

PT BANK CENTRAL ASIA Tbk

INTERNAL AUDIT CHARTER

Introduction

This Internal Audit Charter is a summary of the internal audit policy on the mission, authorities, independence, and scope of work of the internal audit division.

Mission

The mission of the Internal Audit Division is to improve and protect the Company's values by providing risk-based and objective assurance, advice, and insights.

Functions of the Internal Audit Division

The functions of the Internal Audit Division are as follows:

1. Assisting the President Director and the Board of Commissioners in conducting supervision by providing operational description of planning, implementation, and monitoring of audit results.
 2. Evaluating the adequacy and effectiveness of corporate governance, risk management and internal control processes.
 3. Evaluating the effectiveness of the use of resources and budgeted funds.
 4. Giving objective recommendations for improvement on the activities audited at all levels of management.
 5. Acting as a consultant for the Company's internal parties that need advice, especially on matters relating to its scope of work.
 6. Coordinating with other work units that conduct other controlling functions.
 7. Conducting integrated internal audit functions.
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Position of the Internal Audit Division in BCA

1. Position of the Internal Audit Division

BCA's internal audit functions and the integrated internal audit functions within BCA financial conglomerate shall be carried out by the Internal Audit Division, which is led by a Division Head. The Internal Audit Division Head is responsible to the President Director.

2. Independence and Objectivity

- 2.1. To promote independence and ensure the smooth implementation of audit and the authority to monitor the follow-up actions to the audit results, the Internal Audit Division may communicate directly with the Board of Directors, the Board of Commissioners and/or the Audit Committee to inform them
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about various matters relating to audit.

- 2.2. The Internal Audit Division obtains full support from the Board of Commissioners and the Board of Directors to enable it to work freely without interference from any other party.
- 2.3. An internal auditor must not have any interests in the object or activity being audited.
- 2.4. An internal auditor shall not have the authority or responsibility to carry out any operational activities of the Company or the Subsidiaries.

An internal auditor that under special circumstances is given a temporary assignment by the Board of Directors to support the operational activities or a new auditor from a certain work unit must go through a cooling-off period of at least 12 (twelve) months before carrying out the task of auditing/providing consultation on the relevant activity.

- 2.5. An internal auditor or an external party may be assigned to audit an activity in the same work unit for a maximum of 3 (three) consecutive audit periods. Such internal auditor or external party may again conduct an audit of such activity after completing an assignment rotation for at least 1 (one) audit period.
- 2.6. In giving consultation or conducting any other special assignment, the Internal Audit Division shall make a disclosure statement regarding the Internal Audit Division's objectivity.

An auditor that gives a consultation shall not be assigned to audit the relevant object of consultation. The auditor must go through a cooling-off period of at least 1 (one) audit assignment to audit such object.

- 2.7. The Internal Audit Division Head must provide a confirmation to the President Director, the Audit Committee, and the Board of Commissioners at least once a year that the internal audit activities are carried out independently.

3. Appointment and Dismissal of the Internal Audit Division Head.

The Internal Audit Division Head shall be appointed and dismissed by the President Director, subject to the approval of the Board of Commissioners with due regard for the recommendation from the Audit Committee.

Scope of Work

The scope of work of the internal audit includes, but is not limited to, evaluating the adequacy and effectiveness of the governance, risk management, and internal control processes, as well as performance to support the achievement of the Company's objectives, including:

- a. Evaluating risk exposures in achieving the company's strategic
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objectives.

- b. Evaluating the reliability, effectiveness and integrity of the information management process and system and the facilities used for identifying, measuring, classifying, and reporting such information, including the relevance, accuracy, completeness, availability and confidentiality of data.
- c. Evaluating the existing systems to ensure compliance with the applicable policies, plans, procedures, laws and regulations that may have material effect on the company.
- d. Evaluating the means of securing the company's assets and, where necessary, verifying the existence of such assets.
- e. Evaluating the quality of the company's performance.
- f. Providing consultation and inputs on matters relating to governance, risk management, and internal control.
- g. Reporting significant issues relating to material risk control and exposure, including the risk of fraud, governance issues and other issues on the basis of needs or at the request of the Board of Directors, the Board of Commissioners or the Audit Committee.
- h. Evaluating an operational activity at the request of the Board of Directors, the Board of Commissioners, or the Audit Committee.
- i. Conducting a transaction audit, material case investigation, assessment of the adequacy of the provisions and systems for fraud prevention and detection on the basis of needs or at the request of the Board of Directors, the Board of Commissioners or the Audit Committee.

