Management Company's management has implemented a generally excellent Good Corporate Governance. This is reflected in the fulfillment of the principles of Good Corporate Governance, in general, the weakness is not significant and can be mitigated immediately by the Company management.
Analysis	
<p>Based on self-assessment analysis on governance structure, process, and outcome aspects in each Good Corporate Governance Implementation Assessment Factor, can be concluded as follows:</p> <ol style="list-style-type: none">1. Governance structure aspect on all Good Corporate Governance Implementation Assessment Factors are complete and fully sufficient.2. Governance process aspect on all Good Corporate Governance Implementation Assessment Factors are highly effective and supported by fully sufficient structure and infrastructure (governance structure).3. Governance outcome aspect on mostly all Good Corporate Governance Implementation Assessment Factors are of high quality resulting from mostly effective governance process that is fully supported by sufficient structure and infrastructure (governance structure).	

Good Corporate Governance Framework and Action Plan



Company's Good Corporate Governance Framework

Remarks:

The Company's Good Corporate Governance framework consists of a governance structure as the foundation, implementation as the realization of the governance principles, and assessment of corporate governance implementation as a measurable parameter of corporate governance principles implementation within the Company. This parameter is used across the Company's organization as an indicator to continue to make improvements in implementing the principles of Good Corporate Governance. Disclosure of such matters is set out in the Corporate Governance Implementation Report.



The Company's Good Corporate Governance Action Plan for 2018

Remarks:

The realization of Good Corporate Governance Action Plan in 2018 are as follows:

1. The Company's governance strategy is prepared based on governance framework.
2. In implementing the governance strategy carried out by the Company through a process. The process in question is the activities of the Company to implement the principles of governance, among others:
 - Compliance with external provisions.
 - Compliance with internal policies;
 - Compilation of policies related to governance;
3. After implementing a process, monitoring the effectiveness of governance practices needs to be carried out so that the application of principles of governance in the Company is better and in accordance with the latest provisions. Monitoring carried out in 2018, among others :
 - Monitoring & Review of Governance Policies;
 - Monitoring of Affiliate Transactions & Information Disclosure;
 - Review of the Governance Section Website;
 - Monitoring the results of the Governance assessment.
4. Improvement is a follow-up of monitoring results aimed at providing added value, perfection and/or correction in implementing the governance principles in the Company. Improvement that has been done during 2018 include:
 - Revision of Governance Policy, specifically in relation to Insider Trading and Dividend Distribution.
 - Updating the Governance Section on the Website, which aims to facilitate the provision of information on governance for stakeholders and the community.
 - Conduct socialization of Governance (sharing & articles), in the form of updating articles related to governance on the Company's internal portal as well as socialization that addresses issues surrounding good corporate governance such as socialization of values, principles and implementation of governance, antifraud awareness, affiliate transactions and conflict of interests.
 - Gap analysis indicators for ASEAN Corporate Governance Scorecard.