The scope of work of the Internal Audit Division includes the functions and activities of all Branch Offices, Regional Offices, Divisions, Work Units and Business Units at the Head Office, and the Subsidiaries, including all activities outsourced to external parties.

**Authorities of the
Internal Audit
Division**

1. The Internal Audit Division Head is at liberty to determine the audit methods, means, techniques and approaches to be adopted in accordance with the internal audit profession and standards.
 2. The Internal Audit Division is vested with the full authority to access all data, employees/property and resources of both the Company and the Subsidiaries in relation to the discharge of their duties and responsibilities.
 3. The Internal Audit Division Head may hold regular and incidental meetings with the Board of Directors, the Board of Commissioners and the Audit Committee.
 4. The Internal Audit Division may cooperate and coordinate with the Subsidiary's Internal Audit Division and, if deemed necessary, may
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communicate with the Subsidiary's Board of Commissioners to implement the integrated internal audit function.

5. The Internal Audit Division may coordinate and communicate with external auditors and the Financial Services Authority (OJK).
 6. The Internal Audit Division may attend the Company's strategic meetings without having any voting rights.
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Responsibilities

1. The Internal Audit Division Head shall have the following responsibilities:
 - 1.1. Preparing and reviewing the Internal Audit Manual, which contains the operational guidelines on the Internal Audit Policy as described in the Internal Audit Charter.
 - 1.2. Preparing an annual risk-based audit plan and budget allocation for the implementation of internal audit function.

Such plan and budget allocation must obtain the approval of the President Director and the Board of Commissioners with due regard for the recommendation of the Audit Committee
 - 1.3. Implementing the annual audit plan that has been approved by the President Director and the Board of Commissioners.
 - 1.4. Conducting surprise audits at the request of the Board of Directors, the Audit Committee and the Board of Commissioners or upon the occurrence of certain indications.
 - 1.5. Having recruitment and human resources development programs to maintain professional internal audit staff.
 - 1.6. Ensuring auditors to take sustainable professional development and other trainings as well as encouraging them to take professional certification.
 - 1.7. Ensuring the implementation of the internal audit function in accordance with the Internal Audit Professional Standards and the Internal Audit Code of Ethics.
 - 1.8. Ensuring that in the event of engaging an external party's services for internal audit activities:
 - there will be a transfer of knowledge between the external party and the internal auditor considering the fact that such external party's services are engaged on a temporary basis.
 - the engagement of such external party's services shall not affect the independence and objectivity of the Internal Audit Division.
 - the external party shall comply with BCA Internal Audit Charter.
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1.9. Devising the implementation strategies and formulating principles of internal audit including the audit methodology and the steps for implementing the quality control of the Subsidiaries' Internal Audit.

1.10. Monitoring the implementation of the internal audit activities of the Subsidiaries and supporting the internal audit quality improvement of the Subsidiaries.

2. The Division Head and all the staff of the Internal Audit Division shall have the following responsibilities:

2.1. Complying with the Internal Audit Code of Ethics, i.e. integrity, objectivity, confidentiality and competence.

2.2. Complying with the guidelines and methodology laid down in the Internal Audit Manual.

The internal audit process, however, shall not in any event relieve the heads of work units of their responsibility to maintain and improve control in their respective areas of work.

Criteria and Requirements for Internal Auditors

The internal auditors in the Internal Audit Division shall fulfill at least the following criteria/requirements:

1. Having the relevant knowledge and competence to perform their duties.
 2. Having the knowledge of the laws and regulations in the fields of banking, taxation, capital markets and other relevant laws and regulations.
 3. Having good interaction and communication skills, whether orally or in writing.
 4. Having a good understanding of the principles of good corporate governance, risk management, and internal control.
 5. Willing to continuously increase and improve their knowledge, expertise and professional capacity.
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Criteria for Engagement of External Party's Services

The Internal Audit Division may engage the services of external parties in conducting internal audit that requires temporary special expertise.

The services of such external parties shall be engaged on a temporary basis except:

- a. the use of external parties' services related to information technology; and/or
- b. the use of external parties' services for other things, subject to the approval of the Financial Services Authority.

The implementation of the internal audit function by such external parties shall be the responsibility of the Internal Audit Division Head.

**Coordination with
Legal Experts and
External Auditors**

In performing its duties, the Internal Audit Division may coordinate with legal experts and external auditors through the work unit assigned to be the coordinator for the Company's legal and financial affairs.

**Reporting and
Follow-up**

1. Audit Report

1.1. The Audit Report must be submitted by the Internal Audit Division Head to the Board of Commissioners, the Audit Committee, the Board of Directors, the Auditee, and the Regional Office Head and/or the relevant Work Unit Head at the Head Office for their information and follow-up action.

1.2. If the audit results are intended for a very restrictive purpose only and cannot be incorporated in the Audit Report, then the information shall be reported specifically to the Board of Directors, the Audit Committee and the Board of Commissioners, according to the specific level of such information.

2. Follow-up to (Internal and External) Audit Results

The Internal Audit Division must monitor and analyze the progress of the follow-up action for improvements performed by the work unit.

A summary of the follow-up report shall be submitted to the Board of Directors, the Audit Committee and the Board of Commissioners on a regular basis.

Any changes to the plan and its realization, as well as the targets for the follow-up action, must obtain the prior approval of the President Director and the Board of Commissioners and must be submitted to the Audit Committee on a regular basis.

3. Integrated Internal Audit Report

The Integrated Internal Audit Report shall be submitted to the Board of Directors, the Audit Committee and the Board of Commissioners. The report must be submitted at least on a semi-annual basis.

4. Report on Results of Quality Control Review

The Internal Audit Division Head shall report the results of the audit quality control review to the Audit Committee at least once a year.

5. Reporting to the Financial Services Authority

The Internal Audit Division Head shall prepare and submit the following reports to the Financial Services Authority on the implementation of the internal audit functions:

5.1 Report on the appointment and dismissal of the Internal Audit Division Head.

5.2 Report on the Implementation of Audit and the Summary of the

Internal Audit Results.

5.3 Special Report on the Internal Audit findings deemed to potentially have adverse effect on BCA's business continuity.

5.4 Report on the Results of Quality Control Review by independent external parties.

The frequency of reporting shall be subject to the regulations of the Financial Services Authority. The reports shall be signed by the President Director and the President Commissioner or the Independent Commissioner that serves as the Audit Committee Head in accordance with regulations of the Financial Services Authority.

Quality Control and Audit Development

The Internal Audit Division must have programs for quality control and development of audit activities.

This program includes evaluation of the implementation of the auditors' code of ethics, compliance with the internal audit professional standards, including the internal audit manual as well as the efficiency and effectiveness of audit activities.

The implementation of the programs shall include the following:

- a. ongoing monitoring by internal parties and periodic evaluation by independent internal auditors.
- b. review by independent external parties at least once every 3 (three) years.

The independent external parties shall be appointed by the Board of Commissioners with due regard for the recommendation from the Audit Committee.

Standards for Audit Implementation

The Internal Audit Division shall adopt the Mandatory Guidance issued by The Institute of Internal Auditors as the professional standards in performing the internal audit function and as the basis for reviewing the effectiveness of the internal audit performance.

The Internal Audit Division shall also adopt the standards set by the Information System Audit and Control Association (ISACA) for reference.

Update of the Internal Audit Charter

The Internal Audit Charter shall be reviewed at least once every 3 (three) years or otherwise as may be deemed necessary. The Internal Audit Charter shall be issued by the President Director upon the approval of the Board of Commissioners with due regard for the recommendation from the Audit Committee.
